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July 2, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Custom Incentive Rate-setting ("Custom IR") Application for 2020-2024 Electricity Distribution
Rates and Charges – Undertaking Responses for Day 1 and Request for Corrections to the Oral
Hearing Transcript- Day 2
OEB File No. EB-2018-0165

Please find enclosed a copy of Toronto Hydro's response to undertakings provided on Day 1 of the Oral Hearing. The responses to undertaking J1.3 and J.16 will be filed tomorrow.

Toronto Hydro has reviewed the transcript from Day 2 (June 28, 2019) of the Oral Hearing and requests for the transcript to be corrected for the following errors:

- Page 55, line 12, word "convergence" should be "conversion"; and
- Page 56, line 2, word "convergence" should be conversion."

Please contact me directly if you have any questions or concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "D Coban", written over a horizontal line.

Daliana Coban
Manager, Regulatory Law
Toronto Hydro-Electric System Limited

cc: Lawrie Gluck, OEB Case Manager
Michael Miller, OEB Counsel
Parties of Record
Amanda Klein, Toronto Hydro
Daliana Coban, Toronto Hydro
Charles Keizer, Torys

1 TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO
 2 OEB STAFF

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UNDERTAKING NO. J1.2:
 Reference(s): Exhibit U

Provide a table that summarizes all the updates for revenue requirement as part of DRO process.

11 RESPONSE:

12 Table 1 below summarizes the updates that Toronto Hydro proposes to flow through the
 13 revenue requirement work form and cost allocation models at the time of the Draft Rate
 14 Order (DRO) process. This table also provides a summary of the high level 2020 revenue
 15 requirement impact of each item, which may be updated at the time of the DRO
 16 consistent with the Board's final decision.

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Table 1: 2020 Revenue Requirement (RR) Updates to be made during the DRO Process¹

No.	Updated Request for Approval	2020 RR Impact (\$M) ²	Evidence References
1	Update the 2020-2024 working capital allowance forecasts to align the cost of power expense forecast with the value resulting from the OEB's Appendix 2-Z. Toronto Hydro will use the most up-to-date forecasts of energy prices available at the time of the DRO.	(2.5) ³	2A-Staff-53; Exhibit U, Tab 2, Schedule 1, page 8, lines 13-20

¹ Please note that Toronto Hydro's responses to undertakings J1.7 and J1.8 include all the items identified in Table 1.
² Negative amounts represent reductions to revenue requirement.
³ This amount has been updated from the previously presented value of \$2.2 million.

No.	Updated Request for Approval	2020 RR Impact (\$M) ²	Evidence References
2	Update the 2020-2024 working capital allowance forecasts to reflect the changes to the OEB's Customer Service Rules (EB-2017-0183).	1.6	Exhibit U, Tab 2, Schedule 1, Page 9; U-Staff-169
3	Update the 2020 OM&A forecast for the Customer Driven Work program to reflect updated volumes of work associated with facilitating safe vault entry to customers.	1.0	Exhibit U, Tab 4A, Schedule 1, page 2, lines 3-6
4	Update the 2020 OM&A forecast for the Asset and Program Management program to include costs which were inadvertently omitted from the original evidence.	0.8	Exhibit U, Tab 4A, Schedule 1, page 2, lines 6-8
5	Update the 2020 OM&A forecast for the Charitable Donations and LEAP program to include costs which were inadvertently omitted from the original evidence.	0.2	Exhibit U, Tab 4A, Schedule 1, page 2, lines 8-9
6	Update the 2020 OM&A forecast for the Common Costs and Adjustment program to capture the changes in OPEB obligations resulting from the most recent (i.e. 2018) actuarial valuation.	(1.5)	Exhibit U, Tab 4A, Schedule 1, page 2
7	Update the 2020 Revenue Offsets forecast to reflect changes in Other Income and Deductions as a result of the capitalization of major assets related to accident claims.	(2.0)	Exhibit U, Tab 4A, Schedule 1, page 2
8	Update the 2020 Revenue Offsets forecast to reflect changes to Specific Service Charges resulting from changes to the OEB's Customer Service Rules (EB-2017-0183).	3.0	Exhibit U, Tab 3, Schedule 2, Page 1; lines 12-16; U-Staff-178
9	Update the 2020 Revenue Offsets forecasts to reflect the Retail Service Charges approved by the OEB in EB-2015-0304.	(0.3)	U-VECC-83
10	Update the 2020-2024 rate base forecasts to reflect the revised 2019 and 2020-2024 ISA forecasts as described in Toronto Hydro's application update.	(9.2)	U-Staff-168
11	Update 2020-2024 PILs forecasts to reflect the new CCA rule as a result of Bill C-97.	(16.4)	U-Staff-188

1 In its application update filed on April 30, 2019, Toronto Hydro updated its request to
2 clear the Deferral and Variance Accounts (DVAs) based on the balances identified in
3 Exhibit U, Tab 9, Schedule 1, Table 2. Further to this request, in its response to
4 interrogatory U-Staff-183, Toronto Hydro identified an update to the amount proposed
5 for disposition over the 2020-2024 period in respect of Deferral Account 1508 – Other
6 Regulatory Assets, Subaccount – Impact for USGAAP Deferral Account. Specifically,
7 Toronto Hydro updated its request for disposition of this account from \$48.1 million to
8 \$17.2 million based on the EARSL method. Please refer to Toronto Hydro’s response to
9 interrogatory U-Staff-183 for more information about this updated request.

1 ORAL HEARING UNDERTAKING RESPONSES TO
2 SCHOOL ENERGY COALITION

3

4 UNDERTAKING NO. J1.5:

5 Reference(s):

6

7 If available, to produce the number showing the cost impact of the Hydro One deficiency.

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10 RESPONSE:

11 The approximate cost impact of the Hydro One HV GIS installation deficiencies is

12 \$1.4 million.

Undertaking J1.7

	2020	2021	2022	2023	2024
Rate Base					
Average PP&E NBV	\$ 4,369.7	\$ 4,601.9	\$ 4,844.4	\$ 5,128.5	\$ 5,393.2
WCA	\$ 222.9	\$ 227.2	\$ 232.0	\$ 237.0	\$ 243.1
Rate Base	\$ 4,592.6	\$ 4,829.1	\$ 5,076.4	\$ 5,365.5	\$ 5,636.3

	2020	2021	2022	2023	2024	Total
Revenue Requirement						
CRR	\$ 540.5	\$ 579.3	\$ 595.6	\$ 648.1	\$ 689.4	\$ 3,052.8
Non-CRR	\$ 230.9	\$ 233.0	\$ 235.1	\$ 237.2	\$ 239.4	\$ 1,175.6
Base RR	\$ 771.4	\$ 812.3	\$ 830.7	\$ 885.3	\$ 928.7	\$ 4,228.4

	2020	2021	2022	2023	2024	Total
CAPEX						
U-IRR Net CAPEX Update	\$ 521.6	\$ 581.8	\$ 587.1	\$ 565.7	\$ 574.4	\$ 2,830.6
Pre-Filed Net CAPEX	\$ 518.4	\$ 581.8	\$ 587.1	\$ 565.7	\$ 574.4	\$ 2,827.4
Variance	\$ 3.2	\$ -	\$ -	\$ -	\$ -	\$ 3.2

	2020	2021	2022	2023	2024	Total
In-Service Additions						
U-IRR ISA Update	\$ 539.9	\$ 475.0	\$ 587.4	\$ 590.5	\$ 583.6	\$ 2,776.4
Pre-Filed ISA	\$ 489.8	\$ 483.7	\$ 590.9	\$ 593.0	\$ 586.1	\$ 2,743.5
Variance	\$ 50.1	\$ (8.7)	\$ (3.5)	\$ (2.5)	\$ (2.5)	\$ 32.9

Undertaking J1.8

Revenue Requirement		2020		2021		2022		2023		2024		Total
CRR	\$	540.46	\$	579.30	\$	595.57	\$	648.13	\$	689.36	\$	3,052.83
Non-CRR	\$	230.93	\$	233.01	\$	235.10	\$	237.22	\$	239.35	\$	1,175.61
Base RR	\$	771.39	\$	812.31	\$	830.67	\$	885.35	\$	928.72	\$	4,228.44
I				1.20%		1.20%		1.20%		1.20%		
X				0.30%		0.30%		0.30%		0.30%		
Cn				5.03%		2.00%		6.33%		4.66%		
Scap				71.32%		71.70%		73.21%		74.23%		
G				0.20%		0.20%		0.20%		0.20%		
CPCI				4.88%		1.84%		6.15%		4.47%		
Revenue Requirement recovered in rates	\$		\$	809.03	\$	823.93	\$	874.60	\$	913.66		

Undertaking J1.9
Appendix A: 2020-2024 Rate Base

in \$millions	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Rate Base	
Opening NBV ¹	4,233.4	4,240.0	4,249.4	4,267.2	4,275.0	4,284.6	4,297.3	4,308.5	4,317.3	4,332.0	4,349.6	4,385.8	4,233.4	a
In Service Additions ²	28.1	31.1	39.6	29.8	31.7	34.9	33.5	31.2	37.3	40.3	59.2	143.5	539.9	b
Depreciation (excluding allocated transportaion depreciation) ³	(21.5)	(21.6)	(21.8)	(21.9)	(22.1)	(22.2)	(22.3)	(22.4)	(22.5)	(22.7)	(23.0)	(23.3)	(267.3)	c
Closing NBV ¹	4,240.0	4,249.4	4,267.2	4,275.0	4,284.6	4,297.3	4,308.5	4,317.3	4,332.0	4,349.6	4,385.8	4,506.0	4,506.0	d=a+b+c
Average NBV	4,236.7	4,244.7	4,258.3	4,271.1	4,279.8	4,291.0	4,302.9	4,312.9	4,324.6	4,340.8	4,367.7	4,445.9	4,369.7	e=(a+d)/2
WCA ⁴	n/a	235.2	f											
Rate Base ⁴	n/a	4,604.9	g=e+f											

in \$millions	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Rate Base	
Opening NBV ¹	4,506.0	4,501.6	4,503.9	4,509.5	4,510.6	4,515.7	4,522.7	4,528.4	4,542.8	4,550.3	4,566.5	4,594.5	4,506.0	a
In Service Additions ²	18.8	25.6	29.1	24.6	28.7	30.7	29.3	38.0	31.2	39.9	51.8	127.4	475.0	b
Depreciation (excluding allocated transportaion depreciation) ³	(23.2)	(23.3)	(23.4)	(23.5)	(23.7)	(23.7)	(23.5)	(23.6)	(23.7)	(23.7)	(23.8)	(24.2)	(283.3)	c
Closing NBV ¹	4,501.6	4,503.9	4,509.5	4,510.6	4,515.7	4,522.7	4,528.4	4,542.8	4,550.3	4,566.5	4,594.5	4,697.7	4,697.7	d=a+b+c
Average NBV	4,503.8	4,502.7	4,506.7	4,510.1	4,513.1	4,519.2	4,525.5	4,535.6	4,546.6	4,558.4	4,580.5	4,646.1	4,601.9	e=(a+d)/2
WCA ⁴	n/a	239.1	f											
Rate Base ⁴	n/a	4,841.0	g=e+f											

in \$millions	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Rate Base	
Opening NBV ¹	4,697.7	4,695.7	4,700.6	4,709.3	4,713.3	4,720.8	4,731.5	4,739.6	4,746.1	4,759.2	4,773.5	4,826.2	4,697.7	a
In Service Additions ²	21.9	28.9	32.9	28.2	31.7	35.1	32.5	31.0	37.8	39.2	77.7	190.6	587.4	b
Depreciation (excluding allocated transportaion depreciation) ³	(23.9)	(24.0)	(24.1)	(24.2)	(24.2)	(24.3)	(24.4)	(24.6)	(24.7)	(24.8)	(25.1)	(25.7)	(294.0)	c
Closing NBV ¹	4,695.7	4,700.6	4,709.3	4,713.3	4,720.8	4,731.5	4,739.6	4,746.1	4,759.2	4,773.5	4,826.2	4,991.1	4,991.1	d=a+b+c
Average NBV	4,696.7	4,698.1	4,704.9	4,711.3	4,717.1	4,726.2	4,735.6	4,742.9	4,752.6	4,766.4	4,799.9	4,908.7	4,844.4	e=(a+d)/2
WCA ⁴	n/a	243.6	f											
Rate Base ⁴	n/a	5,088.0	g=e+f											

in \$millions	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Rate Base	
Opening NBV ¹	4,991.1	4,992.7	5,001.6	5,014.8	5,022.4	5,033.1	5,047.6	5,060.1	5,070.4	5,087.7	5,106.4	5,139.9	4,991.1	a
In Service Additions ²	27.1	34.6	39.0	33.5	36.8	40.6	38.9	36.8	44.0	45.5	60.4	153.3	590.5	b
Depreciation (excluding allocated transportaion depreciation) ³	(25.6)	(25.7)	(25.8)	(25.9)	(26.0)	(26.2)	(26.4)	(26.5)	(26.7)	(26.8)	(26.9)	(27.4)	(315.8)	c
Closing NBV ¹	4,992.7	5,001.6	5,014.8	5,022.4	5,033.1	5,047.6	5,060.1	5,070.4	5,087.7	5,106.4	5,139.9	5,265.8	5,265.8	d=a+b+c
Average NBV	4,991.9	4,997.1	5,008.2	5,018.6	5,027.7	5,040.3	5,053.8	5,065.2	5,079.1	5,097.1	5,123.2	5,202.9	5,128.5	e=(a+d)/2
WCA ⁴	n/a	248.2	f											
Rate Base ⁴	n/a	5,376.7	g=e+f											

in \$millions	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Rate Base	
Opening NBV ¹	5,265.8	5,265.1	5,271.8	5,282.7	5,288.0	5,296.6	5,309.6	5,319.4	5,328.0	5,343.1	5,359.9	5,391.7	5,265.8	a
In Service Additions ²	25.8	33.4	37.8	32.3	35.7	40.3	37.3	36.1	42.9	44.7	59.9	157.6	583.6	b
Depreciation (excluding allocated transportaion depreciation) ³	(26.5)	(26.7)	(26.8)	(27.0)	(27.1)	(27.3)	(27.5)	(27.6)	(27.7)	(27.9)	(28.1)	(28.8)	(328.9)	c
Closing NBV ¹	5,265.1	5,271.8	5,282.7	5,288.0	5,296.6	5,309.6	5,319.4	5,328.0	5,343.1	5,359.9	5,391.7	5,520.6	5,520.6	d=a+b+c
Average NBV	5,265.5	5,268.4	5,277.3	5,285.4	5,292.3	5,303.1	5,314.5	5,323.7	5,335.6	5,351.5	5,375.8	5,456.2	5,393.2	e=(a+d)/2
WCA ⁴	n/a	254.0	f											
Rate Base ⁴	n/a	5,647.2	g=e+f											

¹EB-2018-0165, U-STAFF-168, Appendix A
²EB-2018-0165, U-STAFF-168, Appendix A
³EB-2018-0165, U-STAFF-168, Appendix A
⁴EB-2018-0165, J1.7

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

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Bridge	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
	UGAAP	UGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening CWIP	336.9	401.3	522.1	577.7	502.9	485.8	396.4	381.1	358.3	462.1	458.6	430.5
Additions (CAPEX)	445.7	585.6	490.6	508.4	496.6	434.9	425.3	517.2	578.8	583.9	562.4	570.9
Total	782.6	986.9	1,012.7	1,086.2	999.6	920.7	821.7	898.3	937.1	1,046.1	1,021.0	1,001.4
Deductions (In Service Additions)	(381.3)	(468.7)	(435.3)	(584.3)	(520.3)	(524.4)	(440.6)	(539.9)	(475.0)	(587.4)	(590.5)	(583.6)
Conversion Factor	(48.7%)	(47.5%)	(43.0%)	(53.8%)	(52.0%)	(57.0%)	(53.6%)	(60.1%)	(50.7%)	(56.2%)	(57.8%)	(58.3%)