

February 12, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms Marconi:

**EB-2023-0195 –Toronto Hydro-Electric System Limited – 2025-2029 - Electricity Distribution Rates**

Please find, attached, interrogatories for Toronto Hydro-Electric System Limited from the Consumers Council of Canada pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

**Julie E. Girvan**

Julie E. Girvan

CC: All parties

**INTERROGATORIES FOR TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**

**FROM THE CONSUMERS COUNCIL OF CANADA**

**RE: EB-2023-0195**

**DISTRIBUTION RATES – 2025-2029**

**1A-CCC-1**

**Ex. 1A**

Please file all materials provided to Toronto Hydro's Board of Directors with respect to this Application, the underlying budgets and THESL's most recent Business Plan.

**1A-CCC-2**

**Ex. 1A**

- a) Please provide a complete list of all external consultants/lawyers Toronto engaged to assist it in the development of the Application and pre-filed evidence;
- b) For each engagement please provide the nature of the work and the retainer and terms of reference;
- c) Please provide the budgeted cost for the work for each engagement and the costs incurred to date. Please indicate how the costs are to be recovered;
- d) Please explain, in detail, how Toronto Hydro determined which areas of the Application should be reviewed and validated by external experts;
- e) Did Toronto Hydro develop an overall budget for this external work. If so, please indicate what that budget was and how it was developed. If not, why not?
- f) Please indicate whether each piece of work was subject to an RFP process. In those cases where there was no RFP please explain why.
- g) Did Toronto Hydro retain any external consultants and lawyers to undertake work related to the Application that has not been included with the Application and pre-filed evidence?

**1A-CCC-3**

**Ex. 1A**

Please provide all documents provided to employees related to the development of the Business Plan and budgets that form part of this Application.

**1A-CCC-4**

**Ex. 1A**

Please provide Toronto Hydro's most recent Business Plan. Please provide all Business Plans produced during the period 2020-2023.

**1A-CCC-5**

**Ex. 1A/T3/S1/pp. 4-7**

**EB-2018-0165 Decision and Order dated December 19, 2019, p. 24**

“Toronto Hydro indicated that intervenors are asking the OEB panel to either make changes to generic policy through a particular utility’s rate application or to fetter the discretion of a future panel. Toronto Hydro also submitted that its proposed ratemaking formula is structurally the same as the one approved in its 2015-2019 Custom IR proceeding. 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.”

Toronto Hydro sets out OEB directions specified in the 2020-2024 Decision. Does Toronto Hydro not consider the above a Direction from the OEB in the 2020-2024 Decision? If not, why not? Please explain how its proposed plan is 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.

**1A-CCC-6**

**Ex. 1A/T3/S1/p. 8/Ex. 2B/Section E5.1**

Toronto Hydro proposes to increase its basic connection allowance for certain customer classes from \$1396 to \$3059. Please explain to what extent Toronto Hydro undertook customer engagement with respect to this change.

**1A-CCC-7**

**Ex. 1A/T3/S1/Appendix A**

Toronto Hydro has set out in Appendix A summaries of the revisions to its Conditions of Service since its last rebasing.

- a) Please identify which of those changes apply to residential customers;
- b) For those that have changed please explain the rationale for the changes;
- c) Please explain the extent to which Toronto Hydro engaged its customers regarding those changes;
- d) Please explain the extent to which Toronto Hydro has communicated those changes to its customers;
- e) What relief in Toronto Hydro seeking with respect to its Conditions of Service through this Application?

**1B-CCC-8**

**Ex. 1B/T1/S1/p. 3**

The evidence states that the Investment Plan makes the minimum investments necessary (the “least regrets” investments) to maintain key outcomes in the near term while also making paced and deliberate progress in readying the grid and utility operations for the future irrespective of the path the energy transition takes. How does Toronto Hydro demonstrate to

the OEB that it is making the minimum investments necessary? What are “least regrets” investments?

**1B-CCC-9**

**Ex. 1B/T1/S1/p. 5**

Toronto Hydro has referred to a number of City of Toronto initiatives. Please provide a brief summary of each of these initiatives. Please indicate, specifically, how each of these initiatives has impacted Toronto Hydro’s revenue and cost forecasts for the rate plan term:

- a) Transform TO
- b) Net Zero Existing Building Strategy
- c) Electric Vehicle Strategy
- d) Toronto Green Standard
- e) Home Energy Loan Program
- f) Energy Retrofit Loans
- g) City of Toronto Green Will Initiative

**1B-CCC-10**

**Ex. 1B/T1/S1/p. 7**

Toronto Hydro’s evidence is that approximately one quarter of the utility’s grid equipment continues to operate past useful life. An additional 11% is expected to reach that point by 2030 unless the utility invests in upkeeping system infrastructure in the 2025-2029 period. How does Toronto Hydro calculate the level of the utility’s grid equipment operating past its useful life. Please indicate the level of grid equipment operating past its useful life in 2018. What level of capital spending was proposed at that time to deal with assets operating beyond their useful life. How does that compare to the level being proposed during the rate plan period?

**1B-CCC-11**

**Ex 1B/T1/S1/p. 9**

Toronto Hydro’s population is expected to grow by approximately 23.8 % between 2021 and 2031, a marked increase from the 6.8% growth over the prior decade. Please specify how that increased growth has impacted Toronto Hydro’s cost and revenue projections for the rate plan term.

**1B-CCC-12**

**Ex. 1B/T1/S1/pp. 10-11**

Toronto Hydro’s evidence refers to extreme weather events and states, “As evidenced by recent events (outlined in Table 3 below), extreme weather has become a regular operating condition that the utility must consider and manage in its day-to-day operations and long-term planning activities. With the frequency and intensity of adverse weather increasing due to climate change, Toronto Hydro’s grid and operations must become more resilient to this challenge.” Please explain how the frequency and intensity of adverse weather increasing has impacted Toronto Hydro’s operating and capital costs for the years 2025-2029.

**1B-CCC-13****Ex 1B/T1/S1/pp.11-12**

Toronto Hydro expects to have over 4,400 DER connections by the end of the decade which represents a 67% increase compared to 2022. Please explain, specifically, how the forecast of DERs was derived. How does this impact capital and operating costs for the years 2025-2029? Please provide a full list of DER connection projects for the years 2020-2029. Please include all assumptions.

**1B-CCC14****Ex. 1B/T1/S1/p. 12**

Since 2015 Toronto Hydro has served the needs of a growing city, evolving customer and policy demands, and an aging system while addressing intensifying challenges identified above with a staffing complement that is essentially flat from 2015-2024. Over this period Toronto Hydro's replenished a large wave of retirements. It has also "rightsized" its workforce through continuous improvements in productivity, including harmonizing key jobs to create a more agile compliment of staff and automating manual processes to increase employee output levels.

- a) Please explain, in detail, how Toronto Hydro determined that a 25% increase was appropriate.
- b) If the staff compliment was the "right size" in 2024, how can that staffing level now be deemed inadequate?
- c) When did Toronto Hydro determine it was no longer possible to meet its obligations without additional staffing resources?
- d) What is the overall impact on the 2025 revenue requirement of increasing its workforce relative to 2024?

**1B-CCC-15****Ex. 1B/T1/S1/p. 26/Table 9**

Table 9 sets out Toronto Hydro's OM&A programs for the period 2025-2029. The CCC is interested in comparing this to the prior period. For each of those programs please provide the forecast and actual spending levels for the period 2020-2024. Please provide the year-by-year numbers as well as the total.

**1B-CCC-16****Ex. 1B/T1/S1/ p. 33**

Toronto Hydro points to "notable" improvements in cost-efficiency achieved over the last decade.

- a) Please explain how the \$200 million which will be returned to customers by the end of the decade was calculated. Please explain how the \$132 per customer amount was calculated.
- b) Please explain how the \$26 million reduction related to fleet was calculated. Is this an annual amount?

- c) What is the total number of Toronto Hydro customers and the number of those customers on e-billing. How many customers are expected to convert to e-billing during the rate plan term by year. What are the expected annual savings from further conversion to e-billing? Have these savings been incorporated into the forecasts? If not, why not?
- d) Please provide an explanation as to how the \$23 million in expected cost reductions by the end of 2024.

**1B-CCC-18**

**Ex. 1B/T1/S1/p. 34**

Please provide a complete list of all jurisdictions that Toronto Hydro drew on when developing its Custom Scorecard Measures. Please provide materials setting out the mechanisms and frameworks being used in those jurisdictions.

**1B-CCC-19**

**Ex. 1B/T1/S3/p. 3**

Please provide the proposed Distribution Bill Impacts on one schedule with and without the impacts of any rate riders.

**1B-CCC-20**

**Ex. 1B/T1/S3/p. 6/Table 6 Capital Investment expenditures by Categories**

Please provide the actual Capital Investment Expenditures by Categories for the period 2020-2024.

**1B-CCC-21**

**Ex. 1B/T1/S3/pp. 7-8**

Please confirm that Toronto Hydro's rate increased from \$4,514.8 million in 2020 to \$5,596.5 in 2024. Please confirm that with the January 29, 2024 update Toronto Hydro's rate base is going from \$5,900 million in 2025 to \$7,590.8 in 2029. Please explain how Toronto Hydro has the capacity to increase its rate base so significantly in the forecast period relative to the prior period.

**1B-CCC-22**

**Ex. 1B/T1/S3/p. 10**

Please provide Toronto Hydro's approved and actual debt rates and costs and return on equity for the years 2020-2023.

**1B-CCC-23**

**Ex. 1B/T2/S1**

In the EB-208-0165 Decision and Order the OEB encouraged Toronto Hydro to consider an alternative rate-setting approach in the future to better balance the risk between the customers and the utility. Please provide a complete list of the Custom Rate Frameworks that Toronto considered in addition to the one proposed. Please address why these frameworks

were not adopted by Toronto Hydro. Please explain how this plan would differ from a five-year cost of service approach.

**1B-CCC-24**

**Ex. 1B/T2/S1/p. 2**

Toronto Hydro has been operating using a Custom IR Framework for the past 10 years – 2015-2019 and 2020-2024. The RRFE/Rate Handbook states that Utilities are expected to demonstrate ongoing continuous improvement in their productivity and cost performance while delivering on system reliability and quality objectives. It also states that Utilities are expected to demonstrate value for money by presenting plans for delivering services that meet the needs of their customers while controlling their costs. The Handbook also states that Custom IR is not a multi-year cost of service; explicit financial incentives for continuous improvement and cost control targets must be included in the application. (Handbook to Utility Rate Applications, dated October 13, 2016). Toronto Hydro is rebasing and rates are increase by approximately 7.5% per year for residential consumers. Please explain how Custom IR has benefited Toronto Hydro’s customers.

**1B-CCC-25**

**Ex. 1B/T2/S1/p. 5**

Please provide examples of rate frameworks that are similar to the one being proposed by Toronto Hydro.

**1B-CCC-26**

**Ex. 1B/T2/S1/p. 5**

The evidence states that the proposed X-factor is higher than the OEB-approved X-factor under standard price Cap Incentive Regulation. How will customers benefit from the X-factor if Toronto Hydro earns back the .6% through the Performance Incentive measure?

**1B-CCC-27**

**Ex. 1B/T2/S1/p. 7**

Over the 2025-2029 rate period Toronto Hydro’s operations and capital investment needs are growing by approximately 37.5% due to a number of distinct and interrelated drivers. Please attribute a percentage to each of those drivers set out in the evidence. For example, how much of the increases are related to inflationary pressures? How much s related to the aging and deterioration of Toronto Hydro’s asset base?

**1B-CCC-28**

**Ex.1B/T2/S1/p. 9**

Toronto Hydro concludes from its Customer Engagement process that 84% of the customers surveyed supported the rate increase associated with the draft plan or one that does even more to advance outcomes. In any of its customer engagement has Toronto told its customers that included in rates is a return on equity that is currently more than 9%. If not, why is this not relevant?

**1B-CCC-29****Ex. 1B/T2/S1/p. 9**

The evidence states that, “an energy transition is gradually unfolding across key sectors of the economy with residents, businesses and institutions adopting electrified technologies such as electric vehicle (EVs), heat pumps, solar panels and energy storage systems. Toronto Hydro must sustain, expand and modernize the grid to be ready and equipped to serve customers’ growing demand for safe and reliable electricity during this transition.” Please provide all assumptions Toronto Hydro has made regarding the adoption of EV, heat pumps, solar panels and energy storage systems in its service territory for the 2025-2029. Please specify how this impacts Toronto Hydro’s capital and programs in each year and provide the corresponding impact on the revenue requirement in each year.

**1B-CCC-30****Ex. 1B/T2/S1/p. 11**

Toronto Hydro commissioned an industry leading consumer choice modelling Future Energy Scenarios study to assess the impacts of different energy transition scenarios on Toronto Hydro’s distribution system. The Future Energy Scenarios conclude that system peak demand could grow significantly or more moderately depending on technology, policy and consumers choices that will be made in the future. Toronto Hydro’s evidence is that it must ensure the grid is ready ahead of when demand increases (to avoid under-served customers) and also be reasonably cautious in building new capacity for the future. Please explain how this study directly impacted Toronto Hydro’s capital and operating plans for the period 2025-2029

**1B-CCC-31****Ex. 1B/T2/S1/p. 11**

The evidence refers to Enbridge Gas Inc’s Pathways to Net Zero, National Grid’s Future Grid Plan and Eversources’ Electric Sector Modernization Plan. Please indicate to what extent these studies has impacted or informed Toronto Hydro’s capital and operating plans for the period 2025-2029.

**1B-CCC-32****Ex. 1B/T2/S1/p. 24**

Please explain why a 0 percent productivity factor continues to be appropriate? How does this provide a benefit to Toronto Hydro’s ratepayers.

**1B-CCC-33****Ex. 1B/T2/S1/p. 24**

To what extent has Toronto Hydro seen the use of a Revenue Growth Factor (or a similar mechanism) – which enables year over year rate increases to fund incremental revenue requirement to both capital and OM&A investments in other performance based rate plans. Please provide examples and context.

**1B-CCC-34****1B/T2/S1/p. 25**



Please explain how Toronto Hydro arrived at a 2% annual inflation factor adjustment for its Revenue Growth factor.

**1B-CCC-35**

**1B/T2/S1/p. 25/Table 3**

Table 3 – 2026-2029 Revenue Growth Factor sets out the proposed RGF for each year. Did Toronto Hydro consider smoothing the revenue requirement adjustments over the five-year period? If not why not? Why is the adjustment so much larger in 2028? What would be the downside of having a more consistent adjustment each year?

**1B-CCC-36**

**1B/T2/S1/p. 22/Table 4**

Please provide the actual Toronto Average Blended Salary Increase for 2023 and the forecast level for 2024.

**1B-CCC-37**

**Ex. 1B/T2/S1/p. 35**

Toronto Hydro is proposing a Demand-Related Variance Account (DRVA) to record the demand driven revenue requirement impacts arising from variances in actual versus forecast capital and operational expenditures for certain demand-based programs and the revenue impacts arising from variances in forecast versus actual billing determinants over the rate period. The Council is interested in understanding the scope of the DRVA;

- a) For each year 2020-2024 please provide the forecast and actual expenditures for the following capital and operating programs: Customer Connections, Customer Operations, Stations Expansion, Load Demand, Non-Wires Solutions, Generation Protection Monitoring and Control and Externally-initiated Plant Relocations and Expansions. Also, please provide the forecast and actual revenue requirement that would have been dealt with through the DRVA Expenditure sub-account had one been in place for that period;
- b) For each year 2025-2029 please provide the proposed revenue requirement for each of the programs listed in a). In effect, what is the proposed revenue requirement that will be the subject of the DRVA Expenditure Variance sub-account?
- c) For the period 2020-2024 please provide the forecast and actual revenue that would have been dealt with through the DRVA Variance sub-account had one been in place for that period
- d) For each year 2025-2029 please provide the forecast revenue that will be the subject of the DRVA Revenue Variance sub-account.

**1B-CCC-38**

**1B/T3/S1/pp. 2-6**

Toronto Hydro's position is that the Performance Incentive Mechanism (PIM) provides ratepayers a significant \$65 million upfront benefit and shifts risk to the utility for delivering key outcomes that matter to customers;

- a) Please provide examples of such an approach being adopted by other utilities;
- b) How did Toronto Hydro arrive at the .6%?
- c) Please explain how the \$65 million was calculated;
- d) Please provide evidence to demonstrate that the targets established for each metric reflect, challenging, but achievable outcomes;
- e) Toronto Hydro has proposed a process whereby the finalization of the targets takes place in a second phase of this proceeding that can be run in parallel with the Draft Rate order process. If agreement cannot be reached through the “settlement-like process” parties would have an opportunity to make submissions to the OEB. Would Toronto Hydro support a discovery stage as part of this process? If not, why not?

### **1B-CCC-39**

#### **Ex. 1B/T3/S3/pp. 15**

Toronto Hydro has set out 2020-2024 “Productivity Achievements”. The evidences states that in total, over the current rate period the utility implemented over 30 distinct productivity initiatives which yield material benefits for ratepayers. These benefits include over \$23 million in costs that the utility expects to avoid or reduce by the end of the rate term, resulting in a 2025 rebasing revenue requirement that is approximately \$5.7 million lower. Please provide a table setting out each of these initiatives and the associated cost avoidance/benefits where these can be quantified. Please reconcile these amounts with the \$23 million and the \$5.7 million. Please include all assumptions.

### **1B-CCC-40**

#### **Ex. 1B/T3/S3/p. 15**

Toronto Hydro has set out its Productivity Achievements for the period 2020-2024. Please provide a complete list of productivity initiatives planned for 2025-2029. Please set out the expected annual savings for each initiative.

### **1B-CCC-41**

#### **Ex. 1B/T4/S1/p.6**

In 2022 Toronto Hydro launched the Etobicoke Demand Response Pilot in Partnership with Power Advisory LLC and Toronto Metropolitan University Centre for Urban Energy. What was the overall cost of the pilot and how was it funded? Are there any costs associated with the pilot in 2025? If so, what are the costs?

### **1B-CCC-42**

#### **Ex. 1B/T4/S1/p.1-12**

Tonto Hydro has set out strategies and initiatives undertaken by Toronto Hydro during the 2020-2024 period. These include:

- Innovation @TH
- System Observability: Network Condition Monitoring and Control (NCCM)
- System Controllability: Reclosers Pilot
- Etobicoke Demand Response Pilot

- Battery Energy Storage Systems
- Future Energy Scenarios Modelling Tool
- Electric vehicles (EV) Demand Response
- Process Automation
- Customer Experience and Service Tools
- Workforce Development and Upskilling

For each of these strategies/initiatives/pilots please provide the following:

- a) The cost of each and how it was funded (through rates, other sources of funding etc.)
- b) An indication as to whether the strategy, initiative/pilot costs were forecast and if so, what the forecast costs were
- c) An indication as to whether the strategies/initiatives/pilots will continue and if so, the expected annual cost
- d) The cost reductions associated with these strategies/initiatives/pilots and whether those cost savings have been embedded in the rate plan forecasts.

**1B-CCC-43**

**Ex. 1B/T4/S1/pp. 13-20**

Toronto Hydro has stated that Innovation has shaped its Application and the 2025-2029 investment plan that underpins it. The Council would like have a better understanding of the costs included in the Application that are related to “innovation” over and above the “Innovation Fund”. Toronto Hydro refers to several innovation initiatives:

- Grid Modernization Strategy
- Local Demand Response
- Renewable Enabling Investments
- Enterprise Technology Portfolio
- Regulatory Innovation

For each of these initiatives provide the following:

- a) The annual cost of these initiatives for each year of the plan
- b) The annual benefit expected and information on the extent to which the benefits are factored into the revenue requirement for each year
- c) An indication as to whether or not external funding was sought and/or obtained either through the OEB, IESO or NRCan

**1B-CCC-44**

**Ex. 1B/T4/S1/p. 12**

Toronto Hydro is undertaking a Grid Modernization strategy to make investments it deems necessary to ready the grid for decarbonization and energy transformation while enhancing the

value that the system provides to customers through improved reliability, resilience and efficiency outcomes:

- What is the overall cost of this strategy and the annual costs for each year of the rate plan term?
- Are the ADMS, OMS and FLISR systems considered part of the Grid Modernization strategy and the overall business case?
- Please explain, in detail, the extent to which Toronto Hydro collaborated with other utilities in terms of developing its Grid Modernization strategy. For example, both PUC Distribution Inc. and Elexicon Energy Inc. have undertaken similar projects. Has Toronto Hydro consulted with either PUC Distribution Inc. or Elexicon regarding their projects/. If not, why not?

#### **1B-CCC-45**

##### **Ex. 1B/T4/S1/pp. 15-16**

Please provide the overall cost of the nine energy storage systems being put into place to enable the connection of forecasted renewable growth on nine high priority feeders. What is the definition of a “high priority feeder”? Are these being put in place primarily to enable the connection of renewable DER facilities? If so, how are they funded (through rates generally or by the owners of DER facilities)?

#### **1B-CCC-46**

##### **Ex. 1B/T4/S2**

Toronto Hydro is proposing an Innovation Fund to support the design and execution of innovation pilot projects over the 2025-2029 rate period. The pilot projects undertaken through the Innovation Fund would be focussed on testing new technologies, advanced capabilities and alternative strategies that enable electrification grid readiness and are responsive to the OEB’s expectations with respect to facilitation DER integration, as expressed in the Framework for Energy Innovation. The fund amounts to approximately \$16 million over the 2025-2029 rate period:

- a) Please explain, in detail, the extent to which Toronto Hydro intends to collaborate with other utilities regarding its innovation Fund pilots;
- b) With respect to the pilots that may prove to be less fruitful than others will ratepayers be responsible for the costs of those pilots? If so, why?
- c) What specific type of projects will be prioritized?;
- d) Does Toronto Hydro expect there to be a prudence review of the costs and benefits of the pilots it plans to undertake? If not, why not?
- e) What type of reporting will Toronto Hydro undertake regarding the pilots that will be funded through its Innovation Fund?
- f) Please provide copies of all of the research Toronto Hydro undertook to inform the level of funding requested;
- g) Please explain how the \$16 million will be recovered over the rate plan term;
- h) Does \$16 million represent a cap? Is it comprised of both capital and OM&A costs?;

- i) When does Toronto Hydro expect to have its work plan for designing and implementing the selected pilot(s) completed?

**1B-CCC-47**

**Ex. 1B/T4/S2/Appendix B – NRCan letter**

Did Toronto Hydro seek funding from NRCan for its Innovation Fund? If not, why not? Does it expect to do so in the future? If not, why not?

**1B-CCC-48**

**Ex. 1B/T5/S1/p. 4**

With respect to customer engagement Toronto Hydro undertook a two-phased approach to inform its rate Application. First, prior to embarking on the business and investment planning process, it obtained a “genuine” understanding of its customers’ needs and priorities and used this feedback to set strategic direction for the investment priorities of its plan. Second, after the 2025-2029 draft plan was prepared Toronto Hydro went back to its customers to obtain feedback on the draft plan. The utility considered this feedback in refining and finalizing its plan.

- a) If customers’ top priorities are price and reliability, what has Toronto Hydro done to address the pricing issue in any significant way?
- b) Toronto Hydro states that “...on average 84% of customers surveyed supported the draft plan and the associated rate impacts.” Were customers given the 7.5% annual distribution rate impact numbers? If not, why not? Does it imply that they support annual increases in the revenue requirement as proposed?
- c) What specific changes did Toronto make to its investment plan in Phase 2. How did Toronto Hydro decide on a \$70 million reduction to its overall plan?
- d) What is the revenue requirement impact for each year and the rate impact each year for residential customers of reducing the overall capital plan by \$70 million?
- e) Please define “social permission”;
- f) Did Innovative discuss the Performance Incentive Mechanism as part of the customer engagement process? Were customers told Toronto Hydro would have an opportunity to “earn back” the \$65 million?

**1B-CCC-49**

**Ex. 1B/T5/S1/p. 13**

Toronto Hydro undertook application-specific customer engagement through Innovative Research. In addition, Toronto Hydro states that ongoing customer and stakeholder engagement activities occur in the normal course of business as part of Toronto Hydro’s robust and sophisticated customer research and response model.

- a) What is expected to be the overall cost of the Innovative Research work specific to this Application? Please provide a detailed breakdown;
- b) What is the annual cost of ongoing customer engagement activities included in the rate plan revenue requirements?

**1B-CCC-50**

**Ex. 1B/T5/S3/p. 1**

Please file Toronto Hydro's responses to matters raised in letters of comment filed with the OEB during the course of the application.

**2A-CCC-51**

**Ex. 2A/T1/s1/p. 3 – Table 3 2020-2024 In-Service Additions Variances**

Please recast Table 3 2020-2024 In Service Additions Variance to include 2023 actuals.

**2A-CCC-52**

**Ex. 2A/T1/S1/pp. 5-6 – Table 4 2020-2024 Gross and Net PP&E/Table 5 2025-2029 Gross and Net PP&E**

Please explain if Toronto Hydro forecasts Contributions and Grants for each year during the rate plan period. If so, what are the implications if Contributions and Grants are greater or lesser than forecast during the rate plan period. In the years 202-2024 Contributions and Grants went from \$334.7 million to \$898.8 million. For each of those years what level of Contributions and Grants were forecast? Has Toronto Hydro ever considered DVA treatment for Contributions and Grants? If not, why not?

**2A-CCC-53**

**Ex. 2A/T2/S1/p. 3**

In accordance with the OEB's Decision in the 2020-2024 Rate Application (EB-2018-0165) Toronto Hydro retained Concentric Advisors ULC to complete a depreciation study which resulted in changes to depreciation rates effective January 1, 2023. Please provide the annual depreciation expense for Toronto Hydro for each year 2024-2029 under the previous and proposed methodologies.

**3-CCC-54**

**Ex. 3/T1/p. 24**

Please provide the annual impact on the load forecast and the forecast of revenue related to EV adoption for each year 2024-2029.

**3-CCC-55**

**Ex. 3/T2/S1/p. 2 – Table 1 – Other Revenue Summary**

For the years 2020-2024 please provide the forecast for all categories of Other Revenue.

**4-CCC-56**

**Ex. 4/T1/S1/p. 2 – Table 1 – Historical and Bridge year OM&A Expenditures by Program**

For the years 2020-2023 please recast Table 1 to provide the forecast OM&A numbers for each Program. Please provide the 2023 Actuals.

**4-CCC-57**

**Ex. 4/T1/S1/p. 11**

Does Toronto Hydro continue to provide suite metering services? If so, how many customers does it serve through suite metering? How does Toronto Hydro set the rates for its suite metering customers?

#### **4-CCC-58**

##### **Ex. 4/T1/S1/p. 19/Appendix 2-K**

Compensation costs represent a large portion of the utility's 2025-29 OM&A budget and the need for resources and the ability to fund prudent costs to attract and retain those resources is the biggest driver of the multi-year OM&A need:

- a) Please provide a table setting out for each year 2025-2029 total OM&A costs and total compensation costs;
- b) Please revise Appendix 2-K to include 2023 actual numbers;
- c) Please break down salary and wages providing, base salary, overtime and incentive pay;
- d) Please explain, in detail, how Toronto Hydro has determined how many incremental FTEs it requires in each year 2025-2029.

#### **4-CCC-59**

##### **Ex. 4/T1/S1/Appendix 2-K**

Please provide a detailed description of Toronto Hydro's overtime policy. Please explain how overtime is forecast for the years 2025-2029. Please provide the actual overtime costs for each year 2020-2023. Please provide the forecast for 2024-2029.

#### **4-CCC-60**

##### **Ex. 4/T2/S18/p. 6**

Please recast Table 3 – Legal Service and Regulatory Affairs program Expenditures to include forecast costs for 2020-2023. Please provide the 2023 actual amounts.

#### **4-CCC-61**

##### **Ex. 4/T2/S18/p. 6**

Please provide a detailed breakdown of the Legal Services and Regulatory Affairs Program Expenditures by segment for all years 2020-2029. Please provide FTEs for each year 2020-2029. Toronto Hydro refers to Cost Management and Productivity enhancements for this program. Please quantify the savings achieved.

#### **5-CCC-62**

##### **Ex. 5/T1/S1/p. 1**

Toronto Hydro sets its capital structure according to the OEB's Cost of Capital guidelines. The debt/equity split included in the calculation of the revenue requirement is 60:40. Given that as compared to Toronto Hydro's last Custom IR plan this plan reduces Toronto Hydro's business risk by including the Demand-related Variance Account and cost of service treatment for OM&A costs why does a 40% equity component remain appropriate for Toronto Hydro?

**6-CCC-63**

**Ex. 6/T1/S1**

Please provide the following - The impact on the 2025-2029 Revenue Requirements if Toronto Hydro's in-service additions were reduced by \$100 million each year. Please include all assumptions.

**9-CCC-64**

**Ex. 9/T1/S1/p. 8**

Please explain why Toronto Hydro is seeking to recover \$.6 million from customers as recorded in the Customer Choice Initiative Costs/ Account 1508 subaccount as the amount is not material.

**9-CCC-65**

**Ex. 9/T1/S1/p. 22**

Please explain why Toronto Hydro is seeking to recover \$.1 million from customers as recorded in the Ultra-low Overnight Rate Costs/ Account 1508 subaccount as the amount is not material.