Dionisio Rivera Consulting
303-1350 Kensington Pkwy
Brockville, ON K6V 6B9
Tel: 416-770-4937
dionisio.rivera@live.com

By Email and RESS

May 10, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: Toronto Hydro-Electric System Limited Incremental Capital Module True-Up Application (EB-2015-0173) - SIA Interrogatories

Dear Ms. Walli,

Please find attached the interrogatories of the Sustainable Infrastructure Alliance of Ontario (the "SIA") in the above noted proceeding.

Sincerely,

[original signed by]

Dionisio Rivera

EB-2015-0173

Toronto Hydro-Electric System Limited
Incremental Capital Module True-Up Application

Interrogatories on behalf of the Sustainable Infrastructure Alliance of Ontario

1-SIA-1
[Ref: Exhibit 1, Tab 2, Schedule 2, Table 1]
Please expand Table 1 to show the approved versus actual in-service ISAs, along with variances, broken out by each of the three years for which THESL is claiming ICM amounts.

1-SIA-2
[Ref: EB-2012-0064, Draft Rate Order, Page 4]
a) Further to, or as part of, THESL's response to interrogatory 1-Staff-2, please explain why actual 2012 ISAs in this application are being presented as meeting the materiality threshold, given that the values THESL provided in its EB-2012-0064 Draft Rate Order (indicating that "no [2012] ICM expenditures are eligible for recovery through an ICM rate rider ") were filed in April 2013 (i.e. after 2012 financial year-end). Were the 2012 ISA values that were used for the purposes of the Draft Rate Order in 2013 not finalized year-end numbers?
b) On a segment basis, please reconcile and provide explanations for any variances between the Draft Rate Order 2012 ISA values and the 2012 ISA values presented as part of this application.

1-SIA-3
[Ref: Exhibit 1, Tab 2, Schedule 2, Figure 1]
a) Please provide a categorical breakdown of the work included in the "actual ISAs for non-ICM work" presented in Figure 1.
b) How do these values compare to the forecasts presented in THESL's original 2012-0214 Rate application? Please provide an explanation of any material variances.
c) Did THESL perform any non-ICM work that was categorically not included in its original 2012-2014 non-ICM forecasts? If so, please explain the nature of the work and whether THESL believes it to be non-discretionary.

1-SIA-4
[Ref: Exhibit 1, Tab 2, Schedule 2, Figure 1]
For the purposes of calculating ICM revenue requirement and associated rate riders, how did THESL determine which portion of each of the ICM segments (in 2012 and 2014) was considered to be above or below the materiality threshold?

1-SIA-5
[Ref: Exhibit 1, Tab 2, Schedule 2, page 21]
Does THESL have a process by which it re-examines and re-evaluates the prudence of jobs whose expected costs have materially increased from their original high level estimates? (i.e. are any jobs ever cancelled or re-designed using alternative solutions on account of material costs variances in relation to the high level estimate?)

2-SIA-6
[Ref: EB-2012-0064, Tab 4, Schedule B1, Appendix F and Exhibit 2, Tab 1, Schedule 1]
In Schedule B1, Appendix F of THESL's original ICM application, THESL describes a business case evaluation process that was used to determine that the work in the B1 Underground segment was justified on the basis of a net benefit to customers (taking into consideration avoided estimate risk cost and the NPV of the job, among other factors).

In this application, THESL identifies a change in design standards as one of the main causes of costs variances in the B1 Underground segment:

> "The most frequent source of scope change leading to material cost variances was a change in Toronto Hydro's technical design standards with respect to the secondary cables and secondary services that connect customers to the distribution system in neighbourhoods with underground distribution configurations."
>
> "Given that the new design standard was not released until late in 2011, some of the earlier cost estimates presented in the Phase 1 filing, which would have been created in the years prior to and including 2011, would not have included the additional costs of labour and material associated with replacing the service connections."

a) What percentage of jobs in this segment did not include the additional costs of labour and material associated with replacing the service connections?
b) Did THESL at any time re-run the earlier net benefit analysis, or perform a similar alternative analysis, to determine that undertaking this work at generally higher cost levels (due to the design changes relating to secondary connections) was still resulting in a net benefit to customers? If not, why not?

2- SIA-7
[Ref: Exhibit 2]
For a number of "analogous jobs", THESL notes poor historic reliability and performance as a justification for their immediate repair or replacement during the ICM period. For example, with regard to the B1 Underground job "E11217 Celeste Drive Rebuild NA47M15", THESL notes that "The supplying feeder NA47M14 was the second worst performing feeder in 2010 and

continued to be a poor performer." If the primary trigger drivers of this and similar jobs were already known to THESL in the years prior to the ICM period, why were these jobs not included in THESL original ICM filing for planned replacement between 2012-2014?

2-SIA-8

[Ref: Exhibit 2, Tab 11, Schedule 1, Appendix A, page 2]

Please re-file, or provide as a response to this interrogatory, the complete "Rationale/Driver for Inclusion" for job "EST19121_003". The explanation appears to be cut-off.