

1 UNDERTAKING NO. J3.7: TO ADVISE WITH RESPECT TO THOSE CATEGORIES YOU HAD
2 BEFORE WHAT PERCENTAGE OF THIS BUDGET WOULD BE CONSIDERED
3 DISCRETIONARY.

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5 **RESPONSE:**

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7 In PowerStream's 2014 IRM/ICM Application EB-2013-0166 page 15 of 42, PowerStream has
8 used the criteria for non-discretionary that was accepted by the Board in the Toronto Hydro
9 Electricity Systems Limited rate case (EB- 2012-0064) taken from page 16 of the Decision dated
10 April 2, 2013:

11
12 *THESL approached the "need" criterion for an ICM as a determination as to whether a project*
13 *was non-discretionary in the IRM period, based on the following factors. THESL's criteria for*
14 *making this determination is whether each project is required for one or more of the following*
15 *reasons:*

- 16 (1) *Statute, code, provincial policy, or equivalent external requirement;*
17 (2) *Considerations of safety for the public and for workers operating in, on, or around*
18 *equipment;*
19 (3) *Existing or imminent reliability degradations;*
20 (4) *Existing or imminent capacity shortages;*
21 (5) *A material increase in cost (beyond the time value of money), if the project is*
22 *necessary but undertaken at a later time.*

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24 On page 17, the Board stated under Board Findings: *The Board accepts THESL's criteria for*
25 *determining if a project is non-discretionary.*

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27 In Appendix H-5 of Application EB-2013-0166, PowerStream identified that within General Plant
28 only certain types of Information and Communication Systems projects, totalling \$1,495,660 in
29 2014, were considered Non-Discretionary. They are:

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31 1. Geographical Information System (GIS)
32 2. Enterprise Resource Planning system (ERP)

1 3. Customer Information System (CIS)

2
 3 Information and Communication Systems projects within these 3 categories are:

- 4
 5 1. Personal Computer(PC) desktop units replacement
 6 2. Printer/Copier fleet replacement
 7 3. JD Edwards System Hardware upgrade
 8 4. Server replacement
 9 5. PowerStream Website upgrade
 10 6. CIS Modification
 11 7. GIS Landbase update

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 13 Using the same criteria as found in PowerStream's IRM/ICM Application EB-2013-0166,
 14 PowerStream has identified the split between discretionary and non-Discretionary, as seen in
 15 Table J3.7.

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Total Non-Discretionary General Plant	12,859,625	5,728,317	7,993,946	4,233,816	6,604,077	4,903,596
Total Discretionary General Plant	11,685,375	11,903,102	11,564,032	9,733,094	10,236,477	13,301,925
Percentage of General Plant Considered Discretionary	48%	68%	59%	70%	61%	73%

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18 Table J3.7: Percentage Split, Discretionary and Non-Discretionary