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Delivered by Email, RESS and Courier

July 5, 2017

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: EB-2016-0105 – Thunder Bay Hydro
Undertakings**

Please find enclosed undertakings J3.2, J3.3 and J3.5 in connection with the above-noted proceeding. Thunder Bay Hydro is diligently working on responses to J3.1 and J3.4 and should be filed by end of day tomorrow.

Should you have any questions or require further information in this regard, please do not hesitate to contact me.

Yours very truly,

Per:

A handwritten signature in black ink that reads "Cindy Speziale". The signature is written in a cursive, flowing style.

Cindy Speziale, CPA, CA

Vice President, Finance

CC: Parties in EB-2016-0105

UNDERTAKING J3.2

Undertaking:

TO PROVIDE AN EXPLANATION OF THE INCREASE IN THE MAINTENANCE SUPERVISORY LINE FROM 2013 ACTUAL TO 2017 PROPOSED OF 55 PERCENT.

Reference: Transcript dated June 30, 2017 at page 103.

Response:

The composition of this account is Engineering, Supervisory and Information Systems overhead charges. The increase in the maintenance supervisory line from 2013 actual to the 2017 Test Year is the result of several contributing factors: the vacancy in the Engineering Manager position in 2013 and deferral of an Information Systems document management system resulted in a lower than usual maintenance burden in 2013; increased department costs from 2013 actual to 2017 (including an additional FTE; software purchase and maintenance fee as well as annual fees with respect to Ontario One Call; increase in management development/training costs; increased fleet charges to the Engineering and Supervisory departments as a result of the new annual operating costs for the garage facility completed at the end of 2013, increase in the points of access from 2013 to 2017 that form the basis of the Information systems allocation); 2013 was an unusually good weather year causing storm and trouble call related costs to be substantially lower resulting in a reduced maintenance overhead allocation; overhead/underground maintenance activity that forms the basis of the Engineering and Supervisory overhead charges has increased by 29% (combination of the storm/trouble call activity as well as the new porcelain insulator maintenance program) and the error correction in the period with respect to the treatment of the direct engineering charges to capital.

UNDERTAKING J3.3

Undertaking:

TO PROVIDE TABLE 4.1 WITH THE 2016 ACTUALS IN THE CATEGORIES AS LISTED THERE.

Reference: Transcript dated June 30, 2017 at page 118.

Response:

Table 4 – 1 : Summary of OM&A Expenses 2013- 2017 Test Year Reflecting 2016 Actuals
OEB Accounts 5005- 5695

04-Jul-17 UPDATE

Line No.		Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Test Year
1							
2	Operations	\$3,495,297	\$3,356,496	\$3,166,762	\$3,167,155	\$3,475,223	\$3,322,661
3	Maintenance	\$3,780,833	\$3,446,710	\$4,149,144	\$4,274,077	\$4,898,395	\$4,703,516
4	Billing and Collecting	\$2,116,128	\$1,900,983	\$1,883,864	\$2,032,711	\$2,027,351	\$2,251,439
5	Community Relations	\$253,133	\$189,349	\$205,756	\$205,161	\$229,471	\$222,078
6	Administrative and General	\$4,654,608	\$4,339,346	\$4,416,991	\$4,564,900	\$4,827,434	\$5,230,177
7	Total	\$ 14,300,000	\$ 13,232,884	\$ 13,822,518	\$ 14,244,004	\$ 15,455,874	\$ 15,729,872
8	%Change (year over year)			4.46%	3.05%	8.51%	1.77%

UNDERTAKING J3.5

Undertaking:

TO PROVIDE AN UPDATE TO THE WEIGHTED AVERAGE COST OF DEBT TO REFLECT THE ACTUAL NOTES THAT HAVE BEEN ISSUED.

Reference: Transcript dated June 30, 2017 at page 175.

Response:

Table 5-1 - Thunder Bay Hydro's Weighted Average Cost of Debt Updated July 4, 2017

Weighted Debt Cost								
Line No.	Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Interest Cost
1	Promissory Note	The Corporation of the City of Thunder Bay	Y	9-Apr-13	\$26,490,500	0	0.00%	\$0
2	Credit Facility Agreement	TD Commercial Bank	N	3-Jul-09	\$4,822,104	15	5.27%	\$254,125
3	Promissory Note	Infrastructure Ontario	N	17-Jun-13	\$5,424,319	30	4.04%	\$219,142
4	Promissory Note	Infrastructure Ontario	N	15-Oct-14	\$5,926,275	30	3.96%	\$234,680
5	Promissory Note	Infrastructure Ontario	N	15-Mar-16	\$3,963,384	30	3.75%	\$148,627
6	Promissory Note	Unknown	N	4-Jul-17	\$3,653,000	30	3.38%	\$123,471
7	0	Unknown	0	0-Jan-00	\$0	0	0.00%	\$0
8	2017 Total Long Term Debt				\$50,279,582	Total Interest Cost		\$980,046
9								
10					Weighted Debt Cost Rate-2017			1.95%
11								