

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 for an Order or Orders approving or fixing just and reasonable distribution rates and other charges, effective May 1, 2020 to December 31, 2024.

Energy Probe Research Foundation

Interrogatories to Toronto Hydro on Updated Evidence

May 21, 2019

U-EP-64

Reference: Exhibit U, Tab 1B, Schedule 1, page 4, 2.10 System Reliability: SAIDI/SAIFI

Preamble: “Toronto Hydro achieved improvements in both SAIDI and SAIFI in 2018. SAIDI was measured at 0.81, which is a reduction from the 0.91 in 2017 and 2016. SAIFI in 2018 reduced to 1.14 versus the 1.18 in 2017 and 1.28 in 2016.”

- a) At a high level please provide a short narrative with the reasons that SAIDI and SAIFI (CAIDI) have improved over 2015-2018 period, including system renewal investment.
- b) Please comment if TH is an average performer relative to its Ontario peer group, and if system reliability will continue to improve, given continuing investment over the 2020-2024 CIR Plan Period?
- c) Please confirm that TH provided 2020-2024 reliability projections/outlook to PSE and PEG for their Econometric models.
- d) Please provide a copy of this projection/outlook.
- e) Please comment if the reliability improvement in 2018 is material relative to the projection/outlook provided to PSE and PEG.

U-EP-65

References: Exhibit U, Tab 1B, Schedule 1, Page 2, Table 1, Toronto Hydro EDS Performance 2014-2018; Exhibit U, Tab 1B, Schedule 1, Page 38, 2018 Corporate Scorecard Update; responses to interrogatories 1B-SEC-8 and 4A-AMPCO-96

- a) Please provide the Scorecard 2018 Cost Control Data for the following categories:
 - i. Efficiency,
 - ii. Total cost/customer,
 - iii. Total cost/km of line.
- b) Please discuss the trend and cross reference to response to U-EP-71 Admin Costs/Customer

U-EP-66

References: Exhibit U, Tab 1B, Schedule 1, Pages 16 and 17; Figure 13; Response to interrogatory 2B-EP-32

Preamble: “The five-year annual frequency value for the period 2014 to 2018 is 2.64 compared to the corresponding value of 2.74 reported in the utility’s last Rate Application (for the period 2009 to 2013). For 2018, MAIFI was 2.78. This result represents an increase from the prior years, which is due to a number of drivers including weather.”

- a) Please update for the last 5 years 2014-2018 Table 1 and Figure 1 provided in response to 2B-EP-32.
- b) Why is the cause for approximately 61% of momentary interruptions unknown? How does TH distinguish momentary interruptions from System interruptions?
- c) Please compare MAIFI to SAIDI and SAIFI in terms of annual customer interruptions.

- d) Please discuss whether momentary interruption events are more localized compared to system interruption events and is there a connection or correlation with lower voltage feeders and/or with defective equipment more or less than with system events?
- e) Please provide OEB peer group, CEA and FERC data on average utility MAIFI and comment on how TH relates to these data.
- f) Why is TH MAIFI getting worse despite the large infrastructure investment? Explain the reasons in detail with reference to response to interrogatory 2B-EP-32.
- g) What is TH doing to stabilize and improve MAIFI over the 2020-2024 CIR period including how much is TH investing specifically to reduce MAIFI events?

U-EP-67

Reference: Exhibit U, Tab 1B, Schedule 1, Pages 13 and 14, Table 2

Preamble: “In its response to undertaking JTC4.25.4, Toronto Hydro committed to provide 2018 data for the unit costs reported into the UMS Unit Cost Study, which is inclusive of the aforementioned unit categories. (See Table 2 below for the 2018 unit costs and an updated three-year average.) While there is significant volatility in the year over-year results, the data nonetheless demonstrates stable or improving unit cost performance over the last three years.”

- a) Please reconcile this Statement with unit costs for:
 - i. wooden pole replacement (minimal reduction),
 - ii. 2017 tree trimming (increase in 2018),
 - iii. underground (submersible and vault) transformer replacement (increase in 2018).
- b) Please provide the drivers for the changes.
- c) Please provide a chart that shows the data and trend lines for these assets for the 2014-2018 CIR period (if 2014/15 not available then the last 3 years).

U-EP-68

Reference: Exhibit U, Tab 1C, Schedule 5, Pages 63 and 64 Performance- based Incentive Compensation

Preamble: “In 2018, the Corporation exceeded all of its corporate targets represented by its KPIs. The NEOs exceeded the majority of their divisional and individual performance targets for 2018. Each of the corporate, divisional and individual performance targets were reasonably difficult to attain and served to encourage success in the NEOs performance and in the Corporation's overall results.”

- a) Please provide the amounts of incentive pay the NEOs received in 2018. Position this for each as a percentage of their Total Compensation and Salary.
- b) Please provide the Corporate KPIs that will govern incentive pay in the 2020 Test Year and compare to 2018. Discuss any differences.
- c) Please provide the 2020 targets and weightings and note any differences to 2018.

U-EP-69

References: Exhibit U, Tab 2, Schedule 1, Page 1, Table 1 and Page 3

Preamble: “Rate base is forecasted to increase by \$298.9 million from 2018 to 2019. The increase in average PP&E NBV of \$243.8 million is primarily due to assets coming into service. WCA is expected to increase by \$55.1 million, primarily due to projected increases in commodity costs.”

- a) Please explain the increase in WCA for 2019 Bridge year and the forecasted decrease for 2020.
- b) Please provide details of the drivers/amounts at a high level- COP etc.

U-EP-70

References: Exhibit U, Tab 3, Schedule 1, Page 2, Appendices B, C and D; updated responses to interrogatories 3-VECC-25 and 3-VECC-26.

Preamble: “Toronto Hydro notes the very recent Provincial directives on conservation programs in the province. However, at time of preparation of the load forecast for the update, the potential impacts are unknown, and therefore Toronto Hydro has included the latest forecast for CDM savings through the forecast period.

- a) For the Residential and CSMUR Sectors please provide a summary table with the original CDM forecast and updated forecast 2018-2024 including the load forecast for these sectors.
- b) How will uploading CDM to IESO affect TH in respect of the following:
 - i. recovery of CDM costs,
 - ii. attribution,
 - iii. load forecast?

U-EP-71

Reference: Exhibit U, Tab 4A, Schedule 1, OEB Appendix 2L

- a) Please explain what is included in Admin Costs. (major accounts).
- b) Please provide the amounts of indirect and direct Admin Costs and explain how these are treated and allocated e.g. expensed or capitalized.
- c) The Referenced Table shows Admin costs per customer have increased by about \$10 2015-2019 and will increase by a further \$10 in 2020 for a total increase of about \$20 per customer over 5 years
Please justify these material increases and provide details on the drivers
- d) Indicate what steps have been or will be taken to constrain these costs.

U-EP-72

References: Exhibit U, Tab 4A, Schedule 5, Appendix B, Updated JTC 3.22; Exhibit U, Tab 4A, Schedule 3, Appendix A, OEB Appendix 2-K

- a) Please provide the following clarifications and explanations:
 - i. Why has the head count for this group decreased in 2018 then increased by 100 in 2019?
 - ii. Why have Salaries and Wages for this group increased by about \$ 6 million 2015-2018, and then increased to about 15.5 million 2015-2019 with an increased headcount of 40 relative to 2015?
 - iii. Why are Salaries and Wages increasing in 2020 by an additional \$3.5 million, despite a reduced 2020 headcount?
- b) Provide the total and average percentage increases in Total Compensation and explain why the increase in Total Compensation for this group of about \$28 million for 2015-2020 is reasonable.

Roger Higgin
Consultant to Energy Probe