Shepherd Rubenstein

BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
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Toronto, Ontario
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February 12, 2024
Our File: EB20230195

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2023-0195– Toronto Hydro Electric-System Limited – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Enclosed, please find SEC's interrogatories in this matter.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)

EB-2023-0195

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 setting just and reasonable distribution rates and other charges, January 1, 2025 to December 31, 2029.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1B-SEC-1
[Ex.1B] Please update the following to include 2023 actuals:

a. Ex.2A-1, p.2, Table 1 and 2
b. Appendix 2-AA
c. Appendix 2-AB
d. Ex.2A-1-1, Appendix A
e. Appendix 2-BA
f. Appendix 2-H
g. Appendix 2-IB
h. Appendix 2-JC

1B-SEC-2
[Ex.1B] Please provide a copy of Toronto Hydro's most recent business plan.

1B-SEC-3
[Ex.1B] Please provide a copy of Toronto Hydro's corporate scorecard for each year between 2020 and 2024 and provide the year-end result for each measure.

1B-SEC-4
[Ex.1B] Please provide a copy of all materials provided to the Toronto Hydro's Board of Directors' in seeking approval of the application and the underlying budgets.

1B-SEC-5
[Ex.1B] Please provide a copy of all third-party benchmarking analyses, studies, reports, and/or similar documents, undertaken for, by, or that include Toronto Hydro, since 2020, that are not already included in this application, regarding any aspect that directly or indirectly relates to a material aspect of Toronto Hydro's budget or aspect of its business.

1B-SEC-6
[Ex.1B] Please provide a copy of all budget guidance documents that were issued regarding the budgets that underlie the application.

1B-SEC-7
[Ex.1B] Please provide summaries of all internal audit reports conducted since 2020, related to any aspect that directly or indirectly relates to Toronto Hydro's business, their findings, recommendations, and the status of any actions that have or are to be taken.

1B-SEC-8
[Ex.1B-1-3, Table 9] Please provide the details of the $5.5 million adjustments, by program for OM&A and by USoA for Other Revenue, which were made to the 2020 approved OM&A of $272.2 million and Other Revenue of $48.1 million, to normalize for the changes related to Accounts 4375 and 4380.

1B-SEC-9
[Ex.1B-2-1, p.12] With respect to Figure 1, please provide the data and underlying calculations and assumptions used.

1B-SEC-10
[EB-2018-0165, Decision and Order, p.24] The OEB in its Decision and Order in EB-2018-0165 stated: "The OEB notes that the Custom IR approach taken has required extensive evidence and time to consider the details provided. Toronto Hydro is encouraged to consider an alternative approach in the future that might be more efficient in establishing the revenue requirement for the base year and following years as well as meeting OEB RRF objectives, and improving the balance of risk between customers and the utility. Toronto Hydro should not assume that future panels will continue to accept Toronto Hydro's current proposed Custom IR framework."

a. Did Toronto Hydro "consider an alternative approach in the future that might be more efficient in establishing the revenue requirement for the base year and following years as well as meeting OEB RRF objectives, and improving the balance of risk between customers and the utility"?
b. If the answer to part (a) is yes, please provide details including a copy of any analysis undertaken and the conclusions that Toronto Hydro drew from that analysis.
c. If the answer to part (a) is no, please explain why not.

1B-SEC-11
[1B] For each third-party expert report filed in this proceeding, please provide a copy of a) the retainer. and b) the specific instructions/direction provided to the expert regarding their work not included in the retainer.

1B-SEC-12
[Ex.1B-2-1, p.26] With respect to the proposal to use a custom Toronto Hourly Salary and Wages Index:

a. Toronto Hydro notes that the "index can either be derived by the Conference Board of Canada ("CBC") economic data subscription service, or can be reproduced by purchasing relevant tax data from Statistics Canada". Is the Conference Board of Canada Toronto Hourly Salary and Wages Index based on the same relevant tax data from Statistics Canada that Toronto Hydro refers to, or would there be a difference in results based on the source of the information?
b. Please provide any documents from the Conference Board of Canada that details the methodology for its Toronto Hourly Salary and Wages Index.
c. The Toronto Hourly Salary and Wages Index appears to be an hourly wage index. Please provide a revised version of Table 4 that compares the proposed Conference Board of Canada Toronto Hourly Salary & Wages, with Statistics Canada Average Hourly Earnings (AHE) Ontario, and Toronto Hydro Average Blended Hourly Salary Increase.

d. Please provide a copy of any Conference Board of Canada forecast for Toronto and/or Ontario wage and salary information that is available to Toronto Hydro.

1B-SEC-13
[Ex.1B-2-1, p30] Toronto Hydro states: "Any combination between the empirical efficiency-factor and the performance incentive that make-up the total X-factor should be capped at 0.75 percent in order to maintain balance between the utility risk and customer reward derived from the PIM." Please explain, in detail, the basis of the view that the specific number of 0.75 percent should be a cap.

1B-SEC-14
[Ex.1B-2-1, p.32] Toronto Hydro proposes that the PIM-DA be "brought forward for review and disposition in the utility's next rebasing application, based on known (or forecasted) performance results for the 2025-2029 rate period." As that application will be filed and considered before the end of the rate term, for performance targets that have not been achieved (or can properly be assessed at that time), when does Toronto Hydro propose for them to be reviewed and relevant PIM-DA balances to be recovered from customers?

1B-SEC-15
[Ex.1B-2-1, p.36] With respect to the proposed Demand-Related Variance Account - Expenditure Variance sub-account:

a. Please provide a table that shows for each year of the rate term (2025-2029), a) the total proposed revenue requirement, b) the total proposed revenue requirement that would be subject to the proposed sub-account, c) total in-service additions, d) total in-service additions subject to the proposed sub-account, d) total OM&A costs, and e) total OM&A costs subject to the proposed account.
b. Please provide a table that for each year between 2016 and 2024 shows, a) the approved revenue requirement, b) the total approved revenue requirement that was subject to a similar symmetrical variance account treatment as the proposed sub-account, c) total approved in-service additions, d) total approved in-service additions that was subject to a similar symmetrical variance account treatment as the proposed sub-account, d) total approved OM&A costs, and e) total approved OM&A costs that was subject to a similar symmetrical variance account treatment as the proposed sub-account.
c. Please explain how Toronto Hydro plans to incorporate any approved X-Factor into the calculation of any sub-account balance.
d. Toronto Hydro lists the programs for which both capital and operations variances from actuals will be recorded in the Expenditure Variance Sub-Account: Customer Connections, Customer Operations, Stations Expansion, Load Demain, Non-Wires Solutions, Generation Protection Monitoring and Control and Externally-Initiated Plant Relocations and Expansions. Only one of the Programs listed above is a specific OM&A Program (Ex. 4-2-8) however other listed programs impact a wide number of OM&A Programs, e.g. Non-Wires Solutions affects Asset and Program Management and Control Centre Operations. For each of the OM&A Programs and segments in which the cost variance will be included in the sub-account, please provide information on the forecasted costs for 2025-2029.

1B-SEC-16
[Ex.1B-2-1, p.46] With respect to the proposed Demand-Related Variance Account - Revenue Variance sub-account:

a. Please provide a table that shows for each year of the rate term (2025-2029), a) total forecast revenue, and b) total forecast revenue subject to the proposed sub-account.
b. Please provide a table that shows for each year of the rate term (2016-2024), a) total approved revenue, and b) total approved revenue subject to a similar symmetrical variance account treatment as the proposed sub-account.
c. Please provide a table that shows for each year of the rate term (2016-2024), a) total revenue, and b) total weather normalized revenue.

1B-SEC-17
[Ex.1B-2-1, p.48] In addition to the revenue requirement and DVA accounts that may be approved in this application, please detail all other distribution ratepayer funding mechanisms Toronto Hydro believes would be available to it during the rate term.

1B-SEC-18
[Ex.1B-2-1, Appendix A] With respect to Scott Madden, *Review of Rate Framework* Report:

a. [p. 4-5] The Report provides examples of jurisdictions that have approved Attrition Relief Mechanisms, Alternative Cost Recovery Mechanism, Performance Incentive Mechanisms, and separate funding for innovation projects. For each of the jurisdictions referred to, please provide a summary of all the components of their respective rate and regulatory framework and how each compare to what is being proposed by Toronto Hydro.
b. [p.14] Please provide more details on the difference between building blocks vs the stair-step approach.
c. [p.14-15] Is the trend in distribution rate framework towards building block rate mechanisms, the stair-step approach, or forms of incentive regulation? Please discuss your answer.

1B-SEC-19
[Ex.1B-2-1, Appendix B] With respect to Scott Madden, *Jurisdictional Review of Modernized Performance-Based Regulation* Report:

a. [p. 20-41] The Report provides examples of jurisdictions that have approved Modified Attrition Relief Mechanisms, Alternative Cost Recovery Mechanism, Performance Incentives, and separate funding for innovative/demonstration projects. For each of the jurisdictions referred to in the Report, please provide a summary of all the components of the respective rate and regulatory framework and how each compare to what is being proposed by Toronto Hydro.
b. Please identify which jurisdictions are the referenced regulatory mechanism/approach applied to vertically integrated utilities vs. distribution only utilities.
c. [p.40-41] For jurisdictions that have separate funding mechanisms for innovation projects, please provide information regarding the parameters and any conditions related to the projects and funding. Please provide a comparison with what Toronto Hydro has proposed in its application.

1B-SEC-20
[Ex.1B-3-1, p.6-68] With respect to the proposed 2025-2029 Performance Incentives Scorecard Measures:

a. Please detail all Performance Incentive Measures that Toronto Hydro considered, but ultimately rejected.
b. Please explain the basis for the relative weights for each measure.
c. If the application is approved as filed, does Toronto Hydro expect to achieve each Performance Incentive Measure?

d. [p.16] Please explain why a 2 standard deviation range is an appropriate target for SAIFI defective requirements measure.
e. [p.37] Please explain in detail Toronto Hydro's methodology for calculating its scope 1 emissions.
f. [p.41-42] Toronto Hydro proposes an Efficiency Achievement measure which "tracks this commitment over the next rate period by holding the utility accountable for delivering sustained (and quantifiable) efficiency benefits to customers in the next rebasing application."
    i. Please explain the methodology for calculating efficiency achievements.
    ii. Please provide how the methodology ensures that the savings or cost avoidance are sustainable.

2B-SEC-21
[Ex.1B-3-1, p.6-68] SEC seeks to understand how changes in the capital budget as may be ordered by the OEB would impact the PIM targets. For each of the following scenarios, please provide the revised PIM targets, and a detailed explanation of the basis of any change, including any underlying calculations.

a. Scenario 1: The OEB reduced the proposed capital expenditure budget by 10% (envelope reduction).
b. Scenario 2: The OEB reduced the proposed capital expenditure budget by 20% (envelope reduction).
c. Scenario 3: The OEB reduced the proposed capital expenditure budget by 30% (envelope reduction).

1B-SEC-22
[Ex.1B-3-1, p.46-68] With respect to the proposed System Capacity (Non-Wires) Performance Incentive Measure:

a. [p.49] Please explain why the target is based on capacity procured (30 MW) and not financial benefit ($10M).
b. [p.51] Toronto Hydro has provided a benefit-cost analysis ("BCA") of the proposed non-wire investment in its Horseshoe north area.
    i. Please provide a copy of the full BCA calculation, including any live Excel spreadsheet used.
    ii. Please undertake a similar BCA analysis for the same investment, using the proposed OEB BCA Draft Framework. Please provide all calculations and any live Excel spreadsheet used.
    iii. Based on Toronto Hydro's BCA, the total NPV benefits of the investment is $3.32M which is equal to the benefit it would receive if it met the System Capacity (Non-Wires) Performance Incentives Measure. Please explain why it is appropriate for Toronto Hydro to receive 100% of the NPV benefit of undertaking the investment.

1B-SEC-23
[Ex.1B-3-2] With respect to Toronto Hydro's scorecard:

a. [p.22] Please update Table 3 Custom Measure Performance to include 2023 results, as well as include the measure targets as set out in EB-2018-0165.
b. For each of the measures on Toronto Hydro's OEB scorecard, please provide the 2023 results.

1B-SEC-24
[Ex.1B-3-3, p.21-22] For each listed divisional and departmental productivity initiative, please detail how the cost reduction/avoidance were calculated, including all assumptions.

1B-SEC-25
[Ex.1B-3-3] For each year between 2025-2029, please detail all productivity and efficiency initiatives that Toronto Hydro plans to undertake. For each please provide a quantitative estimate of forecast savings, and include the full methodology and assumptions used in the calculation.

1B-SEC-26
[Ex.1B-3-3] Please revise Tables 10 to 19, to include a comparison against the industry average.

1B-SEC-27
[Ex.1B-3-3, Appendix A] With respect to the Clearspring Energy Advisors*, Econometric Benchmarking Study of Toronto Hydro's Total Cost and Reliability Metrics* Report:

a. Please detail all changes to Clearspring's methodology since its report in Toronto Hydro's last custom IR application EB-2018-0165. Please explain the reason for the change.
b. [p.11] Please explain the reason for excluding pension and benefit costs. Directionally, what impact would it likely have on the results if it was included?
c. [p.20] Please explain why Clearspring did not include any Ontario utilities in its benchmarking sample.
d. [p.21] Based on the model, please provide both forecast incremental capital and OM&A benchmark costs for each additional customer and MW of peak demand.

1B-SEC-28
[Ex.1B-3-3, Appendix C] With respect to UMS Group, *Unit Cost Benchmarking Study*:

a. Please detail all methodological differences in this study as compared to similar studies filed in Toronto Hydro's EB-2018-0165 application.
b. [p.2] Please explain how the various asset categories and OM&A programs/practices were selected. Please provide a list of others that were considered, and reasons for why they were not selected.
c. Please confirm the Study benchmarks average unit cost over the 2020-2022 period.
d. [Appendix F] Please provide Toronto Hydro's completed Appendix F.
e. [Appendix F] Using the same methodology used to complete Appendix F, for each unit of measure, please provide Toronto Hydro's actual unit cost for each year between 2020 and 2023, and forecast for 2024 to 2029.

1B-SEC-29
[Ex.1B-4-2] With respect to the Innovation Fund Proposal:

a. Please provide details regarding Toronto Hydro's proposed public reporting on projects costs, benefits, evaluations and lessons learned.
b. Please explain how potential projects and proposals will be identified and selected.
c. [p.16] Toronto Hydro is proposes the Innovation Fund Variance Account to record the difference in amounts collected and the actuals to deploy the selected pilot projects. Does this mean that customers may end up paying more than $16M for innovating pilot projects, if final costs are greater than $16M?

2A-SEC-30
[2A-1] SEC seeks to understand the revenue requirement impact of the proposal capital expenditures. Please provide a table that shows for each year between 2025 and 2029, the revenue requirements, broken down by component, related only to the proposed 2025 to 2029 capital expenditures.

2B-SEC-31
[Ex.2B-A, p.7] Please provide the data underlying Figure 2, by asset type.

2B-SEC-32
[Ex.2B-A, p.17] Please provide a detailed chronology of when the various steps in the capital and business plan process took place that led to the filing of the application.

2B-SEC-33
[Ex.2B-A, p.20] With respect to the top-down financial constraints used for the development of the plan:

a. Please provide the specific basis for the 7% price limit Toronto Hydro chose.
b. Did Toronto Hydro consider other price limits, both in terms of level of price increase and how it was measured? If so, please discuss and provide a copy of any analysis that it undertook regarding the impact of different price increases.
c. Please provide the specific basis for the specific budget limit chosen ($4B for capital and $1.9B for OM&A).
d. Did Toronto Hydro consider other budget limits? If so, please discuss and provide a copy of any analysis that it undertook regarding the impact of budget limits.
e. Were any price limits for other classes considered? If so, please provide. If not, why not?

2B-SEC-34
[Ex.2B-A, p.22] With respect to recent enhancement of the AM process:

a. Please provide a copy of the 2020 ISO 55001 Gap Analysis.
b. Between the completion of the ISO 55001 Gap Analysis and the capital planning process used for the purposes of the DSP and capital budgets in this application, what changes have been made by Toronto Hydro to move closer to meeting the ISO 55001 requirements?
c. Please provide a copy of Toronto Hydro's internal Asset Management Policy document.

2B-SEC-35
[Ex.2B-C] With respect to reliability performance:

a. Please update the following figures and tables to provide 2023 information:
    i. Figure 1, 2, 12, 13, 20, 21, 22, 23, 24, 25
    ii. Tables 3, 4, 5, 6
b. Does Toronto Hydro track reliability data separately for its Downtown and Horseshoe areas? If so, please provide a revised version of the data requested in part (a) broken down into the two areas.

2B-SEC-36
[Ex.2B-D1, p.14] Please provide a list of assets that Toronto Hydro has and does not have condition-based models. Please provide the total capital spending on assets that does and does not have condition-based models.

2B-SEC-37
[Ex.2B-D1, p.21] Please explain how senior management tracks progress on execution of its overall capital plan? For example, is there weekly or monthly reporting on capital plan execution and progress? If so, please provide a copy of the most recent version of all reporting materials.

2B-SEC-38
[Ex.2B-D1, p.22; 2A-4-1] Please explain when corrective or emergency maintenance activities/spending are capitalized.

2B-SEC-39
[Ex.2B-D1, p.26] Please provide a copy of the three most recent executive performance reports.

2B-SEC-40
[Ex.2B-D3, p.13] Has Toronto Hydro undertaken any assessments of how different levels of sustainment and stewardship category expenditures impacts operations and maintenance expenditures? If so, please provide details.

2B-SEC-41
[Ex.2B-D3, p.35-37] Please confirm that while Toronto Hydro is in the process of implementing environmental, safety and financial consequences of failure into its risk assessment process, it has not done so yet for the purposes of assessing the impact of the investments included in this application.

2B-SEC-42
[Ex.2B-D3, p.39] With respect to Toronto Hydro's reliability projections:

a. Please provide a copy of the detailed explanation of the methodology, including all assumptions, regarding Toronto Hydro's reliability projections.
b. Please provide a full copy of the reliability projection model.
c. Please provide a forecast of Toronto Hydro's reliability performance based on the expenditures laid out in the application.

2B-SEC-43
[Ex.2B-D3, p.41] Does Toronto Hydro have a corporate risk register (or similar document)? If so, please provide a copy.

2B-SEC-44
[Ex.2B-D3, Appendix A] With respect to the *Asset Condition Assessment: Methodology Update and 2022 Results Analysis,* please provide a revised version of Table 5 that shows the future health index projected for year-end 2029, based on the work forecast in Toronto Hydro's proposed application.

2B-SEC-45
[Ex.2B-D3, Appendix B] With respect to the EA Technology, *Review of ACA Modelling Enhancements and Customisations*:

a. [p.15] Please provide further details regarding the rationale for the calculation of H in the probability of failure formula, specifically, why is it appropriate that if the health score is less than 4 (i.e. it is in better health than an asset with health score of 4) it is given a score of 4.
b. [p.23] EA says: "A small number of ACA models including the SCADAMATE Switches, Air Magnetic Circuit breakers, Air blast Circuit breakers, and SF_6 Circuit Breakers have been

calibrated to align health score derivations with THESL's tactical asset management practices." Please provide details regarding this calibration process and why it is appropriate.

2B-SEC-46
[Ex.2B-D4] With respect to capacity planning:

a. [p.6] Please provide a copy of the results of the Monte-Carlo Simulation.
b. [p.11] Please provide system peak demand for each year between 2022 and 2031, broken down by the categories included in Figure 4.
c. [p.12] Please provide Figure 5 in tabular format. Please also provide in Excel.
d. [Appendix A, p.11] Please provide the following figures in tabular format: Figure 3 and 4. Please also provide in Excel.

2B-SEC-47
[Ex.2B-D5, p.15] Toronto Hydro cites results of implementation of FLSIR projects by other utilities. If those results (reduce CIs and CMIs) were applied to Toronto Hydro beginning in 2030, after full implementation, what would the forecast reduction in SAIDI and SAIFI be?

2B-SEC-48
[Ex.2B-D5; E5.5, p.5 ft 5] Does Toronto Hydro have an internal Grid Modernization Roadmap. If so, please provide a copy.

2B-SEC-49
[Ex.2B-D5, p.29] Please provide a copy of Figure 6 in tabular format.

2B-SEC-50
[Ex.2B-D5, p.55] Toronto Hydro states: "Toronto Hydro is exploring opportunities to leverage analytics in predictive maintenance for its electric assets as well. For example, the utility is currently running a pilot project that will explore the use of high-resolution satellite imagery and artificial intelligence as a basis for creating a risk-based decision-support tool for the Vegetation Management program." Please provide further details regarding what opportunities Toronto Hydro is exploring, as well as further details regarding the referenced pilot project.

2B-SEC-51
[Ex.2B-D7] What specifically has Toronto Hydro's shareholder required of Toronto Hydro regarding the implementation of the City of Toronto TransformTO Net Zero strategy.

2B-SEC-52
[Ex.Ex.2B-D8, Appendix A] With respect to the Gartner, *Toronto Hydro Enterprise IT Cost Benchmark & Functional Maturity Assessment Final Report:*

a. What was Toronto Hydro's purpose for undertaking the study? If it was for internal use, as opposed to support for its rate application, please explain how it informed the IT spending included in the plan.
b. [p.17] Please list the Custom Peer Group and ITKMD Utilities.
c. [p.17] How many companies' that are included in the Custom Peer Group and ITKMD Utilities are: i) distribution only utilities, ii) transmission only utilities, iii) generation only utilities, iv) distribution and transmission only utilities, or v) other?
d. [p.4] Please confirm that Toronto Hydro's total revenue includes revenue related to pass-through costs (i.e. commodity, transmission, etc.) in addition to distribution revenue.
e. [p.4] Please revise the table to show IT Spend as a % of Distribution Revenue only.

f. [p.34] For each functional area, please provide the full maturity level description/criteria.
g. [p.55] How does Toronto Hydro plan to address each of the Top 25 improvement opportunities?

2B-SEC-53
[Ex.2B-E2, p.6] Please provide a table that shows, for each year between 2025 and 2029, and by program, the 3 investment strategy options (low, high, draft plan).

2B-SEC-54
[Ex.2B-E2, p.7] Toronto Hydro states: "From this starting point, an iterative process generated multiple versions of the capital expenditure plan, eventually producing a draft plan that formed the basis of Phase 2 of Customer Engagement." Please provide each capital expenditure plan that was generated as part of the iterative process.

2-SEC-55
[2B-E2] With respect to Toronto Hydro's capital program:

a. For each OEB category (system access, renewal, service, general plant), please provide the percentage of capital spending that has, or is forecast, to be undertaken by external contractors annually between 2020 and 2029.
b. With respect to its more programmatic capital work undertaken as part of the system access and renewal categories, please discuss how Toronto Hydro decides if the work will be carried out by third-party contractors or internal resources.
c. Does Toronto Hydro similarly use third-party contractors for its preventive and corrective maintenance programs? If so, for each program, please provide the percentage of spending undertaken, or forecast to be undertaken, by external contractors annually between 2020 and 2029.
d. Please explain the contractual arrangements that Toronto Hydro has with its major third-party contractors.
e. Has Toronto Hydro undertaken any recent analysis regarding the cost effectiveness of in-house or third-party contractors? If so, please provide that analysis.

2B-SEC-56
[Ex.2B-E3, p.9-11] Please explain how a feeder can be restricted due to short circuit capacity, but have no connected customers.

2B-SEC-57
[Ex.2B-E4, p.7] Please provide a revised version of Appendix 2-AA, that shows Toronto Hydro's annual internal budget (as opposed to the OEB approved budget) for each year between 2020 and 2024.

2B-SEC-58
[Ex.2B-E4, p.7] Toronto Hydro states that one of the reasons of the increase in system access spending was "unforeseen emergence of large connections across a broad spectrum of market segments". Please explain why these large connections were unforeseen.

2B-SEC-59
[Ex.2B-E5, E6, E7, E8] For each program, Toronto Hydro includes an 'Options Analysis'. Many of the options analysis do not include the cost impact of the non-selected option. Please provide a table that shows for each program, the forecast cost of each option between 2025 and 2029.

2B-SEC-60
[2B-E] SEC seeks to understand the relationship between capital expenditures and in-service additions. Please complete Excel file 2B-SEC-60.

4-SEC-61
[Evidence Update (January 29, 2024)] On January 29, 2024, Toronto Hydro filed an evidence update. As SEC understands Toronto Hydro updated, among other aspects, the capital expenditures forecast as a result of an update to its system peak demand forecast.

a. Please provide further details regarding the update to the peak demand forecast, including what drove the changes.
b. Please explain in detail how the update in the peak demand forecast, resulted in the specific changes to the forecast capital programs costs.

2B-SEC-62
[Ex.2B-E5.1] With respect to Customer Connections:

a. [p.11-12] Please update Table 4 and 5 to include 2023 information.
b. [p.14] Please explain how Toronto Hydro is currently or planning to use DER generation capacity as a system benefit.
c. [p.15] Please explain the basis of Toronto Hydro's generation connections/capacity forecast.
d. [p.20] Toronto Hydro proposes to increase the Basic Connection Fee allowance.
    i. What is meant by Rate Class 1 to 5?
    ii. For each year between 2025 and 2029, please provide the increase in net capital expenditures as a result of the increase in the Basic Connection Fee allowance.

2B-SEC-63
[Ex.2B-E5.3, p.27] Toronto Hydro states that "Based on studies and analysis, the Station Load Forecast considered factors with a probabilistic approach when forecasting for peak loads of all Toronto Hydro buses of the station within the City of Toronto." Please describe the studies and analysis that Toronto Hydro undertakes and provide a copy of any of those studies or analysis (or internal summaries if they are undertaken on a bus-by-bus basis).

2B-SEC-64
[Ex.2B-E5.4] With respect to Metering:

a. [p.9] By meter type used by Toronto Hydro, please provide their: i) expected useful life, and ii) failure rate by their year of service (i.e. failure rate of meter in each of year 1, year 2, etc.).
b. [p.10] What analysis has Toronto Hydro undertaken to determine what the actual end of useful life is for these meters are.
c. [p.10] Please provide a copy of the internal business plan for AMI 2.0.
d. [p.16-17] Please provide a version of Table 5 and 6 that show for each segment, the number of meters replaced pear year.
e. [p.22] Did Toronto Hydro undertake a competitive procurement for the AMI 2.0 program? If so, please provide details.

2B-SEC-65
[Ex.2B-E6.1] With respect to Area Conversions:

a. [p.18] Please provide a revised version of Table 8, broken down by specific box construction asset, and includes 2017 ACA information, as well as 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
b. [p.22] Toronto Hydro states that for its rear-lot conversion program it has "applied an average cost of $0.058 million per customer in developing the segment cost forecasts for the 2025-2029 rate period. This is a significant increase over the previous cost per customer estimated in the 2020-2024 DSP due to externally-driven escalations of labour, material, and other (e.g. vehicle) costs over recent years having a particularly high impact on the costs to plan and execute this complex conversion work." Please provide a table that shows, by category (e.g. labour, material, other), the per customer cost: i) forecast as part of the 2020-2024 DSP, ii) actual cost during the 2020-2024 period, and iii) forecast costs for the 2025-2029 rate period.

2B-SEC-66
[Ex.2B-E6.2] With respect to Underground System Renewal – Horseshoe:

a. Please update Figures 1-3, 6-8, 13-16, and 22-24 with 2023 information.
b. [p.22, 28] Please provide a revised version of each of Table 5 and 6 that includes 2017 ACA information, as well as 2029 ACA information based on the proposed investments included in the DSP. Please provide the response also in Excel format.
c. [p.29-31] Please provide a breakdown of annual costs included in Table 7 based on the asset categories included in Tables 8 and 9.

2B-SEC-67
[Ex.2B-E6.3] With respect to Underground System Renewal – Downtown:

a. Please update Figures 9, 18, and 19 with 2023 information.
b. Please provide a version of the information included in Figures 12, 26, 30, 33 and 35 in tabular format, that also includes 2017 ACA information, as well as the 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
c. [p.36-37] Please provide a breakdown of annual costs included in Table 6 based on the asset categories included in Table 7.
d. [p.39-40] Please provide a breakdown of annual costs included in Table 8 based on the asset categories included in Table 9.

2B-SEC-68
[Ex.2B-E6.4] With respect to Network System Renewal:

a. [p.7, 9] Please provide a version of the information included in Figures 3 and 6 in tabular format, that also includes 2017 ACA information, as well as the 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
b. [p.18-19] Please expand Table 9 to include the forecast units replaced in each year between 2025 and 2029.
c. [p.22] Please provide a similar table as Table 12 that shows both the number of actual/forecast units replaced as part of the Network Vault Renewal segment between 2020 and 2024, as well as the forecast number of units to be replaced in EB-2018-0165.

2B-SEC-69
[Ex.2B-E6.5] With respect to Overhead System Renewal:

a. Please update Figures 3,4, 7, 8, 13, 14, 21, 22, 26 and 27 with 2023 information.

b. [p.9] Please provide a revised version of Table 4 that includes 2017 ACA information, as well as 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
c. [p.25-26] Please provide a version of the information included in each of Figures 24 and 25 in tabular format, that also includes 2017 ACA information, as well as the 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
e. [p.34] Please provide a breakdown of annual costs included in Table 7 based on the asset class included in Table 8.
d. [p.37] Please provide a similar table as Table 9 that shows the volume of assets replaced each year as part of the Overhead Infrastructure Resilience segment.

2B-SEC-70
[Ex.2B-E6.6] With respect to Station Renewal:

a. Please provide a version of the information included in each of Figures 3, 8, 14, and 16, in tabular format, that also includes 2017 ACA information, as well as the 2029 ACA information based on the proposed investments included in the DSP. Please provide in Excel format.
b. Please explain why Toronto Hydro does not track the condition of RTUs, and battery and ancillary systems.
c. Please provide a revised version of each of Tables 15, 16, and 17 that shows 2017 information, as well as 2029 information based on the proposed investments included in the DSP. Please provide in Excel format.
d. [p.45] For each year between 2020 and 2024, please provide the number of TS switchgear units replaced.

2B-SEC-71
[Ex.2B-E6.7] With respect to Reactive and Corrective Capital:

a. [p.13] Please expand Table 7 to include 2020 to 2024 information.
b. [p.18] Please provide a table that shows, for each year between 2020 and 2029, for each asset type shown in Figure 11, the number of assets replaced/planned to be replaced, under the worst preforming feeder segment.
c. [p.25] Please provide a table that shows, for each year between 2020 and 2029, for each asset type, the number of assets replaced/planned to be replaced, under the Reactive Capital segment.

2B-SEC-72
[2B-E7.2, p.14-16] With respect to Toronto Hydro's Flexibility Service Program, please explain why an option was not considered to significantly increase the procurement target to further avoid and/or defer capital expenditures.

2B-SEC-73
[EB-2018-0165, 2B-E7.4, p.41] Please provide a revised version of Table 29 and 30 that show the actual cost effectiveness test results for local demand response at the Cecil TS and Basin TS. Please provide all underlying assumptions and calculations.

2B-SEC-74
[2B-E7.4, p.33] Please provide a revised version of Table 19 that shows the Downsview TS expenditures on an in-service additions basis.

2B-SEC-75
[2B-E7.4, p.55] Toronto Hydro has provided estimated station expansion investment costs based on the Low Efficiency Scenario included in the Future Energy Scenarios Report. Please provide similar estimates, in the same format, based on all the scenarios included in that report.

2B-SEC-76
[2B-E8.1] Please provide a copy of the internal business case for the EDC Relocation program.

2B-SEC-77
[2B-E8.3] With respect to Fleet and Equipment Services:

a. [p.10] Please provide a more detailed explanation of the change in fleet utilization methodology and how both the old and current metric are calculated.
b. [p.10] Please update Figure 4 to provide 2023 year-end actuals and provide the underlying data used in the calculation of the revised table. Please provide in Excel format.
c. [p.12] Please expand Table 5 to include 2020 to 2024 information.
d. [p.12] What is the total size of Toronto Hydro's fleet by type (heavy, light, equipment).

2B-SEC-78
[2B-E] For all material capital projects undertaken or forecast to be undertaken between 2020 to 2024, please provide a table that includes the following: i) project name, ii) Toronto Hydro program (and segment), iii) original budget costs (or cost budgeted in EB-2018-0165 application), iv) actual or revised forecast cost, v) original forecast in-service year, vi) actual or revised forecast year in-service year, and vii) explanation for any project where the variance between (iii) and (iv) is +/- 10%.

3-SEC-79
[Appendix 2-IB] With respect to Appendix 2-IB:

a. Please provide a spreadsheet that breakdown the 2025-2029 forecasts by class for Weather Normalized consumption and demand into the base revenue load forecast, the adjustment for CDM, the adjustments for EVs and the adjustments for DERs, such that the totals for each of the three adjustments reconcile to those shown in Exhibit 3-1-1, Appendix C, and Exhibit 3-1-1, Appendix J Tables 41 and 42 and Exhibit 3-1-1 Tables 10 & 11.
b. For the GS 1000-4999 kW and Large Use classes, did Toronto Hydro test using stepwise regression techniques to forecast customer #s for 2025-2029? If not, why not? If so, please provide results and why this methodology was rejected.
c. Toronto Hydro used market knowledge of construction and expert judgement to forecast customer #s for the GS 1000-4999 kW and Large Use classes. For each class, please provide the changes which were made to each class, each year and the reason for each of them.

3-SEC-80
[Ex.3, p.19] Please provide the historical information on the relationship between energy and demand for each of the rate classes listed and the five-year average which was used for forecasting purposes.

3-SEC-81
[Ex.3-1-1, p.14, Appendix C] Appendix C shows no Demand Response savings for Business for 2025-2029. Ex. 1B-2-1, p. 37 refers to "technology market advancements providing customers and/or the utility access to new or more cost-effective demand-management tools." Please identify any adjustments to the load forecast for 2025-2029, by class, for demand-management not captured in other adjustments, including Toronto Hydro's Local Demand Response program.

3-SEC-82

[Ex.3-1-1, Appendix J Tables 6-11, Appendix J, p.2] The Clearspring *Integration of Revenue Forecast With Electric Vehicle and Distributed Energy Resource Forecast* Report lists six forecast inputs that were used to forecast the impacts of EVs and DERs on the billing components of energy and demand.

a. Does Toronto Hydro currently track the actual number of customer-owned electric vehicles, 'renewables' and 'non-renewables' generation?
b. If not, does Toronto Hydro plan to track this data? If not, how does it propose to reconcile impacts of these technologies in order to record entries in the variance account?
c. For each of these six inputs, please provide further details on what assumptions were made to arrive at the data in Tables 6-11 and how the data was tested.
d. What is the relationship between the data provided in Tables 6-11 and the Future Energy Scenarios report in Exhibit 2B-D4, Appendix B? Please reconcile the two.
e. Were alternative scenarios considered for the data in Tables 6-11, such as more aggressive, more conservative? If not, why not? If so, please provide the results.

3-SEC-83

[Ex.3, Appendix J, Tables 42, 44 & 45] Table 42 shows the annual incremental net billing demand by rate class. Tables 44 & 45 show the NCPs and CPs for the GS 50-999 kW, GS 1-5 MW and LU classes being lower after consideration of the 2025 technology impacts.

a. Please confirm that Table 42 is kW or KVA, not kWh as shown.
b. Please provide an explanation of why in Table 42 the incremental billing demand for the GS 50-999 kW class is increasing by 67,656, however the 1NCP for the class is decreasing by 6,141 kVA.
c. Using the same methodology as was done for Table 44 & 45, please calculate the impacts by rate class before and after for 2026, 2027, 2028 and 2029 technologies.

3-SEC-84

[Ex. 3-2-1, p.2] With respect to Other Revenue, please explain:

a. Why Toronto Hydro's revenue from specific service charges is not increasing in 2025, and from 2025-2029 is only increasing at a Compounded Annual Growth Rate (CAGR) of 1.4%, "in accordance with the growth of Toronto Hydro's customer base and concomitant growth in the volume of services" when costs (OM&A) to provide these services are increasing by a CAGR of 4.2% for the same period?
b. Why Toronto Hydro's Other Revenue is decreasing in 2025-2029 from 2024 when it is also affected by the growth of customer base and volume of services and the cost to produce the services.

3-SEC-85

[Ex. 3, Appendix 2-H and Ex. 9-1-1, Table 8] With respect to Other Revenue:

a. Please update Appendix 2-H to include 2023 actuals.
b. For Account 4355, Toronto Hydro's evidence shows the following:

	2020A	**2021A**	**2022A**	**2023F**	**2024F**
Forecast from Decision $M	$1.0	$1.0	$1.0	$1.0	$1.0
2-H $M	$0.49	$2.71	$0.38	$1.80	$1.80
Ex. 9 Table 8 $M	$0.0	$1.6	$0	$0	$0

Please explain how the entries for each year in 2-H and Table 8 were determined.

c. Please provide the pole attachment revenues that Toronto Hydro has included in its revenue offset forecast for 2025-2029 and compare it to the 2020-2024 period. Please advise where that revenue is included in Appendix 2-H.
d. Please explain how the pole attachment revenue forecast.

3-SEC-86

[Ex.3-1-1; Ex.1C-3-9, p. 4] Toronto Hydro's 2022 Annual Report indicates the goals of the climate advisory services for 2023-2040 include: 60,000+ Air source heat pumps + electric hot water heaters and 50,000 EV Chargers.

a. Please provide details for each of these goals for each year 2023-2029
b. Please explain how these goals are incorporated into the load forecast provided.

3-SEC-87

[Ex.3-1-1, Appendix J, Table 24; Ex.1B, Section 2.3.1] Toronto Hydro states that "By the end of the decade, Toronto Hydro expects to have over 4,400 DER connection projects representing a total installed capacity of approximately 517 MW." Please reconcile that statement with the information provided in Table 24.

4-SEC-88

[Ex.4-1-1, p. 1] Toronto Hydro states that the OM&A budget outlined in Exhibit 4 "represents the minimum investments necessary to deliver the Distribution System Plan ("DSP")" and "achieve key outcomes." The Custom Incentive Framework contains a 0.75% incentive adjustment which will reduce the OM&A dollars received.

a. In what areas does Toronto Hydro see being able to reduce its OM&A expenditures to reflect this incentive adjustment?
b. Please identify and quantify any planned efficiencies/productivity initiatives that are already built into the 2025-2029 budget.

4-SEC-89

[Ex.4-1-1, Table 1, Appendices 2-JA, JB, JC and L] With respect to OM&A:

a. Please provide 2020 OEB-approved OM&A amounts (adjusted for Accounts 4375 and 4380) in the same format as Table 1.
b. At the segment level shown in Table 1, please provide the total OM&A separated by capitalized and non-capitalized. Please reconcile the amount provided in Appendix 2-D and explain any variances.
c. Please provide an update to 2023 numbers based on year-end actuals for both Table 1 and Appendices 2-JA, JB, JC and L.
d. For every segment shown in the Schedules 1-21, please provide the 2023 actuals.

4-SEC-90

[Ex.4-1-1, Appendix J-C] Please provide a revised version of Appendix 2-JC, that shows Toronto Hydro's annual internal budget for each year between 2020 and 2024.

4-SEC-91

[Ex.4-1-1, p.11] "Toronto Hydro serves far more end-use customers through bulk metering and competitive sub-metering arrangements than its actual customer count would otherwise indicate." For buildings with end-use consumers behind bulk meters:

a. Please explain how servicing this customer is different than a commercial customer with the same load.
b. How do these end-use consumers, which Toronto Hydro does not bill, increase costs?

4-SEC-92
[Ex.4-1-1, p.34, Appendix 2-K] Appendix 2-K shows an increase in FTEs of 404 from 2022 to 2029. Sections 5.1.1-5.1.7 provided the following information on the increases in headcount for each major program and function,

Increase from 2022-2029		2023	2024	2025	2026	2027	2028	2029
	404	80	156	68	41	24	21	14
External Work Execution	51							
Internal Work Execution	61							
System Planning	31							
Control Centre Operations	33							
IT	19							
Customer Care	41							
Corporate Services	30							
Total	266							

a. Please allocate the planned increases shown above to each year.
b. Please confirm that all of the increased positions listed in Sections 5.1.1-5.1.7 are OM&A, and the remaining 404-299 = 105 will be capitalized. If not confirmed, please provide the breakdown of the 404 FTEs between OM&A and capital, for each year, for each program.
c. For each of the 404 planned new positions, please provide the name of the position, the program, and the planned year for hiring.
d. Please provide an update on the status of the hiring for 2023. Which positions were filled and which have not been filled.

4-SEC-93
[Ex. 4-2-1, p.32,33, Figure 15]

a. Please explain why the Average Number of Sustained Outages per Feeder decreases with four years between trimming versus three years.
b. How were the forecasts for five and six years developed?
c. Toronto Hydro is piloting multiple technologies, such as LiDAR and satellite imagery in order to adopt a data and condition-based approach for feeder-based tree trimming. How would the technologies referenced affect the amount of tree trimming required?
d. Provide a forecast of the potential savings.

4-SEC-94
[Ex. 4-2-2, Table 7] Contact Voltage scanning costs are increasing by 11% in 2025 over 2024 and 10% in 2028 over 2027. Please explain what is causing these increases above and beyond "inflationary pressures".

4-SEC-95
[Ex.4-2-1, 4-2-3, 4-2-4] These Preventive and Corrective Maintenance programs all have as an objective "Contribute to the overall system performance and reliability – as measured by performance metrics like SAIFI, SAIDI…" The total cost of these programs is forecasted to increase 58% from 2020 to 2029. Please quantify the expected impact of this spending on SAIDI and SAIFI for 2024-2029.

4-SEC-96
[Ex.4-2-4] With respect to the Corrective Maintenance Program:

a. [p.6] For each year between 2020 and 2023, and for each of P1 to P3, please provide the percentage of deficiencies that are resolved with the specified timeframe (i.e. P1 within 15 days.)
b. [p.10] Please provide a revised version of the information requested in part (a), further broken down by risk level (high, medium, and low).
c. [p.6] For each year between 2020 and 2023, what percentage of P4 deficiencies are ultimately resulted in work being done to address the deficiency. Please provide a breakdown of the information by risk level.
d. [p.10] Please explain how Toronto Hydro classifies deficiencies as high, medium or low risk.

4-SEC-97
[Ex.4-2-5, p.22] Costs in this segment are increasing by $3.9 million between 2022 and 2025, partially related to "…a new contract for external resources will become effective in 2025." Please provide further details on this contract.

4-SEC-98
[Ex. 4-2-7, p.24-25] With respect to Control Centre Operations:

a. Costs are increasing by $1.8 million between 2022 and 2025 due to an increased headcount. Please provide details on existing headcounts, new positions to be added by year, and position descriptions.
b. Between 2025-2029 costs are increasing by $2.2 million to "maintain the resourcing capacity and capabilities". Please expand on what this entails, e.g. new positions, new contracts, etc.

4-SEC-99
[Ex.4-2-8, p.5-9] With respect to the Customer Operations Program:

a. For each year between 2020 and 2029, please provide a breakdown of Customer Operations – Public Safety & Damage Prevention to show total cost for locates.
b. Please further breakdown the increases in the cost of locates each year between 2020 and 2029 by each of the following drivers: the proliferation of large multi-unit segment locates and the requirements of the *Getting Ontario Connected Act*. (GOCA).

4-SEC-100
[Ex.4-2-8, p.10,26]

a. Toronto Hydro attributes the cost increase under the Customer-Owned Equipment Services segment over 2025-2029 to the increase in customer demand for vault access services, including repeat customer requests. Please confirm that Toronto Hydro allows one vault access every 12 months at no charge, however customers pay for subsequent requests. If confirmed, please explain how costs are being increased.
b. For Key Accounts, please outline the increases in headcount contributing to the 2022-2029 increases.
c. Please provide the number of Key Accounts for 2023 and a forecast for 2024-2029.

4-SEC-101
[Ex.4-2-10, p.5] The evidence states that "an appropriate resource level has each manager, with a supporting analyst, executing approximately $11-13 million in capital projects annually." For each year 2022-2029, please provide the following information: Total capital projects, # of managers with an analyst.

4-SEC-102
[Ex.4-2-12, p.14] An increase of $1.7M in Facilities Maintenance Services from 2022-2025 is to address increased security. Please provide details of:

a. How the $1.7 has been/is to be spent?
b. Data supporting the statement of increased criminal activity.

4-SEC-103
[Ex.4-2-13, p 24] Supply Chain Services is expected to experience a $7.7 million increase from 2022 to 2025.

a. Please provide more details on the increased costs due to external contract costs and a new contract setting process.
b. Please explain the purpose of the review of Toronto Hydro's Procurement Policy.
c. Please quantify the savings expected from the "$0.8 million increase driven by procurement consulting services to conduct a review of Toronto Hydro's Procurement Policy and establish the delivery of ongoing supply chain market intelligence reports."

4-SEC-104
[Ex.4-2-14]

a. Toronto Hydro notes that for 2022-2025 costs are increasing in Customer Care due to fewer business resources capitalized to projects, primarily meter technology projects and the CIS project. Please provide details on how many resources were capitalized in which years, whether they were backfilled and when they return to OM&A work.
b. For 2025-2029 please provide information on the number of FTEs in Customer Care which are forecasted to be capitalized and backfilled.

4-SEC-105
[Ex.4-2-14, p.17, 27,30, Table 5] With respect to the Customer Care program:

a. Please show the breakdown of the Collections costs in Table 5, including the amounts for bad debt.
b. Please explain why bad debt is increasing by inflation from 2022 to 2029, given the increase in pre-authorized debit ("PAD") of 15% and the remote disconnection for Smart Meters, both of which Toronto Hydro states reduce the risk of bad debt.

4-SEC-106
[Ex.4-2-14, p.12] With respect to the Customer Care program:

a. Please provide the percentage of customers that are on or are forecast to be on e-billing for each year between 2022-2029.
b. What is the annual saving per customer that switches to e-billing?
c. What savings have been included for 2025-2029 related to e-billing?

4-SEC-107
[Ex.4-2-15, p.7] Please quantify the "additional legal costs" forecast to result from the renegotiation of the PWU and Society IT collective agreements and specific which year they will be incurred

4-SEC-108
[Ex.4-2-16, p.11,16,19] With respect to the Finance Program:

a. How many additional resources are being hired in 2022-2025 in the Controllership segment to "support the increased size and complexity of the capital program and to support the 2025-2029 rate application."
b. Please provide details of what the $0.5 million per year from 2025-2029 for the Controllership is specifically for, i.e. FTEs, contracts, etc.
c. Please provide details of what the $1.0 million per year from 2025-2029 for Financial Services is specifically for, i.e. FTEs, contracts, etc.
d. What is the dollar relationship between increases in rate base to increase in property and liability insurance premiums?
e. Please provide details of what the $0.8 million per year from 2025-2029 for External Reporting is specifically for, i.e. FTEs, contracts, etc.

4-SEC-109
[Ex.4-2-17, p.7, Table 3] With respect to the Information Technology Program:

a. For each segment in Table 3, please breakdown the costs which are related to subscription fees, licensing fees, maintenance contracts, and consulting.
b. For each year between 2024 to 2029, please provide a listing of all forecasted subscription fees, licensing fees and maintenance contracts. For those that are new in a year please indicate if they are replacing a previously capitalized solution.
c. For each year please provide a list of forecasted consulting contracts.
d. For Project Execution, please provide a listing of forecasted new IT cloud solutions, year of implementation, dollars associated with project initiation, planning and execution versus monitoring and control.

4-SEC-110
[Ex.4-2-18; Appendix 2-M] With respect to Public, Legal and Regulatory Affairs:

a. [p.19] Toronto Hydro provides three reasons for the increase in legal costs between 2022 to 2025, including (i) increased volumes of customer connections activity, (ii) higher procurement activity, and (iii) enhanced scope complexity in planning and coordination with third parties. Please provide actual numbers of customer connections and procurement contracts for 2022 to 2023 and a forecast of activity for each year between 2024 and 2029.
b. Please provide the number of FTEs in each segment for each year between 2022 and 2029.
c. [Appendix 2-M] Please provide a table that shows for each of EB-2018-0165 (actuals) and EB-2023-0195 (forecast) application, total one-time application costs, broken down by category (i.e. legal costs, consultant/expert witness costs, incremental operating expenses with staff resources, intervenor costs, OEB section 30 costs, and other costs.)
d. [Appendix 2-M] With respect to one-time legal costs related to this application, what was the total actual legal costs incurred by Toronto Hydro up until it filed its application?
e. [Appendix 2-M] Please provide an updated version of Appendix 2-M that forecasts regulatory costs through to the end of 2029.

4-SEC-111
[Ex.4-4-1] With respect to workforce vacancies:

a. What vacancy rate is Toronto Hydro forecasting as part of its 2025 to 2029 budget?
b. What is the actual vacancy rate that Toronto Hydro experienced annually between 2020 and 2024.

4-SEC-112
[Ex.4-4-2; Appendix 2-K] With respect to Appendix 2K, please provide a revised version of Appendix 2-K that includes:

a. 2023 year-end information.
b. A breakdown of the non-management categories into, i) PWU, ii) Society, and iii) Non-Union.
c. For salary and wages, a breakdown of the total costs as between base salary, overtime and incentive pay.
d. For Total Benefits, a breakdown of the total costs between active benefits and pension.

4-SEC-113
[Ex.4-4-2, Appendix 2-K] With respect to compensation costs:

a. Has Toronto Hydro done a benchmarking study on the overtime it pays? If so, please provide a copy.

b. Please provide the list of assumptions that underlie the compensation forecasts related to all future collective agreements and non-management compensation increases.

4-SEC-114
[Ex.4-4-2, Appendix 2-K] With respect to pension and benefits:

a. Please explain the 12% increase in Total Benefits/Management FTE in 2023.
b. Please explain why the Total Benefits/Non-Management FTE increase from 3% to 7% in 2024.

4-SEC-115
[Ex.4-4-5] With respect to the Mercer, *Non-Executive Compensation and Benefits Review*:

a. Please explain all changes in the methodology from the Mercer compensation study included in the EB-2018-0165 application, and explain the reasons for any changes in the chosen peer groups.
b. In the previous study, Toronto Hydro was described as being "positioned within a market competitive range relative to the 50th percentile of the energy market, and are below the general industry market", whereas in this study Toronto Hydro is "positioned within a market competitive range relative to the 50th percentile of the energy market, and are above the general industry market." Please identify the specific grades and reasons for this change in findings.
c. [Appendix A] With respect to the general industry peer group:

    i. How many of the 24 companies are in the energy industry? Please list them.
    ii. Please confirm that 5 of the 24 companies (EPCOR Utilities, Capital Power, Hydro One, TransAlta, and SaskPower) in the general industry peer group are also in the energy peer group?
    iii. Please provide a revised version of the results table on p.5 removing all energy industry companies from the general industry peer group results.
    iv. In other compensation benchmarking studies undertaken by Mercer, it has considered a much wider array of non-energy sector companies in its general peer group.[1] Please explain why it did not do so in this study.

4-SEC-116
[Ex.4-4-5] With respect to the Mercer, *Non-Executive Compensation and Benefits Review*:

[1] See for example, EB-2020-0200, Exhibit 4, Tab 4, Schedule 3, Attachment 1, p.7 (Enbridge Gas); EB-2022-0318, Exhibit D-1-3, Attachment 3, p.9 (IESO)

a. For each of the Toronto Hydro groups, please provide a table that shows the total number of employees, the number of employees that were benchmarked and the variance to P50 for that group.
b. For each Grade that was used in the benchmarking, please provide the total number of employees that Toronto Hydro has and the number of employees that were benchmarked.
c. For each of the Toronto Hydro groups, please provide an estimate of the dollar difference between the weighted average total compensation for Toronto Hydro employees and the P50 median used in the study. Please provide the amount for the year the study is representative of and for each year up to 2029. Please provide a step-by-step explanation of how the estimate was reached and include all supporting calculations so the numbers can be verified.

5-SEC-117
[Ex.5-1-1, p.1] With respect to its proposed capital structure, please provide a copy of any analysis undertaken by, or for, Toronto Hydro since 2016, regarding changes in its business and/or financial risk

5-SEC-118
[Ex.5-1-1, p.6] With respect to the forecast long-term debt issuances:

a. Please provide the basis for the corporate spread estimates.
b. Toronto Hydro states that the debt rates are based, in part, on the 10 and 30 year-Government of Canada Bond Yield from Bloomberg L.P. Is this the current Bond Yields, or forecast Bond Yields?

5-SEC-119
[Ex.5-1-1, p.7] What is the interest rate that Toronto Hydro pays on its revolving credit facility?

6-SEC-120
[Ex.6-1-1, p.4] With respect to the revenue deficiency drivers table, please revise the table to include, a) each year of the rate term, and b) separately calculate the distribution revenue and total deficiency, as compared to the previous years approved/proposed rates (i.e. For 2026, distribution revenue at proposed 2025 rates).

6-SEC-121
[Ex.6-2-1, p.4] With respect to the PILs:

a. Does the summary of PILs in Table 1 include utilization of accelerated CCA that has been captured in the PILs and Tax Variances – CCA Changes Sub-Account? If so, please provide a revised version of the table that removes those amounts.
b. Please provide a similar table that shows the PILs expense for each year between 2025 and 2029.
c. For each year between 2020 and 2024, please provide a table that shows the approved PILs expense n EB-2018-0165, and the actual/forecast PILs expense. Please explain the annual variance.

7-SEC-122
[Ex.7-1-1, Table 4] For each of the scenarios presented in Table 4, B, C & D, please provide details of how Toronto Hydro would propose to rebalance revenues to return the Revenue to Cost ratios to the OEB's ranges and the resulting distribution bill impacts.

8-SEC-123
[Ex.8-1-1, Tables 5-1, 5-2 & 5-3] With respect to Toronto Hydro's rate smoothing proposal:

a. Please explain specifically what Toronto Hydro has done to smooth rates.
b. Please provide similar tables to 5-1, 5-2, 5-3 showing bill impacts before Toronto Hydro's rate smoothing proposal.

8-SEC-124
[Ex.8-1-1, Section 4] Why is Toronto Hydro not increasing its MicroFIT charge, to reflect the results of the Cost Allocation Model?

8-SEC-125
[Ex.8] Please provide a table that shows, for each year between 2012 to 2029, and for each rate class, the, a) distribution monthly service charge, b) distribution volumetric charge, c) fixed group 2 DVA riders, and d) volumetric group 2 DVA riders.

9-SEC-126
[Ex.9-1-1, p.2] Please provide a revised version of Table 1 that shows balanced as of December 31, 2023.

9-SEC-127
[Ex.9-1-1, p.15] With respect to the Account 1592 - PILs and Tax Variances – CCA Changes Sub-Account

a. For each year between 2020 and 2024, please provide the amount credited (or forecast to be credited) to the sub-account related to the changes in capital cost allowance rules included in Bill C-97.
b. For the years Toronto Hydro seeks to dispose of (2020 to 2022), please provide supporting calculations.

9-SEC-128
[Ex.9-1-1, p.26] With respect to Account 1508 – Getting Ontario Connected Act Variance Account:

a. What is the balance of the account as of December 31, 2023? Please provide details including a breakdown of costs.
b. Please provide the locate costs for each year between 2025 and 2029 that the account would capture variance from.
c. On November 22,2023, the Government of Ontario introduced Bill 153, *Building Infrastructure Safely Act, 2023* which SEC understands addresses some issues raised by distributors in the Getting Ontario Connect Act. Please provide Toronto Hydro's view on how the bill, if passed, would impact locate costs.

9-SEC-129
[Ex.9-1-1, p.40] If the OEB were to approve a modified proposed Demand Related Variance Account – Expenditure Sub-Account that would not capture all revenue requirement impacts from expenditures for demand related programs, but limited to the revenue requirement impact of expenditures in demand programs solely related to the variance in forecast of customer connections and customer demand (as opposed for example to variances costs to connect customers etc), how would Toronto Hydro propose the account would work?

9-SEC-130
[Ex.9-1-1, p.40] Please explain Toronto Hydro's expectations regarding how any balance in the two Demand-Related Variance Account sub-accounts would be allocated between customer classes.

9-SEC-131
[Ex.9-1-1, Appendix A, p.1-3] Using 2020 as an illustrative example, please provide the entries that would have been made into the Demand-Related Variance Account, including all supporting calculations, if it had been in place at the time.

Respectfully, submitted on behalf of the School Energy Coalition this February 12, 2024.

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