



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
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Toronto, Ontario
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December 17, 2018
Our File: EB20180165

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2018-0165 – Toronto Hydro 2020-2024 – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Pursuant to Procedural Order No. 2, please find SEC's interrogatories.

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

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

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Toronto Hydro-
Electric System Limited (“Toronto Hydro”) for an Order or Orders
approving or fixing just and reasonable distribution rates and other
charges, effective January 1, 2020 to December 31, 2024.

**INTERROGATORIES ON BEHALF
OF THE
SCHOOL ENERGY COALITION**

1A-SEC-1

[Ex. 1A-3-1, p.8] Please provide a copy of Toronto Hydro’s full current organizational chart.

1B-SEC-2

[Ex. 1B] Please provide a copy of all materials provided to the Toronto Hydro Board of Directors for approval of the proposed application and the underlying budgets.

1B-SEC-3

[Ex. 1B] Please provide a copy of all internal or external benchmarking reports, analysis, studies and/or similar documents undertaken by Toronto Hydro, or for Toronto Hydro, since 2015 that is not already included in the application.

1B-SEC-4

[Ex. 1B] Please provide a copy of all material provided to Toronto Hydro’s Board of Directors approving the annual budget each year between 2016 and 2019.

1B-SEC-5

[Ex. 1B] Please provide a step-by-step explanation of the Toronto Hydro budgeting process that led to the 2020-2024 plan, as well as the annual budgeting process after a subsequent Board decision on the plan. Please explain how these processes have changed since its last Custom IR application.

1B-SEC-6

[Ex. 1B] Please provide a copy of Toronto Hydro’s most recent Board of Directors approved business plan and/or strategic plan.

1B-SEC-7

[Ex. 1B] Please provide a copy of all budget guidance documents that were issued regarding the 2020-2024 budgets that underlie the application.

1B-SEC-8

[Ex. 1B] Please provide a copy of Toronto Hydro's 2015 to 2019 corporate scorecards.

1B-SEC-9

[Ex. 1B] Please provide summaries of all internal audit reports conducted since 2015, their findings, recommendations, and the status of any actions that are to be taken.

1B-SEC-10

[Ex.1B; Ex.2B; Ex.4A] Please provide details of all material productivity initiatives (capital and/or OM&A) that were undertaken or planned to be undertaken between 2015 and 2019. Please provide the estimated cost savings achieved and how those savings were calculated.

1B-SEC-11

[Ex.1B; Ex.2B; Ex.4A] Please provide details of all material productivity initiatives (capital and/or OM&A) that are planned to be undertaken during the test period. Please provide the estimated cost savings achieved and how those savings were calculated.

1B-SEC-12

[Ex.1B-1-1, p.6] What is the basis for the specific 3.5% upper limit on annual increases to base distribution rates? Please define what Toronto Hydro defines as base distribution rates.

1B-SEC-13

[Ex.1B-1-1, Appendix A] Please revise the table to include show base distribution bill impacts only, and expand to include years 2015 to 2019.

1B-SEC-14

[Ex.1B-2-1, p.8-20] Please update all charts to show the latest available information.

1B-SEC-15

[Ex.1B-2-1, Appendix B] With respect to the UMS Unit Cost Benchmarking Study:

- a. Please provide a copy of the retainer and any other instructions provided to UMS.
- b. Please provide a copy of the material listed in Appendix A. [Note: If the material is on the record in a previous OEB proceeding, it is acceptable to simply provide the evidentiary reference and agree to deem the material on the record in this proceeding].
- c. [p.12] With respect to the peer group:
 - i. Please explain in greater detail the basis for the peer group selected.
 - ii. Please explain why no other Ontario utility was selected.
 - iii. Which were the three utilities that declined to participate?
- d. [p.17] UMS states the results are based on a 3 year average (2014-2016):
 - i. Please explain precisely what is meant by this. For example, is the data for a utility simply averaged over the three years or is it weighted to account for different amount of work undertaken in each year?
 - ii. Please provide separate results, for each year.
- e. [p.29] Please provide the source of the data in Table C-1.
- f. [p.32-33] Please provide the underlying excel spreadsheets C-8 to C-10, with all formulas intact.

- g. [p.37, Table D1] please provide a copy of all similar unit cost studies undertaken previously that have been filed in regulatory proceedings or otherwise are or can be made publically available.
- h. [p.55] Please provide Toronto Hydro's response to Appendix F.

1B-SEC-16

[Ex.1B-2-1, Appendix B, p.55] On the same basis as the information required in Appendix F, 'Unit Cost Tab', please provide actual information for 2017 and 2018, and forecast information for each year between 2019 and 2024. Please update the table to provide 2018 actual information.

1B-SEC-17

[Ex.1B-2-2] For each of the 12 DSP measures, please provide the 2013 to 2017 results in a tabular instead of a chart format.

1B-SEC-18

[Ex.1B-3-1, Appendix 1.2, p.2] Please provide a copy of the referenced Discussion Guide and the printed primer.

1B-SEC-19

[Ex.1B-4-1, p.4] Please provide a table showing capital investments of Toronto Hydro for each year from 2010 to 2017 actual, and 2018 to 2024 forecast, and demonstrate that the investments in the five year CIR period "exceed historical levels".

1B-SEC-20

[Ex.1B-4-2, p.2] Please provide a table setting out all differences between a) the current PSE cost benchmarking methodology, b) the 2015 PSE cost benchmarking methodology, and c) the 4th Generation OEB cost benchmarking methodology, including without limitation variables used, calculation methods, data set, etc.. In each case, please provide an explanation of the reason the expert thinks the current PSE benchmarking methodology is superior for Toronto Hydro, or an evidentiary reference providing that explanation. Please identify each difference that the expert believes does not have a material impact on the expert's results.

1B-SEC-21

[Ex.1B-4-2, p.3] SEC is interested in understanding how the current PSE cost benchmarking methodology compares with the OEB's approved cost benchmarking methodology. To assist in this, please apply the current PSE cost benchmarking methodology to each of the ten largest electricity distributors in Ontario, including Toronto Hydro, for each of the years 2014-2017, and compare the results to the results of the OEB's approved cost benchmarking methodology for those same distributors for the same years. Please ensure that the comparison includes each of the six utilities PSE added to its dataset individually, and not aggregated as Alectra.

1B-SEC-22

[Ex.1B-4-2, p.6] SEC is interested in understanding the impact of the %CU variable and the %UG*%CU variable on the results in Table 1. Please re-specify and rerun the PSE model without those variables, and provide the results in the same form as Table 1.

1B-SEC-23

[Ex. Ex. 1B-4-2, p.6] SEC is seeking to understand how Toronto Hydro's cost performance compares to the benchmark over different time periods. To this end, we have prepared the following

spreadsheet that expands Table 1. (A live version of the spreadsheet is included with the filing of these interrogatories)

Toronto Hydro Actual and Benchmark Cost Increases				
<i>Using PSE Model</i>				
Year	Actual	Increase	Benchmark	Increase
2005	\$436,128		\$641,275	
2006	\$450,686	3.34%	\$681,212	6.23%
2007	\$502,433	11.48%	\$744,486	9.29%
2008	\$556,429	10.75%	\$813,528	9.27%
2009	\$595,932	7.10%	\$852,775	4.82%
2010	\$647,456	8.65%	\$882,130	3.44%
2011	\$710,544	9.74%	\$912,729	3.47%
2012	\$691,388	-2.70%	\$910,814	-0.21%
2013	\$727,152	5.17%	\$925,488	1.61%
2014	\$777,414	6.91%	\$976,095	5.47%
2015	\$826,886	6.36%	\$1,024,030	4.91%
2016	\$861,394	4.17%	\$1,034,492	1.02%
2017	\$904,560	5.01%	\$1,061,642	2.62%
2018	\$964,885	6.67%	\$1,095,430	3.18%
2019	\$999,492	3.59%	\$1,122,407	2.46%
2020	\$1,044,567	4.51%	\$1,148,601	2.33%
2021	\$1,085,324	3.90%	\$1,174,549	2.26%
2022	\$1,134,689	4.55%	\$1,201,662	2.31%
2023	\$1,180,820	4.07%	\$1,229,463	2.31%
2024	\$1,225,282	3.77%	\$1,257,907	2.31%
Total 19 Year Increase		180.95%		96.16%
CAGR - 19 years		5.59%		3.61%
Increase from 2017		35.46%		18.49%
CAGR - 7 years		4.43%		2.45%

With respect to Table 1 and the above spreadsheet:

- Please confirm that the calculations and results shown above are correct.
- Please add a column to the above table showing the increase in outputs assumed for each year in the expected costs. Please confirm that the same increase in outputs has been assumed for each year in the forecast Toronto Hydro costs. Please provide the expected costs for the period 2020 to 2024 using the PSE model if the outputs are assumed to remain at 2019 levels.
- Please reconcile, mathematically, the rates of increase for Toronto Hydro on the above table with the rates of increase of the CPCI proposed in Ex.1B/4/1, p. 13, Table 5.
- Please confirm that, in seventeen of the nineteen years, Toronto Hydro's actual cost increases were higher than the PSE benchmark.
- Please confirm that, for each of the years in the CIR period, Toronto Hydro proposes to increase its costs at a rate in excess of the benchmark set by its own expert, and that on average it proposes to increase its costs from 2017 to 2024 by almost double the PSE benchmark increase.
- Please explain why, in the expert's opinion, the expected costs for a distributor like Toronto Hydro were expected to increase over the nineteen years in the model period by

- more than twice the rate of inflation. What underlying or systemic factors existed during this period, in the expert's opinion, that resulted in Toronto Hydro's costs rising at a much greater rate than the costs of other businesses in the Canadian economy?
- g. Please provide a detailed explanation of any investigations carried out by the expert to determine the reasons why Toronto Hydro's actual costs in 2005 were only 64.4% of the expected costs for that year using the current PSE cost benchmarking methodology.
 - h. Please confirm that, if the Board only allowed the rates (and therefore costs) of Toronto Hydro to increase at the same rate as the PSE benchmark from 2018 to 2024, Toronto Hydro's total costs for the five year CIR period would be \$548 million less than those proposed in the current application, and costs (and therefore rates) in 2024 would be \$153 million (12.53%) less than proposed by Toronto Hydro.

1B-SEC-24

[Ex.1B-4-2, p.13] Please advise what other material factors, besides "response to outages", are captured by the CAIDI metric.

1B-SEC-25

[Ex.1B-4-2, p.15, 27] SEC is seeking to have a better understanding of the choices of business condition variables used in the PSE cost benchmarking model.

- a. Please provide the full list of business condition variables considered by PSE in developing its econometric cost benchmarking model.
- b. For each variable not used in the final model, please explain the reasons for that decision.

1B-SEC-26

[Ex.1B-4-2, p.17] SEC is seeking to understand the impact of the cost adjustments made by PSE. Please provide a table showing the amounts of each of the high-voltage expenses, CIAC, bad debt expenses, and CSI expenses excluded in the last year of the historical data period from each of the seven Ontario distributors, including Toronto Hydro, included in the expert's dataset. For Toronto Hydro, please also advise the amounts of each of those categories excluded for each of the years 2020-2024.

1B-SEC-27

[Ex.1B-4-2, p.18, 21] With respect to input prices:

- a. Please explain why the expert did not use the same measure of input prices that the OEB uses to calculate inflation.
- b. Please provide tables for each of the seven Ontario distributors showing the changes in OM&A inputs assumed by PSE, and a breakdown of each such assumption.
- c. Please reconcile the resulting changes in assumed input prices with the assumed 1.2% inflation factor used by Toronto Hydro in the Application (e.g. Table 5).

1B-SEC-28

[Ex.1B-4-2, p.20] Please explain why the %CU variable and the %UG*%CU variable do not measure similar or related effects.

1B-SEC-29

[Ex.1B-4-2, p. 22] SEC is seeking to understand how the change in the maximum peak demand variable impacts the model results.

- a. Please provide a table showing the maximum peak demand of Toronto Hydro for each year from 2002 onwards using the 2015 methodology and using the current methodology, and explain each year that there is a difference.
- b. Please confirm that the new methodology assumes that, even if demand declines, that never, over time, reduces the costs of an electricity distributor. If not confirmed, please explain.

1B-SEC-30

[Ex.1B-4-2, p. 48, 50] With respect to the %CU business condition variable:

- a. Please confirm that, for the %CU business condition variable, out of the 90 utilities in the full dataset, only one had a higher %CU than Toronto Hydro, i.e. Consolidated Edison Co. of New York.
- b. Please confirm that the average %CU of the dataset is 0.06%, or less than one-thirtieth of the Toronto Hydro percentage.
- c. Please confirm that only three of the 90 utilities had a %CU over 0.50%, and all of the utilities except New York City has a %CU of less than one-third that of Toronto Hydro.
- d. Please explain how the %CU variable can be accurate in light of the following statement by PSE:

“The further a utility’s operating conditions are from the mean, especially if there are few sample observations “near” the utility (i.e. close in magnitude), the less accurate the cost benchmark based on the model will be.”

2A-SEC-31

[Ex.2A] For each program discussed in Exhibit 2B, please explain how Toronto Hydro converts the annual capital expenditure amount to an in-service addition amount.

2B-SEC-32

[Ex.2B-A6, p.32] Toronto Hydro states that it’s currently undertaking a CIC (customer interruption cost) study.

- a. Please provide more about the study.
- b. Please provide a copy of any study work plans, charters, or similar guiding documents.
- c. Please provide details, including a copy, of any preliminary results of the study.

2B-SEC-33

[Ex.2B-A6, p.32] Please provide a copy of the review and update of Toronto Hydro’s Reliability Centered Maintenance analyses that was undertaken in 2017.

2B-SEC-34

[Ex.2B-D1, p.7] Please provide a detailed chronology of material events in Toronto Hydro’s capital planning process for the capital plan included in this application. [Note: For an example of a similar chronology, please see the response to SEC-36 in EB-2017-0049 (Exhibit I, Tab 24, Schedule SEC-36)].

2B-SEC-35

[Ex.2B-D1, p.7] Please explain how Toronto Hydro’s Asset Management Process outlined in Figure 2 has changed, if at all, from the process that led to its 2015-2019 capital plan.

2B-SEC-36

[Ex.2B-D1, p.16] Toronto Hydro states: “Toronto Hydro prioritizes projects within and across programs in accordance with anticipated project benefits, estimated costs, and an assessment of execution capabilities and constraints. On this basis, the lowest priority projects are deferred to future years, and the projects that offer the greatest value-for-money relative to the utility’s customer-focused objectives are scheduled for execution.”

- a. Please provide further details regarding how Toronto Hydro prioritizes projects using specific examples.
- b. Please provide a list of the 2020 proposed projects on a prioritized basis, with all measures used in the prioritization process.
- c. Please explain how Toronto Hydro determined “value-for-money”.
- d. Does Toronto Hydro use a prioritization tool or system (e.g. CopperLeaf)? If so, please provide details including a copy of any internal documents describing how the tool should be used.

2B-SEC-37

[Ex.2B-D1, p.17-18] Please provide step-by-step details regarding how Toronto Hydro estimates project costs. Please provide examples to illustrate.

2B-SEC-38

[Ex.2B-D2] With respect to useful life:

- a. Please define useful life.
- b. How has Toronto Hydro determined the useful life of its assets?
- c. When was the last time Toronto Hydro undertook a Depreciation Study? Please provide a copy of that study.

2B-SEC-39

[Ex.2B-D2] Please provide a table showing for each major asset type, the number of assets currently in each of the ACA Health Index categories (HI 1 to 5).

2B-SEC-40

[Ex.2B-D2] Please provide a table showing for each major asset type, the number of assets replaced in each year between 2015 and 2018, and forecast to replace in each year between 2019 and 2024.

2B-SEC-41

[Ex.2B-D3, p.30-31] Please explain how and where the Feeder Investment Model is used in the planning process. Please use examples to illustrate.

2B-SEC-42

[Ex.2B-D4] With respect to the Facilities Management Asset Management renewal process:

- a. Please explain what is meant by a Lifecycle analysis. Please provide a copy of such an analysis as an example.
- b. Please explain the CMMS analysis and provide details.

2B-SEC-43

[Ex.2B-D, Appendix A] With respect to the ‘Distribution System Plan Asset Management Review’:

- a. Please provide the retainer agreement and any instructions UMS was given regarding its work.
- b. Please provide a copy of the ISO 55001 document that UMS is using to compare Toronto Hydro against.
- c. [p.7, 11] Please provide both, the median and average score for each of i) distributor only utilities, ii) transmission only utilities, iii) both, on the 11 ISO 55001 domains that UMS thought were relevant.
- d. [p.8] Please provide a list of domains that the UMS did not believe were relevant.
- e. [p.11] The Report states: “While these utilities were not specifically selected to represent the industry as a whole, as a consultancy who has performed scores of such assessments, UMS believes that the results are consistent with its qualitative view of asset management maturity across the North American utility industry.” What is the basis for this belief?
- f. [p.18-21] For each of the domains that Toronto Hydro has been scored against, please provide UMS’ assessment of what Toronto Hydro would need to do to achieve level 3 maturity.

2B-SEC-44

[Ex.2B-D, Appendix C] With respect to the ‘Toronto Hydro Asset Condition Assessment Methodology’:

- a. Please explain how asset age is incorporated into the methodology.
- b. Please explain how expected asset useful live is incorporated in the methodology.
- c. Please provide a copy of the DNO Common Network Asset Indices Methodology [note: For the purposes of your response, it is acceptable to simply provide the document by way of a web link]
- d. [p.8] Please provide a copies of all documents provided to Toronto Hydro by EA Technologies related to: i) the recommended areas of improvement, and ii) guidance and training documents.
- e. [p.8] Did Toronto Hydro agree to all the recommended areas of improvement provided by EA Technologies? If not, please explain why not.

2B-SEC-45

[Appendix 2-AA] Please provide a revised version of Appendix 2-AA on an in-service addition basis.

2B-SEC-46

[Ex.2B-E2] Please provide in a single table, broken down at the level provided in the evidence (for example see table 2 and 3):

- a. Approved expenditures for each year between 2015 and 2019.
- b. Actual/forecast expenditures for each year between 2014 and 2019.
- c. The proposed expenditures for each year between 2020 and 2024.

2B-SEC-47

[Ex.2B-E2, p.2] Please explain the basis for each of the strategic parameters.

2B-SEC-48

[Ex.2B-E2, p.6] Please provide a copy of the 'initial' capital plan and the 'penultimate' capital plan.

2B-SEC-49

[Ex.2B-E4, p.1; EB-2014-0116] After the release of the Decision and Order in EB-2014-0116, please explain how Toronto Hydro planned to implement the Board's reduction of the capital budget by 10%. Please provide a contemporaneous document showing how the reduction was forecasted to be allocated among proposed programs in the application.

2B-SEC-50

[2B-E4, p.2] Please revise Table 1 to show for 'plan', the internally budgeted amount for each given year.

2B-SEC-51

[Ex.2B-E4] Please complete table included in the accompanying excel spreadsheet return in excel format.

2B-SEC-52

[Ex.2B-E4] Please complete table included in the accompanying excel spreadsheet return in excel format.

2B-SEC-53

[Ex.2B-E4] Please provide a list of material capital projects that have gone into service/forecast to go into-service between 2015 and 2019, or were previously forecasted to go in-service between 2015 and 2019. Please include the following information for each project:

- a. Name of the project
- b. Type of project/brief description of the project
- c. Year the project was originally forecasted to go in-service
- d. Year the project went in-service or is now forecasted to go in-service
- e. Originally approved budget for the project
- f. Actual cost of the project or revised forecasted cost
- g. Explanation for any variance in cost if actual/revised forecast is +/- 5% of the original budget amount

2B-SEC-54

[Ex.2B-E5.1, p.12] With respect to forecast energy storage connections, please provide the specific information that Toronto Hydro is relying on for the forecast number of connections/capacity.

2B-SEC-55

[Ex.2B-E5.2, p.7] Please breakdown Table 4 by major project.

2B-SEC-56

[Ex.2B-E5.4, p.14] On the same basis as Tables 5-6, please provide the number of meters per year by category.

2B-SEC-57

[Ex.2B-E6.1, p.1] Does Toronto Hydro's Rear Lot Conversion program include converting the rear lot that may be assessable by backyard laneway? If so, please explain why and provide details of how much of the real lot conversion program is made up of this type of conversion.

2B-SEC-58

[Ex.2B-E6.1, p.17] With respect to Figure 12,' Root Cause Distribution For Failed Underground Transformers':

- a. What is meant by an 'end of life' failure?
- b. Does a failure classified as 'end of life' include failures that if not for the asset's age, would be classified in one of the other categories?
- c. Please explain what is included in the 'other' category.

2B-SEC-59

[Ex.2B-E6.2, p.31-33] For many of the various system renewal programs, Toronto Hydro presents a number of different options for the program as a whole, or certain assets within the program. SEC seeks to understand the development and considerations of these options. Using Underground System Renewal – Horseshoe program as an example:

- a. Please explain how and when each of these options was developed.
- b. Please explain what type of analysis went into the development of each of these options and how the options were presented to the decision-maker.
- c. Please provide a copy of the analysis that was provided to the decision-maker who ultimately selected option 3.
- d. Is the process described in part (a) and (b) consistent with the process for other system renewal investment? If no, please explain the more common process.

2B-SEC-60

[Ex.2B-E6.3, p.28-29] Please reconcile the statement in the evidence: "Toronto Hydro has applied these volumetric costs to the forecast population of critical cables to develop the 2020-2024 segment cost of \$63 million", with the forecast cost of \$89.7M shown in Table 7.

2B-SEC-61

[Ex.2B-E6.4, p.22] In the same format as Table 7, please provide the total units that were or are planned to be replaced/renewed/reconfigured for each year between 2015 and 2024, broken down by program category.

2B-SEC-62

[Ex.2B-E6.5] Please explain in detail how Toronto Hydro will execute the Overhead System Renewal program. For example, does a specific job/work in this program order consist of replacing a singular pole or transformer that requires replacing, or does it consist of geographic area where all poles, transformers, conductors etc. are replaced?

2B-SEC-63

[Ex.2B-E6.6, p.48] Please explain the process to replace a TS Switchgear unit. Please also provide as an example, the schedule for a currently underway TS Switchgear replacement project.

2B-SEC-64

[Ex.2B-E6.7, p.9] With respect to Figure 4 showing the volume of reactive work:

- a. Please provide the information in Figure 4 in a table format and update to include 2018 information.
- b. If available, please provide a further breakdown of the number of reactive work requests into sub-categories of underground/overhead/stations.

2B-SEC-65

[Ex.2B-E7.2] With respect to the proposed Grid Performance and Renewable Enabling Energy Storage System projects:

- a. Please provide a copy of any internal business case for the projects.
- b. [Appendix A] Has Toronto Hydro undertaken any cost/benefit analysis of its own regarding the proposed projects that quantifies the benefits using the methodology discussed in the 2010 EPRI report referenced or otherwise? If so, please provide details.

2B-SEC-66

[Ex.2B-E7.3, p.11] Please add a column to Table 7 showing the estimated cost per project.

2B-SEC-67

[Ex.2B-E7.4, p.7] Please provide any internal business case that was created for the Copeland TS Phase 2 project.

2B-SEC-68

[Ex.2B-E7.4, p.23] With respect to Copeland TS Phase 1:

- a. Please provide full details regarding the \$15.1M increase in the cost as compared to what was included in the EB-2016-0114 budget.
- b. Please provide a copy of the original internal business case for the project and any revised business cases that were subsequently developed for the project.
- c. Please provide a copy of the risk registrar developed for the project.
- d. Please provide copies of any post-competition/lesson-learned or similar report that was completed. If one was not completed, please explain why not.
- e. Please explain what lessons Toronto Hydro has learned regarding Phase 1 that it is using for the purposes of planning Phase 2.

2B-SEC-69

[Ex.2B-E8.1] Please provide any internal business case that was created for the Control Operations Reinforcement program.

2B-SEC-70

[Ex.2B-E8.4, p.18] Please provide any internal business case that was created for the ERP and CIS upgrades.

2B-SEC-71

[Ex.2B-E8.4, p.18; EB-2014-0116, 2B-E8.6, p.3] With respect to the ERP project undertaken between 2015 and 2019:

- a. Please explain in detail why the project actuals were \$62.8M when they were forecast to cost \$51.3M.
- b. Please provide copies of any post-competition/lesson-learned or similar report that was completed. If one was not completed, please explain why not.
- c. Please explain what lessons Toronto Hydro has learned regarding the ERP project that it is using for the purposes of work to be undertaken between 2020 and 2024.

2B-SEC-72

[Ex.2B-E8.4, Appendix A] With respect to the Gartner ‘IT Budget Assessment Final Report’:

- a. [p.8] Please explain how the peer group was selected.
- b. [p.8] Provide a list of the peer group utilities.
- c. [p.8] Please confirm that the revenue and operational expenses include non-distribution costs such as the cost of power.
- d. If the response to part (c) is confirmed, are similar costs included in the peer group information?
- e. [p.8-32] If the response to part (c) is confirmed, please revise the Toronto Hydro information, and if possible the peer groups, to show on all metrics on costs related to distribution revenue and distribution expenses.
- f. Please explain why Gartner did not include an IT spending per customer metric.
- g. [p.19] Gartner states in explaining why it generally bases its metrics on employees count: “Many of the IT departments Gartner works with and has in our peer benchmark database typically do not know the number of contractor labour or level of outsourcing in the lines of business, and Gartner does not normally collect a number of users”. Why would IT departments not know the number of users that have active accounts on their systems?
- h. Please provide a copy of the completed questionnaire that was provided to Toronto Hydro to collect the necessary data for the study.

2B-SEC-73

[Ex.2B] Please provide the percentage of Toronto Hydro’s capital expenditures for each year, between 2015 and 2024, by capital program, that are undertaken by third-party contractors, .

3-SEC-74

[Appendix 2-H] Please update Appendix 2-H to include 2018 actuals.

4A-SEC-75

[Ex.4A] Please update Appendix 2-JA, JB, and JC to include 2018 actuals.

4A-SEC-76

[Ex.4A] Please provide the percentage of Toronto Hydro’s OM&A expenses for each year between 2015 and 2020 that are undertaken by third-party contractors, broken down by operations, maintenance and administration.

4A-SEC-77

[Ex.4A-2-1, p.27; With respect to vegetation management:

- a. Please provide both, the number of circuit kilometers and trees that Toronto Hydro’s pruned or forecasts to prune for each year between 2015 and 2020.

- b. Please explain how Toronto Hydro coordinates its vegetation management work with similar work being undertaken by the City of Toronto and third-party wireline attachers.

4A-SEC-78

[Ex/4A-2-2, p.14,25] Please update Figures 5 and 14 to show 2018 deficiency data.

4A-SEC-79

[Ex.4A-2-2, p.33] Toronto Hydro states: "Toronto Hydro has been carrying out contact voltage work since 2009 as part of a contractual agreement (treated as a capital lease since 2011)". Please explain more fully what the arrangement was for contact voltage scanning service prior to 2018. Why was a third-party services contract treated as a capital lease?

4A-SEC-80

[Ex.4A-2-4, p.16] Please update Figure 2 to show 2018 deficiency data.

4A-SEC-81

[Ex.4A-2-5, p.5] Please update Figure 2 to show 2018 deficiency data.

4A-SEC-82

[Ex.4A-2-6 p.13] Please provide a breakdown of the 2020 Disaster Preparedness and Management program budget.

4A-SEC-83

[Ex.4A-2-14, p.35] With respect to the Billing, Remittance & Meter Data Management program:

- a. Please provide the percentage of customers that are on or are forecast to be on e-billing for each year between 2015 and 2020.
- b. For every 1% increase in the number of customers that move to e-billing in 2020, what are the forecast cost savings? Please explain the assumptions made in the calculation of the estimate.
- c. What is Toronto Hydro doing to encourage customers to move to e-billing?

4A-SEC-84

[Ex.4A-2-14, p.35] With respect to the Communications and Public Affairs segment expenditures, Toronto Hydro states: "This increase is driven by an organizational realignment which moved the Customer Operations Communications Office from the Engineering and Construction division."

- a. Please revise Table 7 to include the costs for the office as if it were part of the segment since 2015.
- b. Please provide a reference in the evidence to the current program/segment where the office used to be part of, and please provide a similar revised table showing the 2015 to 2020 costs with the office entirely removed from all years.

4A-SEC-85

[Ex.4A-2-17, p.14-15] Please provide a more detailed breakdown of the IT Operation segment costs.

4A-SEC-86

[4A-2-18; Appendix 2-M] With respect to the Legal and Regulatory program:

- a. How many FTEs underlie the forecast in 2020 for each of the legal and regulatory segment?
- b. [4A-2-15, p.7] The evidence is that legal costs related to grievance arbitrations and other employment related matters are included as part of the Human Resource and Safety Program. This would suggest that not all legal costs are included in the 'Legal Services' segment.
 - i. If this is correct, what legal costs included as part of the legal cost are included in the 'Legal Service' segment and what legal costs are included in other parts of other programs?
 - ii. Please provide a breakdown of legal costs for each year between 2015 and 2020, regardless of which program they are categorized under.
- c. With respect to the 2020-2024 one-time application costs:
 - i. Please explain the driver of the 66% increase in expert witness and consultant costs as compared to the 2015-2019 application.
 - ii. Please break down the expert witness and consultant costs into each consultant/expert and describe the services they are providing.
 - iii. Please explain the driver of the 27% increase in application external legal costs as compared to 2015-2019 application.
 - iv. Please provide the number of external legal hours incurred for the 2015-2019 application and the number forecast for 2020-2024 that underlies the actual and forecast external legal budget.

4A-SEC-87

[Appendix 2-K] Please provide a revised version of Appendix 2-K that includes the following:

- a. A breakdown of the non-management compensation information into i) PWU, ii) Society, and iii) non-unionized categorizes.
- b. Additional information for years 2021 to 2024.
- c. For each year between 2015 and 2024, the amount of total compensation costs that are allocated to OM&A and capital broken down by category.

4A-SEC-88

[Ex.4A-4-4, p.10] Please provide the assumptions made regarding the base salary increase of the PWU and Society after the expiry of their current collective agreements for the purposes of the costs that underlie the budget included in this application (i.e. capital budget in 2022 to 2024 for the PWU, and both capital and OM&A for the Society from 2020 to 2024).

4A-SEC-89

[Ex.4A-4-5] With respect to the Mercer Non-Executive Compensation and Benefits Review:

- a. [p.4] For each 'grade', please provide i) the number of Toronto Hydro positions that are included, and ii) the number of both Energy Peer Group and General Industry Peer Group positions that make up the benchmark.
- b. [p.4] In the same format as the report shows for the PWU and Society, please provide an aggregate amount for both i) non-union management and ii) non-union non-management positions included in the study.
- c. [p.4, ft note 1 and 2] Please confirm that the report does not reflect what the actual base salary received and actual STI incentive received are for both Toronto Hydro and peer group.
- d. [p.4] What year is the data supposed to be reflective of?

- e. [p.4] For which ever year the data is supposed to be reflective of, for each grade, please provide the actual base salary, and actual total compensation (base salary + STI) for Toronto Hydro.
- f. [p.4] Please provide a list of all Toronto Hydro compensation elements that are not included in the study.

4A-SEC-90

[Ex.4A-4; Ex.1C-3-6, p.59] Please provide a copy of all executive compensation studies/analysis undertaken by Toronto Hydro since 2015, including, but not limited to, benchmarking information i) undertaken by Willis Towers Watson referenced in p.59 of Toronto Hydro's 2017 Annual Information Form, and ii) directed by the City of Toronto.

4A-SEC-91

[4A-4, p.4] Toronto Hydro states “approximately 23 percent of its workforce (or approximately 340 FTEs) are expected to retire between 2020 and 2024.”

- a. Please provide the basis for the statement.
- b. Please provide a table that shows for each year between 2015 and 2024 the number of employees eligible to retire, and the number of employees who did (or are forecast to) retire.

5-SEC-92

[Ex.5] Please provide Toronto Hydro’s actual or forecast regulated ROE for each year between 2015 and 2019.

8-SEC-93

[Ex.8-1-1, p.6] How many customers, by class, have been charged the standby rate in 2018.

8-SEC-94

[Ex.8-6-1] Please provide a table that shows for each year between 2005 and 2024, the approved/forecast monthly fixed and variable charge, as well as any approved fixed and/or variable ICM riders, for each rate class.

9-SEC-95

[Ex.9-1-1, p.12] Please revise Table 3 to show the balance broken down into two categories, i) impact of useful life used to calculate the depreciation for meters, ii) all other reasons.

9-SEC-96

[Ex.9-1-1, p.10-13] Is the Toronto Hydro proposal to create a new CRRRVA for the 2020-2024 period or is to extent the existing account until 2024 so as to allow Toronto Hydro to make up any under-spending on capital during the 2020-2024 period to offset the forecast \$57.6M credit owed to customers.

9-SEC-97

[Ex.9-1-1, p.30] Please provide the full calculation of the working capital savings.

Respectfully submitted on behalf of the School Energy Coalition this December 17th, 2018.

Original signed by

Mark Rubenstein
Counsel for the School Energy Coalition