

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

INTERROGATORY 59:

Reference(s): Exhibit 6, Tab1, Schedule 6, p. 16

Preamble:

The referenced Exhibit shows a 2019 Service Revenue Requirement of \$977,885,705 with other Revenue of \$49,422,752, for Net SRR of \$928,462,953 and a Revenue Sufficiency of \$37,752,811.

a) Accordingly, please confirm/explain

i) TH forecasts a 2019 revenue surplus of ~\$38 million (and will have over-earned in 2019).

ii) TH is also forecasting a \$25.4 million revenue deficiency in 2020.

b) What are the primary drivers for the 2019 forecasted surplus - OPEX and CAPEX etc. Please provide a breakdown.

c) Has TH reduced its 2019 Revenue Requirement in its EB-2018-0171 Rate Application? Please provide the 2019 RR summary and discuss.

d) Is there any Earnings sharing in 2019? Please provide and discuss the estimate.

e) Please provide the annual surpluses or deficiencies for the 2013-2019F CIR Period.

f) Please provide the allowed and actual ROE for the 2013-2019F period.

1 g) Please provide the ESM amounts for the 2013-2019 CIR Period.

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3 h) Given a forecast surplus in 2019, why is TH not freezing rates in 2020? Please
4 discuss.

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7 **RESPONSE:**

8 a) Toronto Hydro notes that the exhibit reference is the 2024 Revenue Requirement
9 Workform, and not a 2019 Revenue Requirement Workform.

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11 The Revenue Requirement Workforms for 2021 to 2024 were filed to conform to OEB
12 filing requirements. However, Toronto Hydro is not requesting rates be set based on
13 information in these forms for these rate years. Instead, the application is proposing
14 to set rates for the 2021-2024 period based on the Rate Framework described in
15 Exhibit 1B, Tab 4, Schedule 1 As such, the forms are not used in the calculation of
16 rates beyond the 2020 rebasing year.

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18 b) Please see the response to part (a) above.

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20 c) Please see the response to part (a) above.

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22 d) Please see the response to part (g) below.

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24 e) Please see the response to part (a) above.

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26 f) Please see the response to interrogatory 5-VECC-51.

- 1 g) The OEB approved an earnings sharing mechanism (“ESM”) for Toronto Hydro starting
2 in the 2015 fiscal year. Please see response to interrogatory 1B-Staff-25 for the 2015-
3 2017 ESM results. The 2018 and 2019 ESM results cannot be calculated until after
4 actual financial results are finalized. The 2018 results are expected to be filed as part
5 of Toronto Hydro’s evidence update in this proceeding.
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7 h) Please see the response to part (a) above.