



Jay Shepherd

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BY EMAIL and RESS

May 10, 2016
Our File: EB20150173

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2015-0173 – Toronto Hydro ICM True-Up – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Enclosed, please find interrogatories on behalf of SEC.

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an Application by Toronto Hydro-Electric System Limited for the true-up process directed by the Ontario Energy Board in EB-2012-0064;

AND IN THE MATTER OF an Application by Toronto Hydro-Electric System Limited for an Order or Orders approving or fixing just and reasonable distribution rates and other charges effective November 1, 2016 to December 31, 2017.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex.1-2-2, p.15] Please provide a similar figure showing the approved ICM ISA's by ICM year.

1-SEC-2

Please provide a table showing the actual annual revenue requirement (2012-2014), for each ICM segment. Please also provide total amounts per segment and year.

1-SEC-3

[EB-2014-0116, Transcript, Vol. 1, p.117-118; Vol. 4, p.83-84; OH-1-3, p.1] During the oral hearing of the Applicant's 2015-2019 Custom IR proceeding, its witnesses testified that it expected the total ICM in-service capital to be within 5% of the total approved ICM capital.

- a. Please confirm that the actual in-service capital is 8.7% greater than the approved amount from the EB-2012-0064 proceeding.
- b. Please explain the variance from what was expected during the oral hearing of the Custom IR application.

1-SEC-4

Please provide a breakdown of the \$11.1M difference between the revenue requirement the Applicant is seeking approval to collect, and what the Applicant already collected, into the following categories:

- a. Variance in forecast and actual in-service addition costs
- b. Under-collection of revenue of approved ICM in-service additions
- c. Variance in timing of approved ICM in-service additions

1-SEC-5

[EB-2016-0116 - Ex.OH-1-3-Appendix B] For each segment, in the same format as the table provided in Appendix B, please include all ICM jobs with a variance of 5%.

1-SEC-6

Please provide a summary of all internal audit reports related either directly or indirectly to ICM projects.

1-SEC-7

[EB-2014-0116, Ex.OH-1-3-Attach 2] Please provide an updated version of the table.

1-SEC-8

[Ex.2] For each segment where the total ISAs were above the approved ISAs, please explain the benefits to customers that have been achieved. Please explain how the jobs are still justified considering the additional costs.

2-SEC-9

[Ex. 2] What contingency amount did the Applicant build into the ICM job budgets at the time of the Board's approvals?

2-SEC-10

With respect to the Applicant's budget history regarding capital work:

- a. Over the past 10 years, what is the average variance between actual versus budgeted capital projects where the level of planning at the time of budgeting was the same or similar to what was provided in the EB-2012-0064 proceeding?
- b. Please provide full details on the methodology to determine part (a).

2-SEC-11

[Ex.2-1-1] What lessons has the Applicant learned regarding its budgeting process for underground infrastructure segment projects? Were any of those lessons incorporated into the budgeting process in the EB-2014-0116 Custom IR application capital forecasts?

2-SEC-12

[Ex. 2-1] Please provide a table that shows, for each ICM segment, and for each asset, the forecasted/budgeted number that were to be replaced, and actual number replaced.

2-SEC-13

[Ex.2-1-1-Appendix A] For each segment with a similar index of added jobs, please add the following information to each listed job:

- a. Year the job went into service
- b. The budgeted amount for the project
- c. Explanation for any variance of +/- 5% of the budgeted amount and actual amount

2-SEC-14

[Ex.2-14] Please provide where, in the EB-2012-0064 proceeding record, the Applicant informed the Board and parties that it would be reasonable if project variances could be up to 50% of the budgeted cost at that time.

2-SEC-15

[Ex.2-14-1] With respect to the Power System Engineering Inc. (PSE) report, *Toronto Hydro ICM Variance Evaluation*:

- a. Please provide a copy of retainer between PSE and the Applicant. Please also provide a copy of any project work plan.
- b. Please provide all information, including but not limited to documents, memorandums, notes of meetings with the Applicant's employees, not already included in this application or the record in EB-2012-0064 that PSE used for the purpose of drafting its report.
- c. [p.19] PSE provides in table 3-2, the Applicant's budgeting estimation/budgeting process, with definition, estimate type, expected accordance. Please provide a copy of the source of this information.
- d. [p.15] Please provide PSE's opinion on what amount of contingency should be budgeted at each stage (class) of the capital planning process.

2-SEC-16

[Ex.2-14-1, p.24] With respect to completed jobs, for each segment, please provide the number of jobs where the actual ISA was more, less, and exactly the same as the budgeted ISA amount.

3-SEC-17

[Ex.3-1-1, p.2] In 2012, the total actual ISA for all approved ICM segments were not above the ICM materiality threshold. For the purpose of determining the ICM true-up revenue requirement shown in Table 2, how did the Applicant determine how to allocate ICM amounts between what is above and below the materiality threshold?

Respectfully submitted on behalf of the School Energy Coalition this 10th day of May, 2016

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition