Shepherd Rubenstein

**BY EMAIL and RESS**

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March 29, 2019
Our File: EB20180165

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2018-0165 – Toronto Hydro 2020-2024 – Interrogatories on Staff and DRC Evidence**

We are counsel to the School Energy Coalition ("SEC"). Pursuant to Procedural Order No.6, please find SEC's interrogatories on the evidence filed by both Board Staff and the Distributed Resources Coalition.

Yours very truly,
**Shepherd Rubenstein P.C.**

*Original signed by*

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant (by email)
OEB Staff (by email)
DRC (by email)
Intervenors (by email)

**EB-2018-0165**

**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 BOARD STAFF AND INTERVENOR EVIDENCE

# ON BEHALF OF THE

# SCHOOL ENERGY COALITION

## Board Staff

**M1-SEC-1**
[p.7, 26] Please calculate, if it is possible, the amount of X-factor that, if inserted in Toronto Hydro's proposal, and if it resulted in reduced spending on a dollar for dollar basis, would result in Toronto Hydro's total cost over the 2020-2024 period being 5.2% above the benchmark, the same as 2015-2017. Please provide all assumptions and calculations used to obtain the result.

**M1-SEC-2**
[p.7] Please provide an estimate of the total capex over the 2020-2024 period that would result in Toronto Hydro's capex being the same as the benchmark predictions, and advise the capital cost of Toronto Hydro for each of those years based on that assumed level of capex. If it is possible to extrapolate a C factor formula that achieves that result, please provide. Please provide all assumptions and calculations used to obtain these results.

**M1-SEC-3**
[p.10,13,63] Please estimate the C-factor formula, or average amount, if all "conventional distribution capex" is excluded from the budget calculation.

**M1-SEC-4**
[p.16; EB-2014-0116, Decision and Order, p.6] Please provide the expert's comments on whether Toronto Hydro's current C-factor and supporting capital plan deal appropriately with the Board's comment in its previous Custom IR decision: "It is not clear that Toronto Hydro's proposals are necessarily aligned with the interests of its customers, as they are largely supported by an asset condition analysis rather than the impact of the proposed work on the reliability of the system."

**M1-SEC-5**
[p.22] Please expand upon your concerns with respect to the Ontario dummy variable.

**M1-SEC-6**
[p.25-6] Please explain why it is not more appropriate for the Board to use a productivity factor for Toronto Hydro that is more similar to the 0.31% to 0.45% range seen in the expert's Lawrence Berkeley Labs report.

**M1-SEC-7**
[p.31] Please confirm that a utility with a substantial annual capital plan should normally not be expected to have long-term declines in its outage frequencies, relative to benchmark, as exhibited from 2005 to 2024 in this table, unless the capital spending of the comparator group was relatively higher on a sustained basis than Toronto Hydro.

**M1-SEC-8**
[p.39] Please advise the range of excluded CS&I costs relative to total costs (%) in the comparator group, and for Toronto Hydro. Please explain how increases in Toronto Hydro CS&I costs, relative to benchmark, are captured, if at all, in the PSE and PEG models.

**M1-SEC-9**
[p.39] Please advise the range of excluded pension and benefit expenses relative to total costs (%) in the comparator group, and for Toronto Hydro. Please explain how increases in Toronto Hydro pension and benefit expenses, relative to benchmark, are captured, if at all, in the PSE and PEG models.

**M1-SEC-10**
[p.49] Please explain more fully the observation: *"*Capital cost was higher the greater was the share of the area served that was urban, but also higher the greater was the area served that was non-urban".

**M1-SEC-11**
[p.52] Please provide data showing that Toronto Hydro provides higher reliability in its downtown office district than a) other parts of its service territory, and b) the downtown areas of smaller Ontario distributors. Please provide all information available to the expert on the empirical relationship between that higher downtown reliability and higher costs to serve.

**M1-SEC-12**
[p. 53] Please provide any information available to the expert on the relationship, if any, between Toronto Hydro's annual capital cost performance over the 2005-2024 period, and the regulatory model applied by the Board to Toronto Hydro for each year.

**M1-SEC-13**
[p. 66] Please provide an example of how a materiality threshold and dead zone for capital could be added to Toronto Hydro's proposal, and what the impact would be of doing so.

**Distributed Resource Coalition**

**M2-SEC-1**
[M2-SEC-1] Please explain what changes Dr. Petrunic is suggesting be made to Toronto Hydro's planned expenditures in this Application. For all proposed changes, please quantify the costs/savings and the basis for the estimate/calculation.

Respectfully submitted on behalf of the School Energy Coalition this March 29th, 2019.

*Original signed by*

Mark Rubenstein
Counsel for the School Energy Coalition