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May 21, 2019

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
Updated Evidence 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
INFORMATION REQUEST ROUND:	Round 2 -April 30, 2019 Updated Evidence
TO:	Toronto Hydro-Electric System Limited
DATE:	May 21, 2019
CASE NO:	EB-2018-0165
APPLICATION NAME	2020-24 CIR Application

NB – Interrogatories begin at last VECC IR – 60

Tab 1B -Scorecard Results

U-VECC-61

Reference: Exhibit U, Tab 1B, Schedule 1, pg.15

- a) What reason/event account for the increase in PCB spills in 2018 following 3 years of declines in these occurrences?

U-VECC-62

Reference: Exhibit U, Tab 1B, Schedule 1, pg.17

- a) 2018 MAIFI performance reinforces a long terms trend which appears to show no discernible improvement in reducing momentary outages over the past 6 years and notwithstanding improvements in the reducing the outages due to defective equipment. Please comment on why this is, specifically what are the main drivers of momentary outages?

U-VECC-63

Reference: Exhibit U, Tab 1B, Schedule 1, pg. 20-21

- a) What accounts for the continuing inability to meet the OEB standard for Appointment Scheduling?

U-VECC-64

Reference: Exhibit U, Tab 1B, Schedule 1, pg. 25-26

- a) THESL explains that the degradation in reliability (not supply related) in 2018 was due to adverse weather events, specifically three wind storms and freezing rain. In determining whether events should be classified as Major Event Days, does THESL use objective weather criteria (e.g. wind speed etc.) or is a major event day classified, by the number of outages on an adverse weather day?

U-VECC-65

Reference: Exhibit U, Tab 1C, Schedule 2, Financial Statements, pg.6

- a) The 2018 Statement of Income shows a large gain on disposal of \$108.6 in 2018. Please explain what this relates to and specifically if it relates to the Executive Summary notes in the Management's Discussion and Analysis which discusses a gain of 98.6 million for the sale of property.

Tab 2 – Rate Base / Capital Expenditures

U-VECC-66

Reference: Exhibit U, Tab 2, Schedule 1, pgs. 8-9

- a) THESL explains that it is seeking to increase the 2020 revenue requirement by \$1.6 million for an increase in working capital due to revised Customer Service Rules. Please provide the detailed calculation which sets out the increase of \$1.6 million. Is it THESL's intent to file a revised lead-lag study?

U-VECC-67

Reference: Exhibit U, Tab 2, Schedule 2, pg.5

- a) Please update Table 9 at Exhibit 2B/Section 7.2/p.32 (2B-Staff-91) to show the revised Bridge and Forecast Metrolinx related projects.
- b) Please revise Table 9 to show the gross capital investments in each year and the expected capital contributions.
- c) Please also update the Tables provided in response to 2B-SEC-55

U-VECC-68

Reference: Exhibit U, Tab 2, Schedule 2, pgs.7-8

- a) Please list the \$2.0 million in new monitoring and control initiatives which are incremental to the original forecast and now found subsequent to the \$2.0 million reduction in capital expenditures on the bus-ties at the Leslie and Richview TS's.

U-VECC-69

Reference: Exhibit U, Tab 2, Schedule 2, pg.13

- a) With respect to Overhead System Renewal, why did THESL significantly increase its capital spending in 2018 (\$30.4 from forecast \$18.4) and why is it proposing to exceed its original forecast spending in 2019 from \$17.8m to \$24.8m? Given this over budget spending is THESL proposing to reduce the \$49.8 million proposed to be spent on these projects in 2020?

U-VECC-70

Reference: Exhibit U, Tab 2, Schedule 2, pg.21

- a) Please update the response to Table 1 at 2B-VECC-13

U-VECC-71

Reference: Exhibit U, Tab 2, Schedule 2, Appendix A, Appendix 2-AA

- a) Please provide a revised Appendix 2-AA which includes the 2018 original estimates for 2018 and 2019 (Sept 2018) and the variances as between each category in the original and revised Appendix 2-AA.
- b) Please confirm that no changes are being proposed in Appendix 2-AA for the forecasts capital expenditure amounts for years 2020 through 2024. Or if this is not confirmed please provide similar revised columns and variances.

Tab 3 - Load and Other Revenue Forecast

U-VECC -72

Reference: Exhibit U, Tab 3, Schedule 1, pages 4-6 / 3-VECC-18

Preamble: The response to 3-VECC-18 and the accompanying Appendix A suggest that for the Residential and GS 50-999 customer classes the linear trend models were based on historical data dating back to 2004.

- a) Table 3 in the Exhibit U indicates that historical data back to 2002 was used for these classes for purposes of the Update. Please indicate if this is correct.
- b) If so, please explain the reason for the change.
- c) If so, please re-estimate the forecast 2019-2024 customer counts for these two classes using historical data back to 2004 (i.e. 2004-2018 data).

U-VECC -73

Reference: Exhibit U, Tab 3, Schedule 1, pages 4-6 / 3-VECC-18

Preamble: The response to 3-VECC-18 and the accompanying Appendix A suggest that for the GS<50 customer classes the linear trend models were based on historical data dating back to 2004.

- a) Table 3 in the Exhibit U indicates that historical data back to 2014 was used for this class for purposes of the Update. Please indicate if this is correct.
- b) If yes, please explain the reason for the change.
- c) If so, please re-estimate the forecast 2019-2024 customer counts for this class using historical data back to 2004 (i.e. 2004-2018 data).

U-VECC -74

Reference: Exhibit U, Tab 3, Schedule 1, pages 4-6 /3-VECC-18

Preamble: The response to 3-VECC-18 and the accompanying Appendix A suggest that for the GS 1,000-4,999; Large Use and USL customer classes the linear trend models were based on historical data dating back to 2004.

- a) Table 3 in the Exhibit U indicates that the latest actual data was used for these classes for purposes of the Update. Please confirm that this was the value as of December 2018 and explain the basis for the change in approach.
- b) Please re-estimate the forecast 2019-2024 customer counts for these classes using a trend model based on historical data back to 2004 (i.e. 2004-2018 data).

U-VECC -75

Reference: Exhibit U, Tab 3, Schedule 1, pages 4-6 / 3-VECC-18

- a) Please update 3-VECC-18 - Appendix A to include the 2018 actual values by month for each class up to the most recent month available.

U-VECC -76

Reference: Exhibit U, Tab 3, Schedule 1, pages 4-6 / Technical Conference Transcript, Day 4, pages 113-115

- a) At the Technical Conference THESL indicated that it would be providing, as part of the Update, the linear trend models used to forecast the customer counts for each class. Exhibit U describes the models but does not provide the actual linear trend models. Please provide.

U-VECC -77

Reference: Exhibit U, Tab 3, Schedule 1, page 2 / 3-VECC-21
Technical Conference Transcript, Day 4, page 111

- a) At the Technical Conference, THESL was uncertain as to the extent to which it would be “updating” its load forecast models. For purposes of the Update did THESL: i) re-value each of its load forecast models (per VECC 21 a)) in terms of what were the appropriate explanatory variables to use, including the testing of variables not used in the original models or ii) simply re-estimate the models using the same variables as in the original models?
- b) Please provide a schedule that sets out the “weather normal” HDD and CDD values as used in the original load forecast and those used in the Update.
- c) Please provide a schedule that sets out the historical and forecast unemployment rates and GDP values as used in the original load forecast and the Update.

U-VECC -78

Reference: Exhibit U, Tab 3, Schedule 1, pages 2-3; Appendix B and Appendix D

- a) Are the 2018-2020 planned CDM results (per Appendix B) comparable (in terms of definition) to the values set out in Appendix D, Tables 1-7?
 - i. If yes, please reconcile the savings values shown in Table 7 for program years 2019 and 2020 with the total savings shown in Appendix B for the same years
 - ii. If no, please provide a schedule that reconciles the savings values shown in Table 7 for program years 2019 and 2020 with the total savings shown in Appendix B for the same years and that explains the sources of the differences.
- b) What is the source/basis for the non-verified 2018 CDM results?
- c) Please provide a schedule that compares by customer class the non-verified 2018 CDM results (per Appendix D, Tables 1-6) with the 2018 planned results as set out in the THESL’s latest CDM Plan (Appendix B). In doing so, please adjust the results as set out in the CDM Plan (as required) so that they are comparable, in terms of definition, with the unverified CDM results as shown in Tables 1-6 of Appendix D and explain the basis/reasons for the adjustments.
- d) How does THESL deliver each of the CDM programs set out in its CDM plan – as submitted to the IESO (i.e., does it use third party contractors and/or other contracts with third parties)?
- e) With respect to the 2019-2020 CDM programs set out in Appendix B, please indicate which ones THESL already has third-party contracts in place to deliver and outline whether or not there are any penalties for terminating the contracts.

U-VECC -79

Reference: Exhibit U, Tab 3, Schedule 1, pages 2-3; Appendix C and Appendix D

- a) With respect to Appendix C, Table 2, please add rows that indicate the Cumulative Annual Gross CDM savings from 2006-2016 programs in each of the years 2017-2024.
- b) With respect to Appendix C, Table 3, please add rows that reconcile the total values reported for each year 2017-2024 in the response to part (a) with the values for 2017-2024 are reported in Appendix C, Table 1.
- c) Please confirm that, for each customer class, the values reported in part (a) for the years 2017-2024 are equal to the values reported for 2006-2016 in Appendix D, Tables 9-15. If not confirmed, please explain why.

U-VECC 80

Reference: Exhibit U, Tab 3, Schedule 1, pages 2-3; Appendix C

3-VECC-25 d)

3-VECC-28 a)

- a) With respect to Appendix C, Table 1, it is noted that while the impact of 2015 programs in 2015 matches the results reported by the IESO per VECC-28 a) (i.e., 404,267 MWh); the impacts set out in Table 1 of 2015 programs in the years 2016 through 2024 do not match the IESO reported results (For example, for 2016 Table 1 shows 389,832 MWh whereas the IESO report shows 397,489 {based on initial results plus subsequent adjustments}). Please reconcile.
- b) With respect to Appendix C, Table 1, it is noted that while the impact of 2016 programs in 2016 matches the results reported by the IESO per VECC-28 a) (i.e., 390,281 MWh); the impacts set out in Table 1 of 2016 programs in the years 2017 through 2024 do not match the IESO reported results base on initial results plus subsequent adjustments. Please reconcile.
- c) With respect to Appendix C, Table 3, it is noted that the values in 2006-2014 for the Line Loss Variance adjustment are different than those in VECC-25 d) even though the CDM Verified Results values are the same in both references. Please explain why the value for the adjustment has changed.

U-VECC -81

Reference: Exhibit U, Tab 3, Schedule 1, pages 2-3; Appendices B, D & E
Technical Conference Transcript, pages 117-118 / 3-VECC-29 d)

- a) Please confirm that the difference between the Load Forecast Energy Impacts values set out in Appendix D and the totals for Gross Annual CDM savings set out in Appendix D (Tables 9-15) is that the values in Appendix C include losses whereas the values in Appendix D do not.
- b) If not confirmed, please explain the basis for the differences (e.g. 2020 total in Appendix C is 4,242,251 kWh versus the 2020 total in Appendix D of 4,127,767 kWh).
- c) Given that the impact of the 2018 programs is not yet verified, why are they not also included in the calculation of the LRAMVA threshold (per Appendix E)?
- d) If the impact of 2020 CDM programs is based on THESL's most recent CDM Plan (Appendix B), please explain why LRAM value for 2020 programs (381,441.46 MWh per Appendix E) does not equal the planned results for 2020 programs (403,627 MWh per Appendix B).
- e) With respect to Appendix E, please provide the derivation of the impact of 2019 programs on the 2020 forecast CDM (per column J). In doing so, please also reconcile the savings attributed to 2019 programs with the 2019 CDM planned savings per Appendix B.

Tab 3 - Other Revenue

U-VECC -82

Reference: Exhibit U, Tab 3, Schedule 2, page 1 and Appendix A

- a) It is noted that the 2018 revenue from pole and duct rental in the Update has increased by almost \$8.7 M and costs have increased by roughly \$6.7 M. Please provide the reasons for the change in both revenue and costs.

U-VECC -83

Reference: Exhibit U, Tab 3, Schedule 2, page 2 and Appendix A
Exhibit 8, Tab 3, Schedule 2, page 11
OEB Decision EB-2015-0304, February 14, 2019

- a) Please confirm that neither the original Application nor the Update include the increase in Retail Service Charges approved by the Board in February 2019.
- b) Please provide an updated version of Appendix 2-H that reflects the increase revenues from this decision.

U-VECC -84

Reference: Exhibit U, Tab 3, Schedule 2, page 2 /
Exhibit 3, Tab 2, Schedule 1, page 5

- a) Will the \$1.6 M gain on disposition of property in 2019 be treated the same of other property sale gains (per Exhibit 3, Tab 2, Schedule 1, page 5) and returned to customers? If not, why not?
- b) If yes, please explain how and when this will occur.

TAB 4A - OM&A

U-VECC -85

Reference: Exhibit U, Tab 4A, Schedule 2, pg. 2

- a) Please clarify – is the entire \$1 million increase in Customer-Drive work related to the facilitation for safe entry into customer owned vaults? If not what amount is related only to this activity. What is the offsetting revenue increase related to this change?

U-VECC-86

Reference: Exhibit U, Tab 4A, Schedule 2, pg.1

- a) With respect to the sole sourced procurement with Bell Canada (\$2.226,000) please explain what “*Purchase of demand reduction services for capacity management*” means.

U-VECC-87

Reference: Exhibit U-Tab 4A, Schedule 3, Appendix A – OEB Appendix 2-k

- a) Please explain the variance in the 2018 actuals amounts for Management (including Executive) of 72 FTEs and \$20,025,575 in total compensation as compared to the original estimate of 68 FTEs and compensation of \$19,592,344.
- b) THESL explains a large part of the variance in 2018 compensation is due to the inability to negotiate a harmonized Power Line Technician role with the Power Workers Union. In the original application THESL had forecast it would

have an FTE compliment for non-management positions of 1,431 by the end of 2018. In the event it has 1,353. This would appear to mean that rather than needing to hire 24 FTE positions to meet its forecast in 2019, the Company now needs to hire 102 positions. Please explain how this will be done. In doing so please explain how many positions on average are hired each year at the Utility and how many new positions have been hired since January 1, 2019.

Tab 7- Cost Allocation and Rate Design

U-VECC -88

Reference: Exhibit U, Tab 7, Schedule 1, page 1 and Appendix A, page 2
Exhibit 7, Tab 1, Schedule 3, page 2

- a) It is noted that the number of Streetlight Bills (CNB) has changed from 139 to 120. Please explain why.

U- VECC –89

Reference: Exhibit U, Tab 8, Schedule 1, page 3

- a) What would be the LU class revenue to cost ratio if all of the revenue shortfall arising from setting the CSMUR ratio at 100% and the USL ratio at 120% was recovered from the LU class?

Tab 9 – Deferral and Variance Accounts

U-VECC-90

Reference: Exhibit U, Tab 9, Schedule 1, pg.4-5

- a) There are small changes to the CRRRVA balances from the original filing to the update for 2016 (5.9 vs. 5.8) and 2017 (14.5 vs. 14.3). Please explain why?

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