PUBLIC INTEREST ADVOCACY CENTRE
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December 19, 2018 **VIA E-MAIL**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

Re: EB-2018-0165 – Toronto Hydro-Electric System Limited (THESL) 2020-24 CIR Application
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Bill Harper/Mark Garner
Consultants for VECC/PIAC

Mr. Andrew Sasso, Director Regulatory Affairs, THESL
regulatoryaffairs@torontohydro.com

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	**VECC**
TO:	**Toronto Hydro-Electric System Limited**
DATE:	**December 18, 2018**
CASE NO:	**EB-2018-0165**
APPLICATION NAME	**2020-24 CIR Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1A-VECC-1
Reference: Exhibit 1A, Tab 3, Schedule 3 & 1C, Tab 2, Schedule 1

a) Please provide the names of the officers shown in Figure 1: Toronto Hydro's Organizational Chart.
b) Please provide the compensation disclosure for each officer provided in a).

1B-VECC-2
Reference: Exhibit 1B (Updated)

a) Please explain what, if any changes are being proposed for the 2020-24 rate frameworks as compared to the currently approved rate adjustment formula.
b)

1B-VECC-3
Reference: Exhibit 1B, Tab 4, Schedule 1/

a) How is the annual growth rate shown in Table 4 calculated?

1B –VECC-4
Reference: Exhibit 1b, Tab 4, Schedule 1

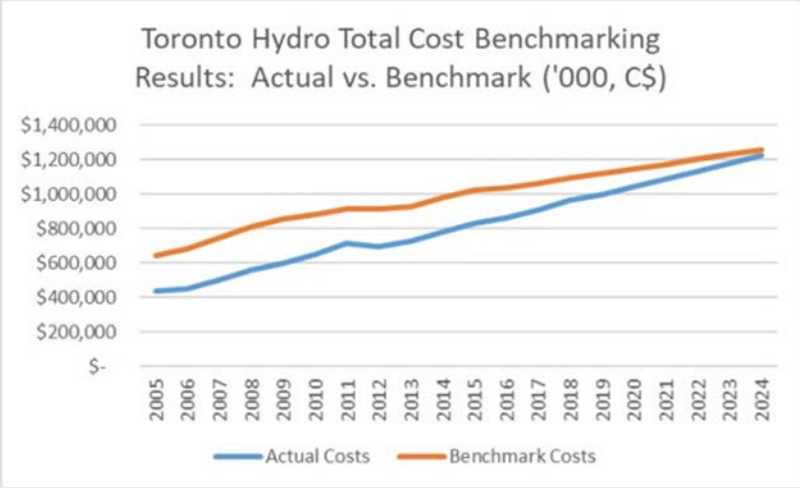
a) Using the continuity schedule information please provide a table for the 2019 – 2024 period which shows:
   i) The forecast average annual additions to rate base
   ii) The additions to accumulated depreciation;
   iii) Total PP&E net of CWIP

b) Using THESL's 2019 weighted cost of capital (based on OEB November 2018 cost of capital report) please show for each year the annual cost increase related to the incremental capital in-service (i.e. net PP&E).

c) For each value calculated in b) please provide the increase in existing rates that would be required to recover each year's net increase in PP&E. Please provide this value on a pre and tax grossed up basis.

1B-VECC-5
Reference: Exhibit 1B, Tab 2, Schedule 1, pg. 23

Figure 8: Toronto Hydro's Cost Performance 2005-2024



a) Does the above analysis indicate that THESL is projecting a decline in its relative performance over the term of the proposed rate plan?

1B-VECC-6
Reference: Exhibit 1B, Tab2, Schedule 2, pg.22

"*Internal project construction costs were on average[redacted] than the costs of the same projects had they been constructed externally using up to seven design and construction contractors over the 2013 to 2016 period.*"

a) Were the average costs of internally constructed projects higher or lower than the average cost of similar externally constructed projects?

1B-VECC-7
Reference: Exhibit 1B, Tab 3, Schedule 1, Appendix A – Innovative Research Group Customer Engagement

a) Please provide the costs of the Innovative Customer Engagement study (including the Residential Ratepayer Survey and Key Accounts Engagement).

b) What specific changes were made to THESL's CIR proposal as a result of this study?

2.0 RATE BASE (EXHIBIT 2)

2A – VECC - 8
Reference: Exhibit 2A, Tab 4, Schedule 1

Table 1: Historical, Bridge and Forecasted Construction Work In Progress ($ Millions)

	2015 Actual	2016 Actual	2017 Actual	2018 Bridge	2019 Bridge	2020 Forecast
Opening CWIP	522.1	577.7	502.9	485.8	311.5	343.5
Additions (CAPEX)	490.6	508.4	496.6	434.7	425.7	514.0
Deductions (In Service Additions)	(435.3)	(584.3)	(520.3)	(608.9)	(397.8)	(489.8)
Other	0.3	1.1	6.5	-	4.2	-
Closing CWIP	577.7	502.9	485.8	311.5	343.5	367.7

a) Please provide the actual year end-CWIP at the close of 2018.

2A-VECC-9
Reference 1B, Tab 5, Schedule 1 & 2A, Tab 4, Schedule 2

a) The average capital expenditures during the 2015-2018 or 2019 period was between $478 and $465 million. The rate period spending on capital is on average $565 million. THESL has also been unable to meet its prior capital spending projects. If the Board were to provide for a 10% increase in capital expenditures over the current actuals or $526 million what adjustments would THESL need to make to its capital budgeting to accommodate this decision?

b) Does THESL anticipate the need for any ICM funding over the course of the IRM plan?

2B –VECC -10
Reference: Exhibit 2B, Section A4

a) Please list the capital projects that have been included in the distribution system plan with the specific objective of reducing reducing outages due to defective equipment.

b) Does THESL have any plans to monitor and measure the impact of any such capital programs on its proposed SAIDI/SAIFI -Defective Equipment metrics?

2B-VECC-11
Reference: Exhibit 2B, Section 2C

Table 1: 2020-2024 Custom Performance Scorecard Measures

Toronto Hydro Outcome	OEB Reporting Category	Toronto Hydro's Custom Measures	Target
Customer Service	**Customer Satisfaction**	Customers on eBills	Improve
Safety	**Safety**	Total Recorded Injury Frequency	Maintain
		Box Construction Conversion	Improve
		Network Units Modernization	Improve
Reliability	**System Reliability**	SAIDI - Defective Equipment	Maintain
		SAIFI - Defective Equipment	Maintain
		FESI 7 System	Improve
		FESI-6 Large Customers	Maintain
	Asset Management	System Capacity	Maintain
		System Health (Asset Condition) – Wood Poles	Monitor
		Direct Buried Cable Replacement	Improve
Financial	**Cost Control**	Average Wood Pole Replacement Cost	Monitor
		Vegetation Management Cost per Km	Monitor
Environment	**Environment**	Oil Spills Containing PCBs	Improve
		Waste Diversion Rate	Monitor

a) Please explain why THESL has not chosen to pursue specific (numeric) performance metrics in each year of its rate plan.

2B-VECC-12
Reference: Exhibit 2B, Section D1

a) What changes have been made to THESL's asset management assessment process/systems as compared to its previous cost of service application? Specifically please explain what improvements in asset assessment have been made since that time.

2B-VECC-13
Reference: Exhibit 2B, Section E4, pg.9

Table 3: System Access: 2015-2024 Expenditures ($ Millions)

	Actual			Bridge		Forecast				
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
System Access	58.3	79.0	65.5	100.8	97.1	91.8	93.3	93.9	106.0	116.4

a) Please provide the actual and forecast capital contributions associated with the expenditures shown in Table 3.
b) Please provide the actual and forecast new connections forecast by rate class (or if unavailable by low and high voltage) for each of the years.

2B-VECC-14
Reference: Exhibit 2B, E6.1

a) Please provide a table which shows for each year 2015 through 2024 the actual and expected area conversions capital expenditures.
b) For each year indicate what percentage of km of circuit (line) was replaced on a "like-for-like" basis and what percentage was a replacement of above ground for underground plant.

2B-VECC-15
Reference: Exhibit 2B, E6.1

Table 8: Historical & Forecast Program Costs ($ Millions)

	Actual			Bridge		Forecast				
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Rear-Lot Conversion	26.7	14.5	8.2	5.7	10.0	18.8	26.3	25.2	28.3	14.9

Box Construction Conversion	19.6	13.6	18.7	34.3	34.4	22.7	20.8	21.1	22.0	20.7
Total	**46.3**	**28.1**	**26.9**	**40.0**	**44.4**	**41.4**	**47.2**	**46.3**	**50.4**	**35.6**

a) What is the total current population (2018) of box construction plant?
b) What is the expected population at the end of 2024?
c) Please amend Table 8 to show the number of box conversions in each year.

2B-VECC-16
Reference: Exhibit 2B, Section E8.3

a) Why is THESL's fleet budget increasing beginning in 2020 by around twice its historical pattern?
b) Do Table 6 and 7 represent all THESL vehicles? If not please amend the tables to include all vehicles.
c) Please provide similar tables for the years 2015 through 2019.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -17
Reference: Exhibit 3, Tab 1, Schedule 1, pages 1 and 16
Exhibit 3, Tab 1, Schedule 2

a) With respect to the historical and forecast customer/connection counts in Schedule 2, what point in the each year are they based on? If mid-year, is this equivalent to a June value?
b) The footnote to Table 1 (page 1) indicates that the customer counts are "as of mid-year". Are these values calculated from those set out in Schedule 2?
   i. If yes, please explain the derivation.
   ii. If not please provide the annual (historical and forecast) breakdown by customer class and explain how they were determined.
c) Please provide a schedule setting out the actual customer/connection count by customer count for the most recently available month in 2018 and indicate the month used.

3.0 –VECC -18

Reference: Exhibit 3, Tab 1, Schedule 1, page 16
Exhibit 3, Tab 1, Schedule 2

Preamble: The Application (page 16) states that "the utility's forecast of new customers is primarily based on extrapolation models for each rate class with the exception of the CSMUR rate class".

a) What historical years were for the extrapolation models? If the years used included ones prior to 2013 please provide the historical customer/connection counts for those years as well.
b) The annual increase in GS<50 customers between 2013-2017 is significantly greater than the forecasted annual increase through to 2024 (see Schedule 2, page 4). Please provide details regarding the extrapolation used to forecast the GS<50 customer count.
c) With respect to Schedule 2, page 8, are the values shown for Street Lighting the number of connections (as the table indicates) or the number of devices?

3.0 –VECC -19

Reference: Exhibit 3, Tab 1, Schedule 1, pages 2-3

a) Do the purchased energy values set out in Figure 1 include microFIT, SOP and FIT purchases as well as purchases from the IESO? If not, please revise the figure to also include these purchases.
b) Which customer classes account for the material decrease in weather normalized purchases in 2009?
c) Which customer classes account for the material decrease in weather normalized purchases in 2017?

3.0 –VECC -20

Reference: Exhibit 3, Tab 1, Schedule 1, pages 3-10
Exhibit 3, Tab 1. Schedule 1, Appendix A-2, page 1

Preamble: It is noted that the independent variables used in the current Residential model are not the same as those used in the 2015-2019 Application (EB-2014-0116).

a) Please explain why "population" was dropped as an independent variable in the Residential model.

b) Please explain why the time trend variable only starts in 2008.
c) It is noted that, apart from the time trend variable, the current Residential model does not include any variable related to changes in the level of Residential "activity" such as population or customer count.
   i. Was customer count tested as a potential independent variable? If yes, why was it excluded?
   ii. If not, please provide the regression results (similar to Appendix A-2) where customer count is also included as an independent variable and the resulting Residential energy forecast for 2020 to 2024.

3.0 –VECC -21

Reference: Exhibit 3, Tab 1, Schedule 1, pages 3-10
Exhibit 3, Tab 1. Schedule 1, Appendix A-2, page 3

Preamble: It is noted that the independent variables used in the current GS<50 model are not the same as those used in the 2015-2019 Application (EB-2014-0116).

a) Please explain why each of the independent variables used in the 2015-2019 Application but currently excluded was dropped.
b) What was the source for the GDP forecast used in the GS<50 (and other) models and when was it prepared?
c) Is a more recent GDP forecast now available? If yes, please provide a schedule that compares it with the 2020-2024 GDP forecast used in the Application.

3.0 –VECC -22

Reference: Exhibit 3, Tab 1, Schedule 1, pages 3-10
Exhibit 3, Tab 1, Schedule 1, Appendix A-2, page 4

Preamble: It is noted that the independent variables used in the current GS 50-999 model are not the same as those used in the 2015-2019 Application (EB-2014-0116).

a) Please explain why each of the independent variables used in the 2015-2019 Application but currently excluded was dropped.
b) Why is there no time trend variable used in the GS 50-999 model?

3.0 –VECC -23

Reference: Exhibit 3, Tab 1, Schedule 1, pages 3-10
Exhibit 3, Tab 1, Schedule 1, Appendix A-2, page 4

Preamble: It is noted that the independent variables used in the current GS 1,000-4,999 model are not the same as those used in the 2015-2019 Application.

a) Please explain why customer count was dropped but GDP added as an independent variable.
b) At page 9, reference is made to the use of a "pair regression model" to forecast unemployment rate and population. Please explain more fully the approach used to develop these forecasts and why it was necessary.
c) Please indicate where the population forecast is used in the load forecast models.

3.0 –VECC -24

Reference: Exhibit 3, Tab 1, Schedule 1
Exhibit 3, Tab 1, Schedule 1, Appendix A-1
Exhibit 3, Tab 1, Schedule 1, Appendix B, page 2
Exhibit 3, Tab 1, Schedule 1, Appendix C
Exhibit 3, Tab 1, Schedule 2

a) Please confirm that the GWh values presented in Tables 1, 2 & 8 of Tab 1, Schedule 1 and in Appendix B are purchased values (i.e., include a mark-up for losses) while the MWh values in Tables 4 & 6 of Tab 1, Schedule 1 as well as those in Appendix A-1, Appendix C and Schedule 2 are all delivered MWh (i.e., no mark-up for losses).
    i. If not confirmed, please clarify basis for tables.
b) If the values used in the customer class models (i.e., Appendix A-1) were estimated using purchased energy for each customer class (i.e., marked-up for losses) please provide the following:
    i. The loss factors used to convert historic delivered energy values to purchased values and what they were based on.
    ii. Confirmation as to whether the gross CDM values reported by the IESO are based on purchased or delivered energy including supporting references to IESO.
    iii. The loss factors used to convert the forecast 2020-2024 energy values to delivered energy and what they were based on.
c) If the models are based on delivered energy, what loss factor(s) were used

to convert the forecast customer class values for 2018-2024 to purchased energy and how were they determined?

3.0 –VECC -25

Reference: Exhibit 3, Tab 1, Schedule 1, pages 12-13
Exhibit 3, Tab 1, Schedule 1, Appendix A-1

a) Please provide copies of the IESO Reports setting out the 2006-2016 verified results used in the Application (per page 12).
b) Based on the results from the IESO's verified reports please complete the following schedule:

Verified Gross CDM Savings per IESO Reports (MWh)							
Program Year	Calendar Year						
	2006	2007	Annual Values for 2008 to 2023				2024
2006							
2007	X						
2008	X	X					
2009	X	X					
2010	X	X					
2011	X	X					
2012	X	X					
2013	X	X					
2014	X	X					
2015	X	X					
2016	x	x					
Total							

c) Based on the monthly CDM values set out in Appendix A-1 please complete the following schedule:

CUMULATIVE ANNUAL GROSS CDM SAVINGS (MWh)							
Year	Residential	CSMUR	GS<50	GS50 -999	GS1,000 – 4,999	LU	Total
2006							
2007							
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							

d) Please demonstrate that the total cumulative savings by year as used in

the load forecast models (per the response to part (c)) can be reconciled with the reported results verified by the IESO (as summarized in the response to part (b)).

3.0 –VECC -26
Reference: Exhibit 3, Tab 1, Schedule 1, pages 12-13 and page 14 (Table 4)

a) Please provide a copy of Toronto Hydro's recently approved 2015-2020 CDM Plan.
b) Based on the THESL's CDM assumptions used in the current Application for 2017-2024, please complete the following schedule for each customer class and for THESL overall. Note: The values should represent annualized savings. i.e., assuming all programs implemented January 1st.

GROSS ANNUALIZED CDM SAVINGS (MWh)								
	Calendar Year							
Program Year	2017	2018	2019	2020	2021	2022	2023	2024
2017								
2018	X							
2019	X	X						
2020	X	X	X					
2021	X	X	X	X				
2022	X	X	X	X	X			
2023	X	X	X	X	X	X		
2024	X	X	x	X	X	X	X	
Total								

c) Do the values provided in part (b) reconcile with THESL's most recently approved CDM Plan? If not, why not?
d) Based on the monthly CDM values set out in Appendix A-1 please complete the following schedule:

CUMULATIVE GROSS CDM SAVINGS (MWh)							
Year	Residential	CSMUR	GS<50	GS50 -999	GS1,000 – 4,999	LU	Total
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							

e) Do the 2017-2024 values set out in Table 4 for each customer class equal the annual totals for each class that would be obtained if the monthly kWh/day values in Appendix A-1 were translated into annual values for each customer class (per the response to part (d))? If not, what do the values in Table 4 represent?

f) For each customer class and for the total of all customer classes please complete the following schedule based on CDM values used in the forecast models (Appendix A-1). If the totals do not reconcile with Table 4 in the Application and the response to part (d), please explain why:

GROSS ANNUAL CDM SAVINGS (MWh)								
	Calendar Year							
Program Year	2017	2018	2019	2020	2021	2022	2023	2024
2006-2016								
2017								
2018	X							
2019	X	X						
2020	X	X	X					
2021	X	X	X	X				
2022	X	X	X	X	X			
2023	X	X	X	X	X	X		
2024	X	X	x	X	X	X	X	
Total								

g) Please demonstrate that the CDM savings assumed from 2017-2020 programs for purposes of the load forecast (as set out in the response to part (f) above) can be reconciled with the annualized values provided in the response to part (b).

h) Please demonstrate that the CDM savings assumed for 2021-2024 for purposes of the load forecast (as set out in the response to part (f) above) can be reconciled with the annualized values provided in the response to part (b).

3.0 –VECC -27

Reference: Exhibit 3, Tab 1, Schedule 1, pages 4 and 11

a) For each of the customer classes and for the distribution system overall, please provide a schedule that sets out the forecast energy (gross of CDM), the assumed CDM impact and the resulting forecast (net of CDM) for the years 2017 to 2024 (i.e., the results of each of the three steps set

out on page 4).

b) For each of the demand billed customer classes please provide: i) a six-year history of the historical relationship between energy and demand, ii) the average for the latest 3 years (as used in the Application per page 11). Please also confirm that both the energy and billing demand values used to determine the relationship are net of CDM.
c) Please confirm that using this three-year (net) average to convert energy (gross of CDM) to billing demand (gross of CDM) assumes that, for each customer class, the relationship/ratio between CDM energy and demand savings is the same as the relationship/ratio between net energy use and net billed demand.
d) For each demand billed customer class, please provide a schedule that for each of the years 2020-2024 sets out: i) the relationship/ratio between the cumulative forecast CDM energy impacts (Table 4) and the cumulative CDM demand impacts (Table 5) and ii) the three year average used to convert the gross energy to gross billing demand.

3.0 –VECC -28

Reference: Exhibit 3, Tab 1, Schedule 1, pages 12-13
THESL Verified 2017 CDM Results
(http://www.ieso.ca/en/Sector-Participants/Conservation-Delivery-and-Tools/Conservation-Targets-and-Results)

a) Please confirm that the THESL's' verified 2017 CDM results are now available from the IESO (per the referenced link) and provide a copy (excel version) of the Report.
b) Please provide a schedule that compares the forecast annualized impact of 2017 CDM programs (through to 2024) as used in the Application (i.e., per the response to 3.0-VECC-26, part (b)) with the actual results as verified by the IESO.
c) How would the input data (Appendix A-1), the load forecast models (Appendix A-2) and the resulting forecasts for 2020-2024 (Appendix C and Exhibit 3, Tab 1, Schedule) change if the actual verified 2017 CDM results were used?

3.0 –VECC -29

Reference: Exhibit 3, Tab 1, Schedule 1, page 15
Exhibit 3, Tab 1, Schedule 1, Appendix C

a) Since the CDM values for the years 2017-2019 are all based on

assumptions regarding savings that will be achieved (as opposed to verified results) why aren't they also included in the calculation of the LRAMVA thresholds for each customer class?

b) With respect to Table 6, a review of the supporting excel spreadsheet (Appendix C) suggests that the GS 1-5 MW class impacts have not been included. Please review and revise as required.
c) With respect to Appendix C, please explain why the value for the "Cumulative 2019 Persistence" is constant for the years 2020-2024 as opposed to declining over time.
d) Please re-do Appendix C such that each schedule starts with 2017.
e) Please confirm that, for each customer class, the "Cumulative Incremental Gross (for LRAM)" values calculated in part (d) should equal the totals from 3.0-VECC-26 b).
   i. If not confirmed, please explain why?
   ii. If confirmed and the values are not equivalent, please explain why.
f) What is the basis for the Gross to Net Ratios used in Appendix C?

3.0 –VECC -30
Reference: Exhibit 3, Tab 2, Schedule 1, pages 1-2

a) Please provide the 2018 year to date values for the five schedules set out on pages 1-2.
b) Since 2015 has THESL altered its Conditions of Service such that customers are now charged (on a time and materials basis) for services that, at the time of the 2015-2019 Rate Application, were provided at no charge? If so, please provide a schedule that sets out each of these (now) chargeable services and indicate: i) the year the billing for such service commenced, ii) the USOA account the revenues/costs are recorded in and iii) the actual/forecast annual revenue from the date of introduction through to 2020.
c) Is THESL currently proposing/planning any changes to its Conditions of Service such that customers will be charged (on a time and materials basis) for services that are currently provided at no charge? If so, please provide a schedule that set out each of these (now) chargeable services and indicate: i) the year the billing for such services will commence, ii) the USOA account the revenues/costs will be recorded in and iii) the actual/forecast annual revenue from the date of introduction through to 2020.
d) Please explain the decrease in Pole & Duct Rental revenues between 2017 and 2018.

4.0 OPERATING COSTS (EXHIBIT 4)

4A-VECC-31
Reference: Exhibit 4A, Tab 1, Schedule 1, pg. 1

a) Please provide the calculation showing the "normalized for customer count" OM&A growth that equals 1.6%.

4A-VECC-32
Reference: Exhibit 4A, Tab 1, Schedule 1, pg. 2

a) Please update Table 1 (Historical OM&A by Program) for 2018 actual results (unaudited).

4A-VECC-33
Reference Exhibit 4A, Tab 2, Schedule 14, pg. 6 & 2B, Section C2, DSP, Section C, pg.6

- "*Reduced paper, printing and postage costs by driving electronic billing adoption to 224,420 enrolled customers, as at end of 2017, which saves $9.52 per electronically billed customer per year*."

a) Please provide a table showing the number of customers electronically billed in each year 2014 through 2018.

b) How was the forecast increase in ebilling over the rate plan period of 122,580 (347000-224420) derived?

c) What incentives are offered customers to move to electronic billing? What incentives are offered to THESL employees (whose positons are important in effecting this change) to increase the level of electronic billing (e.g. is an ebill target part of any employee incentive plans)?

d) What is the annual savings in billing costs in moving from 1.7/10 (1.7%) to 4/10 (40%) ebilling

4A-VECC-34
Reference: Exhibit 4A, Tab 2, Schedule 2, Table 6, page 33

a) Based on the spending on Contact Voltage (none until 2018) this program appears to be new. Is this correct or did THESL have prior programs to monitor and correct contact voltage issues? If the latter please explain where (what cost segment) these costs were recorded under prior to 2018.

4A-VECC-35
Reference: Exhibit 4A, Tab 2, Schedule 8 pg. 5 & pg. 19

a) Please explain what the "Line Cover-up Program Administration" is/was and why it is being discontinued.
b) Please provide the number of customer isolation works being performed for each year 2014 through 2018 and provide the revenues attributable that service in each year.

4A-VECC-36
Reference: Exhibit 4A, Tab 2, Schedule 7

a) The control centre operations program is forecast to increase from $5.4 million in 2015 to $8.7 million in 2019 and 2020. What portion of this increase is attributable to the apprentice hiring program?
b) What is the current number of fully qualified power system controller operators? What will be the number (if the hiring and retirement forecast is correct) in 2024?

4A-VECC-37
Reference: Exhibit 4A, Tab 2, Schedule 3, pgs. 8-

a) What is the fee that THESL charges for on-site inspection as described in the customer location maintenance segment evidence? Has this fee changed since 2015? What were the total revenues collected with respect to this service in each of 2014 through 2018?
b) What accounts for the significant decrease in these costs in 2020 as compared to 2015?

4A-VECC-38
Reference: Exhibit 4A, Tab 2, Schedule 14, pg. 33 & Tab 5, Schedule 1 & 2

a) Please explain why the functions articulated under "Office of the President" ($1.7 million) only begin in 2017? Were some of these functions accounted for under different functions previously? Please explain where and how much was previously budgeted.

4A-VECC-39
Reference: Exhibit 4A, Tab 2, Schedule 14, pg.35

a) Please explain the value to ratepayers of the $1.8 million (58%) increase in communications and public relations as between 2015 and 2020 (forecast).

b) The variance explanation appears to say that a portion of this increase was the result of accounting changes from one area to another. If that is the case please specify the amount and the program area (Exhibit 4A, Tab 1, Schedule 1, pg.2 Table 1) that is being transferred to Communications and Public Affairs in this application.

4A-VECC-40
Reference: Exhibit 4A, Tab2, Schedule 9, pg.20

"*An increase of $2.7 million associated with construction work in progress ("CWIP") write-offs in 2016 with respect to capacity, generation, records, investment, and maintenance and reliability work*."

Similar statements are made with respect to other segments, for example in the variance explanations for internal work execution (T2/S10/pg.11)

a) Please provide the amounts of CWIP that was written-off and accounted for as OM&A spending in each year 2014 through 2018.

b) Does THESL's forecast for system planning costs include an amount for CWIP write-offs? If yes, please identify that amount for 2019.

4A-VECC-41
Reference: Exhibit 4A, Tab 2, Schedule 15, pg.24

a) Please explain what additional resources are being added in 2018 in support of the planned retirements.
b) In explaining the 2017-2018 variance in this program THESL explained "*This was a result of headcount and operating budget being reallocated from the Human Resources Services and Employee Labour Relations Segment to training initiatives*."

   Please explain what program segment (as per Table 1 at 4A/T1/S1) was reduced in what year and by how much.

4A-VECC-42
Reference: Exhibit 4A, Tab 2, Schedule 17

a) Please provide the costs of all IT related maintenance contracts (in aggregate) for each of the years 2014 through 2019 (forecast). For each year also provide the number of contracts.

4A-VECC-43
Reference: Exhibit 4A, Tab 2 Schedule 18

a) Please provide the calculation which shows the 750k (approximately) increase in Board assessment fees based on the OEB's most recent Business Plan.

4A-VECC-44
Reference: Exhibit 4A, Tab 2, Schedule 19

a) Does THESL inform all customers given a disconnection notice of the availability of LEAP assistance?

4A-VECC-45
Reference Exhibit 4A, Tab 2,

a) Please provide the fees paid by THESL's to the Electricity Distributors Association (EDA) for the periods 2015 through 2019 (forecast).

b) Please provide the aggregate of fee and association costs (excluding EDA) for 2015 through 2019).
c) Please include separately the aggregate of all professional or membership fees paid on behalf of THESL employees for the same years.

4A-VECC-46
Reference: Exhibit 4A, Tab 4, Schedule 2

a) Please update Appendix 2-K to show the total compensation capitalized in each year.

b) Please identify separately the executive compensation from the other management positions in Appendix 2-K

b) Please provide a list of the positon and (short) job description of the incremental 6 management positons hired since 2015.

4A-VECC-47
Reference: Exhibit 4A, Tab 4, Schedule 2

a) Please provide the Statistics Canada Average weekly earnings annual Industrial Aggregate inflation rates for the period 2013 through 2018 (or 2017 if 2018 is unavailable).

4B -VECC -48
Reference: Exhibit 4B, Schedule 1, Appendix C

a) Please explain for each of the USoA accounts for which THESL is proposing to use a TUL below the Kinectrics recommended value, the reason for the difference and what studies were undertaken in support of the departure from the Board's standard depreciation values.

4B-VECC-49
Reference: Exhibit 4B, Tab 1, Schedule 1, Appendix A

a) Please explain the reasons for the increase in total depreciation expense for Account 1609 "Capital Contributions paid, which has risen from $1.127 million in 2015 to $8.781 million in 2020 (forecast).
b) Please provide an explanation for the similarly large increase in

depreciation expense for account 2440 “Contributions and Grants”

c) Please also explain the difference between these two accounts.

4B-VECC-50
Reference: Exhibit 4B, Tab 1, Schedule 2

Table 2: Derecognition Variance 2015 to 2019 ($ Millions)

	2015 Actual	2016 Actual	2017 Actual	2018 Bridge	2019 Bridge
OEB-Approved	33.9	26.6	28.0	29.4	32.6
Actual/Forecast[1]	24.1	27.0	24.5	20.8	20.1
Variance	(9.8)	0.4	(3.5)	(8.6)	(12.5)

a) Please explain how the derecognition amounts are forecast for the 2020-2024 period?

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-51
Reference: E5

a) Please provide a table showing for the 2013 through 2018 period:
- The achieved regulatory ROE
- The Board deemed ROE
- The ROE for Toronto Hydro Corporation as reported on SEDAR.

5.0-VECC-52

a) Please explain why the 2010 series set should be costs at 5.59% when the Board deemed maximum amount for affiliated debt is 4.13%.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –53
Reference: Exhibit 7, Tab 1, Schedule 1, page 2
Exhibit 7, Tab 1, Schedule 2

Preamble: The Application states that the hourly profiles developed based on 2016 load data were weather normalized to 2020 heating and cooling degree days.

a) Please explain how the "Weather Correction Factor" for each rate class was established. In doing so, please indicate whether the same value is used for each rate class and whether the same value is used for each month of the year.
b) With respect to Schedule 2, is the scaling ratio used in the last column equal to the 2020 forecast energy for the customer class divided by the sum of the hourly weather corrected class demands?

7.0 – VECC –54
Reference: Exhibit 7, Tab 1, Schedule 1, pages 3-4
Cost Allocation Model, Tab I9

a) It is noted that the Cost Allocation model (Tab I9) directly assigns costs in USoA accounts 1830, 1835, 1840 and 1845 to the Street Lighting and USL classes. Please confirm that these are the assets referenced on pages 3-4 that are used solely by either Street Lighting or USL.
b) It is noted that the Cost Allocation model directly assigns cost in USOA accounts 1840 and 1845 to the GS 50-999, GS 1,000-4,999 and LU classes. Please explain the service arrangements to the customers in these classes that give rise to assets being used sole by one customer class such that they are eligible for direct assignment.

7.0 – VECC –55
Reference: Cost Allocation Model, Tab I7.1 – Meter Capital

a) Do all of THESL's Residential, GS<50, GS 50-999, GS 1,000-4,999, LU and CSMUR customers only have one delivery point and one meter per customer?

7.0 – VECC –56
Reference: Exhibit 7, Tab 1, Schedule 1, page 5

a) What would be the LU class revenue to cost ratio if all of the revenues shortfall arising from setting the CSMUR ratio at 100% was recovered from the LU class?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 57
Reference: Exhibit 8, Tab 1, Schedule 1, page 5

a) With respect to Table 2, please explain why the Floor and Ceiling value for the LU class are both negative.

8.0 –VECC -58
Reference: Exhibit 8, Tab 1, Schedule 1, pages 5-6 and Schedule 2, page 1 (Table 2 and Section 2.6)
Exhibit 8, Tab 3, Schedule 2, page 5
Cost Allocation Model, RRWF, Tab I6.2

Preamble: The proposed 2020 Tariff Sheet for Street Lighting indicates that the service charge is applied per device as does Tab 1, Schedule 2. However, in Table 2 the Floor and Ceiling values for Street Lighting are calculated on a per connection basis.

a) Is the service charge to be applied to Street Lighting on a per connection or per device basis?
   i. If per connection, please confirm that the proposed Tariff Sheets require revision.
   ii. If per device, please revise Table 2 accordingly.

8.0 –VECC - 59
Reference: Exhibit 8, Tab 1, Schedule 1, page 6 (Section 2.7)
Exhibit 8, Tab 3, Schedule 2, page 7

a) Section 2.7 states that the fixed monthly charge for Standby matches the fixed rate for the applicable class. However, in the proposed 2020 Tariff Sheet the same service charge ($245) is applicable to all customer

classes. Please reconcile.

b) Please provide a schedule that sets out for each rate classification and for the years 2015-2017 i) the number of Standby customers, ii) the kVA to which the Standby Rate (not the standard Distribution Rate) was applied and iii) the total Standby Revenues.

c) What are the forecast customer count, billing quantities and revenues from Standby Rates for 2020 for each customer class and how are they accounted in the revenue requirement determination and cost allocation? For example, are the revenues treated as Other Revenue or are the loads and customer counts included in the load forecast, cost allocation and rate determination.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -60
Reference: Exhibit 9, Tab 1, Schedule 1

a) Is the purpose of sub-account 1508 THESL Externally Driven Revenue Requirement to capture variance related to projects done under the auspices of the Public Service Works on Highway Act (PSWHA)?

b) If yes, are there any project costs others than those subject to the PSWHA that might be included in this sub-account? If yes please describe what type of capital expenditure projects might be included (e.g. projects subject to developer capital contributions etc.)

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