



ONTARIO ENERGY BOARD

FILE NO.: EB-2023-0195

**Toronto Hydro-Electric System
Limited**

VOLUME: Technical Conference

DATE: April 12, 2024

EB-2023-0195

THE ONTARIO ENERGY BOARD

Toronto Hydro-Electric System Limited

**Application for energy distribution rates
beginning January 1, 2025**

Technical Conference held in person and by videoconference
from 2300 Yonge Street, 25th Floor, Toronto, Ontario,
on Friday, April 12, 2024, commencing at 9:36 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

LAWREN MURRAY	Board Counsel
CHARLOTTE KANYA-FORSTNER	
THOMAS EMINOWICZ	Board Staff
MARGARET DEFAZIO	
DANIEL ZANINI	
JOSH WASYLYK	
ANDREW BISHOP	
DANA WONG	
DONALD LAU	
FIONA O'CONNELL	
ANDREW FRANK	
REBECCA KAVAN	
ASHLEY SANASIE	
CHARLES KEIZER	Toronto Hydro-Electric System
DALIANA COBAN	Limited (THESL)
ARLEN STERNBERG	
SHELLEY GRICE	Association of Major Power Consumers in Ontario (AMPCO)
CLEMENT LI	Building Owners and Managers Association (BOMA)
TOM LADANYI	Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC), Energy Probe Research Foundation
JULIE GIRVAN	Consumers Council of Canada (CCC)
NICK DAUBE	Distributed Resource Council (DRC)
KENT ELSON	Environmental Defence (ED)
MICHAEL BROPHY	Pollution Probe

A P P E A R A N C E S

DAN ROSENBLUTH
BAYU KIDANE

Power Workers' Union (PWU)

MARK RUBENSTEIN
JANE SCOTT

School Energy Coalition (SEC)

MARK GARNER
BILL HARPER

Vulnerable Energy Consumers
Coalition (VECC)

I N D E X O F P R O C E E D I N G S

<u>Description</u>	<u>Page No.</u>
--- On commencing at 9:36 a.m.	1
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 3, resumed	1
D. Clark, F. Zeni, J. Stulberg, D. Coban, E. Dolzhenkova	
Examination by Mr. Zanini	1
Examination by Ms. Wong	7
Examination by Ms. O'Connell	16
Examination by Mr. Wasylyk	31
--- Recess taken at 11:04 a.m.	45
--- On resuming at 11:24 a.m.	45
Examination by Mr. Frank	45
--- Luncheon recess taken at 12:17 p.m.	73
--- On resuming at 1:27 p.m.	73
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 4 S. Fenrick	74
Examination by Ms. Kavan	74
Examination by Mr. Rubenstein	96
Examination by Mr. Zanini	102
--- Whereupon the conference concluded at 2:19 p.m.	103

E X H I B I T S

Description

Page No.

NO EXHIBITS FILED.

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.1: TO PROVIDE THE AUDITS OR DATA QUALITY CHECKS ARE COMPLETED TO ENSURE THAT THE CORRECT INTERRUPTION CAUSE CODE IS USED; TO DESCRIBE THE QUALITY CONTROL DONE, OR QUALITY CHECK, INCLUDING THE NUMBER OF DATA ENTRIES CHECKED, ON A YEARLY BASIS, AND THE PERCENT THAT FAIL.	2
UNDERTAKING JT5.2: TO STATE TORONTO HYDRO'S POSITION ON RECEIPT OF A PERFORMANCE INCENTIVE UNDER THE PIM TRIF TARGET, WHEN THERE IS A FATALITY OF AN EMPLOYEE OR SUBCONTRACTOR.	3
UNDERTAKING JT5.3: FOR STAFF-09, FIGURES 1 AND 2, TO INCLUDE THE CALCULATIONS FOR THE STANDARD DEVIATIONS OF EACH CAUSE CODE FOR FIGURES 1 AND 2; TO EXPLAIN TO THE EXTENT POSSIBLE, AND IF NOT TO EXPLAIN WHY.	4
UNDERTAKING JT5.4: TO CLARIFY THE CALCULATION OF THE FIVE-YEAR VALUES BETWEEN 2027 AND 2021, IN CELL G4.	6
UNDERTAKING JT5.5: TO CLARIFY THE USE OF THE FULL DIVISION COMPOSITE IN 1B-Staff-18E.	7
UNDERTAKING JT5.6: REGARDING THE DVA CONTINUITY SCHEDULE UPDATED APRIL 2, ROW 55, TO PROVIDE THE NATURE OF THE COSTS RECORDED OR TO BE RECORDED IN THE ACCOUNTS, WITH A BREAKDOWN OF THE COSTS BY CLOUD SOLUTION; FOR EACH SOLUTION, TO PROVIDE DETAILS OF TYPE OF COSTS, SUCH AS CONFIGURATION, TESTING, DATA CONVERSION; NATURE OF THE COSTS, CAPITAL OR OM&A, USING THE IFRS STANDARD; AND THE DATES THE COSTS WERE INCURRED, OR WHEN THEY ARE EXPECTED TO BE INCURRED.	9
UNDERTAKING JT5.7: TO CLARIFY IF ANY OF THE COSTS IN THE CLOUD COMPUTING ACCOUNT ARE ASSOCIATED WITH THE NEW ENTERPRISE DATA CENTRE.	9

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.8: TO IDENTIFY SAVINGS THAT MIGHT BE PART OF OM&A RELATED TO THE \$4.1 MILLION CLOUD COMPUTING COSTS.	11
UNDERTAKING JT5.9: REFERRING TO 4-STAFF-296, (A) TO DESCRIBE HOW TORONTO HYDRO DISTINGUISHES BETWEEN THE LOCATES PROGRAMS, AND SPECIFICALLY THE EFFECT OF BILL 93; (B) TO THE EXTENT POSSIBLE, TO IDENTIFY THE COSTS FOR LABOUR, INTERNAL VERSUS EXTERNAL, EQUIPMENT RELATED TO THE COMPLIANCE WITH BILL 93, TRAINING AND CERTIFICATION MATERIALS, ADMINISTRATIVE AND OVERHEAD COSTS, AND ANY PENALTIES OR FEES INCURRED FOR THE 2023 COSTS AND THE 2024 FORECAST COSTS; (C) TO DISCUSS THE CRITERIA USED TO ENSURE COSTS WERE PRUDENTLY INCURRED.	13
UNDERTAKING JT5.10: WITH REFERENCE TO THE CONTINUITY SCHEDULE, ROW 60, UPDATED APRIL 2ND, TO EXPLAIN THE INCREASE TO THE EXTERNALLY DRIVEN CAPITAL VARIANCE ACCOUNTS, AND WHAT CHANGED SINCE THE ORIGINAL FILING.	16
UNDERTAKING JT5.11: (A) TO UPDATE TABLE 6.2 IN 6-STAFF-320 WITH THE MOST RECENT VERSION OF THE PILs MODEL AND THE MOST RECENT VERSION OF CAPITAL ADDITIONS IN APPENDIX 2-BA; AND TO COMPARE AND EXPLAIN THE VARIANCES; (B) TO UPDATE THE DEPRECIATION TABLE IN 6-STAFF-321 IN THE SAME WAY.	21
UNDERTAKING JT5.12: TO EXPLAIN THE FIGURE FOR CAPITAL CONTRIBUTIONS FOR 2026 TO 2029 IN THE APRIL 2ND UPDATE TO THE PILS MODEL.	23
UNDERTAKING JT5.13: TO FILE AN UPDATED VERSION OF THE COMPLETE DVA CONTINUITY SCHEDULE.	24
UNDERTAKING JT5.14: TO FILE AN UPDATED VERSION OF THE E-ANALYSIS WORK FORM.	25

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.15: TO FILE THE UPDATED MODEL FOR ACCELERATED CCA AT EXHIBIT 6, TAB 2, SCHEDULE 1.	33
UNDERTAKING JT5.16: TO PROVIDE THE SENSITIVITY ANALYSES ON THE NPV CALCULATIONS, AND RUN THE CCA NUMBERS AFTER 2028.	34
UNDERTAKING JT5.17: TO REVIEW AND ASSESS AND REPORT BACK ON A PRIORITIZATION OR THE ABILITY TO PRIORITIZE AND RANK THE FOUR PILOT PROJECT CONCEPT AREAS USING THE KEY CONSIDERATIONS OUTLINED IN EXHIBIT 1B, SECTION 4.1.	39
UNDERTAKING JT5.18: [PLACEHOLDER]	42
UNDERTAKING JT5.19: TO PROVIDE NET FORECASTED CUSTOMER ADDITIONS (OR TOTAL CUSTOMER COUNT) IN THE CSMUR GS 1,000 TO 4,999 kW AND LARGE-USE RATES CLASSES, BROKEN DOWN BETWEEN THOSE KNOWN THROUGH FIRST-HAND INFORMATION AND THOSE WHICH ARE ESTIMATED; FOR THE ESTIMATES, TO PROVIDE FORMULAS USED TO CALCULATE THE ESTIMATES.	46
UNDERTAKING JT5.20: TO EXPLAIN THE CHANGE TO THE NON-WIRES SOLUTIONS PROGRAM IN THE CONTEXT OF THE NET PRESENT VALUE CALCULATION THAT UNDERPINS THE PIM MEASURE AND WHETHER IT CHANGES THE PIM MEASURE OR THE METRIC ITSELF.	54
UNDERTAKING JT5.21: TO PROVIDE AN ADDITIONAL RESPONSE TO 1B-STAFF-34C, OR TO EXPLAIN WHY THE COMPARISON IS NOT BELIEVED TO BE APPROPRIATE.	55
UNDERTAKING JT5.22: TO ASK SCOTTMADDEN TO COMMENT ON TRENDS OF THE PIMS WITHIN THE SCOPE OF THE SCAN IT PERFORMED.	56

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.23: TO ASK SCOTTMADDEN TO COMMENT ON THE SIMILARITIES AND DIFFERENCES BETWEEN OFGEM'S UNCERTAINTY MECHANISMS AND TORONTO HYDRO'S PROPOSED VARIANCE ACCOUNT; (B) TO EXPLAIN THE DEGREE TO WHICH OTHER VOLUME DRIVERS WERE CONSIDERED, AND WHY THE DVRA WAS CHOSEN OVER THAT MECHANISM.	62
UNDERTAKING JT5.24: TO COMMENT OR SUMMARIZE HOW THE GOVERNANCE FRAMEWORK AND THE SELECTION OF INNOVATION PROJECTS OR INITIATIVES COMPARES TO THE OTHER JURISDICTIONS THAT IT REVIEWED IN FORMULATING THIS INNOVATION FUND PROPOSAL.	65
UNDERTAKING JT5.25: TO ASK SCOTTMADDEN TO PROVIDE THE CRITERIA IT USED TO SELECT JURISDICTIONS OR UTILITIES IN ITS REVIEW.	67
UNDERTAKING JT5.26: TO ASK SCOTTMADDEN TO COMMENT ON WHETHER THERE WERE UTILITIES THAT WERE EXCLUDED THAT ARE IN A SIMILAR STAGE TO TORONTO HYDRO IN THE ENERGY TRANSITION.	67
UNDERTAKING JT5.27: TO ASK SCOTTMADDEN TO CONFIRM THAT WITHIN THE CONTEXT OF OFGEM, IT RELIES HEAVILY ON ITS OWN ANALYSIS TO SET THE REVENUE REQUIREMENTS, AND THAT UNDER RIIO-ED-2, OFGEM OFFERS INCENTIVES TO DISTRIBUTORS WHO MANAGE TO PRESENT FORECASTS THAT DO BETTER THAN OFGEM'S BENCHMARK FOR COST CATEGORIES FOR WHICH OFGEM HAS ITS HIGH CONFIDENCE IN FORECASTING.	68
UNDERTAKING JT5.28: TO CONFIRM THAT 2 JA, JB, JC, AND JD HAVE BEEN UPDATED, AND IF NOT, TO FILE UPDATED VERSIONS.	70

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.29: WITHIN THE SYSTEM ACCESS CATEGORY, TO PROVIDE THE ANNUAL CONTRIBUTIONS BY PROGRAM (CUSTOMER AND GENERATION CONNECTIONS, EXTERNALLY INITIATED PLANT RELOCATIONS AND EXPANSION, GENERATION PROTECTION MONITORING AND CONTROL, LOAD DEMAND, AND METERING AT THAT RESOLUTION) FOR THE 2023 ACTUAL, AND PROJECT IT FORWARD FOR ANY YEAR THAT'S AFFECTED BY THE APRIL 2 OR JANUARY 29 UPDATES.	71
UNDERTAKING JT5.30: FOR THE STATION RENEWAL AND IT OT SYSTEM PROGRAMS, TO PROVIDE THE CAPEX DATA BY SEGMENT, BY YEAR; SIMILARLY FOR 2023 AND ANY YEAR THAT MAY HAVE BEEN AFFECTED BY THE JANUARY 29 OR APRIL 2ND UPDATES.	72
UNDERTAKING JT5.31: TO PROVIDE AN UPDATED LRAMVA USING THE ORIGINAL LRAMVA THRESHOLD.	73
UNDERTAKING JT5.32: IN CLEARSPRING'S WORKING PAPERS, TO REVIEW THE VALUES FOR APPROXIMATELY 30 ENTRIES IN THE FIELD CALLED ALLOC AND THEIR ASSOCIATED FORMULAS, TO MAKE CORRECTIONS AND ADJUSTMENTS AS DEEMED NECESSARY; TO COMMENT ON FINDINGS AND PROVIDE THEM TO PEG	75
UNDERTAKING JT5.33: IN CLEARSPRING'S MODEL, THE O&M-BASED SCOPE VARIABLE, TO REVIEW THE VALUES FOR APPROXIMATELY THREE COMPANIES, TO REVIEW, COMMENT, PROVIDE UPDATES.	76

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.34: WITHIN THE CLEARSPRING WORKING PAPERS AND WITH REFERENCE TO 1B-STAFF-67A, DISTRIBUTION SUBSTATION DATA, TO REVIEW THE DATA AND COMMENT ON WHETHER THERE ARE PROBLEMS IN THE COUNTING METHODS; WHETHER CORRECTIONS WOULD IMPROVE THE PERFORMANCE OF TORONTO HYDRO; WHEHTER THE CORRECTED DATA COULD BE PROVIDED IN A TIMELY MANNER; AND TO PROVIDE ANY OTHER COMMENTARY OR ALTERNATIVE MODELS THAT COULD BE INFORMATIVE.	78
UNDERTAKING JT5.35: TO CLARIFY AND CONFIRM TORONTO HYDRO'S COVERAGE AREA.	79
UNDERTAKING JT5.36: TO REVIEW THE VARIABLE CONSTRUCTION AND THE INTERACTION BETWEEN LOGGED AND UNLOGGED.	82
UNDERTAKING JT5.37: TO PROVIDE THE FULL LIST OF INSTANCES FOR THE THREE SCALE VARIABLES IN 1B-STAFF-60, PART B.	83
UNDERTAKING JT5.38: TO CLARIFY THE RESPONSE TO 1B-STAFF-102C, WHETHER THE CONGESTED URBAN VARIABLE REFERRED TO CITIES OR METRO AREAS.	90
UNDERTAKING JT5.39: TO GIVE THE APPLICANT'S VIEW OF THE CAUSES OF TORONTO HYDRO'S SUCH POOR SAIFI AND GOOD SAIDI SCORES. (REF: 1B-STAFF-75J)	91
UNDERTAKING JT5.40: TORONTO HYDRO AND CLEARSPRING TO COMMENT ON DECLINES IN THESL'S TOTAL COST EFFICIENCY IN 2010 AND 2011.	95
UNDERTAKING JT5.41: TO FILE THE TWO MAPS RELATED TO THE CONGESTED URBAN VARIABLES.	96
UNDERTAKING JT5.42: TO UPDATE STUDY RESULTS BASED ON THE EVIDENTIARY UPDATES.	97

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING JT5.43: TO REVISIT THE RESPONSE TO 1B-SEC-27, AND COMMENT ON ANY MATERIAL METHODOLOGICAL CHANGES.	100
UNDERTAKING JT5.44: (REF: 1B-SEC-27D) (A) FOR EACH YEAR OF THE PLAN, THAT'S THE HYDRO ONE (SIC) 2025 TO 2029, CAN YOU PROVIDE THE DOLLAR INCREASE IN TOTAL COSTS TO THE BENCHMARK FOR; A, EACH ADDITIONAL MEGAWATT OF PEAK DEMAND; AND B, EACH ADDITIONAL CUSTOMER; (B) FOR EACH YEAR OF THE TORONTO HYDRO PLAN, CAN YOU PLEASE PROVIDE THE PERCENTAGE INCREASE IN TOTAL COSTS IN THE BENCHMARK FOR EACH: A, ONE PERCENT INCREASE IN PEAK DEMAND; AND B, 1 PERCENT INCREASE IN CUSTOMERS.	101

1 Thursday, April 11, 2024

2 --- On commencing at 9:36 a.m.

3 MR. MURRAY: Welcome, everyone, to day 5 of the
4 technical conference of Toronto Hydro's application. We
5 will continue with the questioning of panel 3 by OEB Staff.
6 Mr. Zanini, you're up next.

7 **TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 3,**

8 **RESUMED**

9 **Dave Clark**

10 **Federico Zeni**

11 **Jennifer Stulberg**

12 **Daliana Coban**

13 **Ekaterina Dolzhenkova**

14 **EXAMINATION BY MR. ZANINI:**

15 MR. ZANINI: Good morning. I'm Daniel Zanini, senior
16 advisor, OEB Staff. My first question is on 2B-EP-27. I
17 asked this to panel 1, and I believe they redirected it to
18 panel 3. Yes, so the question I had was regarding: What
19 audits or data quality checks are completed to ensure that
20 the correct interruption cause code is used?

21 MS. COBAN: I don't think we can deal with that on
22 this panel. From my recollection, the punt was to panel 2,
23 to Mr. Smart, who is charge of our control centre
24 operations.

25 MR. ZANINI: I apologize, then. Can there be an
26 undertaking to have that answered?

27 MR. KEIZER: Yes, no problem.

28 MR. ZANINI: Thank you.

1 MR. MURRAY: That will be undertaking JT5.1.

2 **UNDERTAKING JT5.1: TO PROVIDE THE AUDITS OR DATA**
3 **QUALITY CHECKS ARE COMPLETED TO ENSURE THAT THE**
4 **CORRECT INTERRUPTION CAUSE CODE IS USED; TO DESCRIBE**
5 **THE QUALITY CONTROL DONE, OR QUALITY CHECK, INCLUDING**
6 **THE NUMBER OF DATA ENTRIES CHECKED, ON A YEARLY BASIS,**
7 **AND THE PERCENT THAT FAIL.**

8 MR. ZANINI: As part of that, if some type of quality
9 control is done, or quality check, the number of data
10 entries that are checked kind of on a yearly basis and the
11 percent that fail, if that could be included, too?

12 MR. KEIZER: To the extent that it can be provided, we
13 will, and, if there's a problem doing so, we will advise.

14 MR. ZANINI: Thanks. My next question is on 1B-Staff-
15 09, question A, and this is regarding the TRIF PIM measure.
16 Does Toronto Hydro believe, if they meet their PIM TRIF but
17 there is a fatality of one of its employees or
18 subcontractors during the 2025 to 2029 term, that they
19 should still be awarded their performance incentive for
20 this metric?

21 MR. CLARK: Sorry. Can we just get that question
22 again, just to make sure we have full clarity on the
23 question?

24 MR. ZANINI: So, in the case that Toronto Hydro
25 achieves this PIM TRIF target, however there is a fatality
26 of an employee or subcontractor during the time, does
27 Toronto Hydro believe it should still be awarded the
28 performance incentive for this metric?

1 MR. CLARK: We can take that back for consideration as
2 an undertaking.

3 MR. MURRAY: That will be undertaking JT5.2.

4 **UNDERTAKING JT5.2: TO STATE TORONTO HYDRO'S POSITION**
5 **ON RECEIPT OF A PERFORMANCE INCENTIVE UNDER THE PIM**
6 **TRIF TARGET, WHEN THERE IS A FATALITY OF AN EMPLOYEE**
7 **OR SUBCONTRACTOR.**

8 MR. ZANINI: And, as a follow-up to the subcontractor
9 field resources being included in the metric, Toronto Hydro
10 is responsible for the safety of both its employees and
11 contractors, so why are contractor resources not included
12 in the TRIF PIM target?

13 MR. CLARK: Subcontract field resources are not in the
14 scope of the measure.

15 MR. ZANINI: So, just to follow up, there won't be
16 any, you could say, performance incentive to ensure that
17 the entirety of Toronto Hydro resources meet that safety
18 target?

19 MR. CLARK: I'm not sure if I understand that question
20 correctly.

21 MR. ZANINI: I guess what I'm asking is: When you
22 look at the Toronto workforce, Toronto Hydro workforce, as
23 a whole, the TRIF target is only going to be specific to
24 Toronto Hydro internal resources only, not any
25 subcontracted resources, at all?

26 MR. CLARK: Yes, the subcontract resources are not,
27 not in the light of the TRIF KPI as asked in question A.

28 MR. ZANINI: Okay. Can we go to C and D on Staff-09.

1 On C, I had asked for the calculation for the standard
2 deviation for Figures 1 and 2. But, from what I could tell
3 of the attached material, Appendix A, it wasn't included.

4 Can there be an undertaking to include the
5 calculations for the standard deviations of each one of
6 those cause codes for Figures 1 and 2?

7 MR. KEIZER: Sorry, can we just clarify the in C? Can
8 we just look at what reference 2 is and what it relates to
9 and the figure you are making reference to in C?

10 MR. ZANINI: So these are the SAIFI and SAIDI PIM
11 targets.

12 MR. KEIZER: Yes. I would think that someone on panel
13 1 would be in a position to respond to this, but you're
14 asking for the standard deviation of the data. Is that
15 what you're asking for?

16 MR. ZANINI: Correct.

17 MR. KEIZER: So I think what we would only be able to
18 do is undertake to do it to the extent that we can, and, if
19 we can't, we will have to explain why.

20 MR. ZANINI: Thanks.

21 MR. MURRAY: That will be undertaking JT5.3.

22 **UNDERTAKING JT5.3: FOR STAFF-09, FIGURES 1 AND 2, TO**
23 **INCLUDE THE CALCULATIONS FOR THE STANDARD DEVIATIONS**
24 **OF EACH CAUSE CODE FOR FIGURES 1 AND 2; TO EXPLAIN TO**
25 **THE EXTENT POSSIBLE, AND IF NOT TO EXPLAIN WHY.**

26 MR. ZANINI: And, if that Appendix A could be opened
27 and then the second tab, the breakdown by cause code, I
28 just want to make sure I understand how the values are

1 calculated. So, for example, 2022 or cell G4 is a five-
2 year average of the individual values between 2027 and
3 2021. Would that be correct?

4 MR. KEIZER: Yes, I think -- so, on the specific
5 elements like this, the panel can correct me if I'm wrong,
6 but they would have been dealt with in this case -- I think
7 it's obviously panel 1.

8 Now, I just want to clarify something, and it may be
9 something that may happen throughout the morning. So, when
10 Toronto Hydro provided the designation of which panels have
11 various interrogatory responses, there were some
12 interrogatory responses that were overlapping because there
13 were multiple inquiries and they had various elements to
14 them, and, as a result, they have been mapped to multiple
15 panels. Together with that interrogatory map, there was
16 also a two-page document that was filed which showed the
17 designated areas of responsibilities of the various
18 witnesses. And so I think, you know, those two things were
19 to be kind of read together.

20 So we may be encountering in some of the stuff this
21 morning some of the issue we are seeing now, which is that
22 the particulars may have been on panel 1 and the broad
23 overview of the measures may be on this panel. So, you
24 know, I just want to highlight that fact.

25 And so, to the extent that people are feeling like,
26 hey, wait a minute, I thought this IR was designated to
27 this panel, like why is that happening. I at least wanted
28 to articulate that that's likely what's been happening.

1 But the areas of responsibility were clearly articulated in
2 that two-pager that was also provided.

3 So my sense is that your question about this
4 particular, you know, element here are probably best
5 addressed to panel 1, and so we would likely end up having
6 to take an undertaking to respond to it.

7 So, after that little speech, could you kindly
8 rephrase your question, and then we can deal with whether
9 it's an undertaking or not.

10 MR. ZANINI: Yes. I just want to understand:
11 Essentially, is it a rolling five-year average of the
12 individual years or is it a rolling five-year average of
13 five-year averages?

14 So, for example, for the 2028 projection of adverse
15 environment, cell L4, is that really an average of the five
16 year average individual values of what would be going from
17 2023 to 2027? Or is it a five year average of five year
18 averages?

19 MR. KEIZER: Okay. And that's, certainly, I think
20 something that we'll take away and respond by way of
21 undertaking.

22 MR. ZANINI: Yes, thank you.

23 MR. MURRAY: That will with undertaking JT5.4.

24 **UNDERTAKING JT5.4: TO CLARIFY THE CALCULATION OF THE**
25 **FIVE-YEAR VALUES BETWEEN 2027 AND 2021, IN CELL G4.**

26 MR. ZANINI: And my last question is for 1B-Staff-18,
27 question E. So, this is for the inflation index that was
28 used non-residential buildings, a division composite from

1 Statistics Canada. Would this be the correct panel to ask
2 that question to? Just to double check.

3 MR. KEIZER: I believe so, yes.

4 MR. ZANINI: Okay. So, my question is, why was the
5 full division composite used, considering that in the
6 division composite is items such as fireproofing, plumbing,
7 HVAC and exterior improvement, instead of individual
8 components that are more specific to Toronto Hydro, such as
9 utilities or electrical?

10 MS. COBAN: I actually don't have that answer with me
11 today in terms of the rationale. And I'm also not sure if
12 maybe there's an error here in terms of noting the division
13 composite. So, I would like to just take that back and
14 confirm with you whether that's correct. And if we did use
15 it, and we can provide a rationale as to why it was all-
16 encompassing.

17 MR. ZANINI: Thanks.

18 MR. MURRAY: That will be undertaking JT5.5.

19 **UNDERTAKING JT5.5: TO CLARIFY THE USE OF THE FULL**
20 **DIVISION COMPOSITE IN 1B-STAFF-18E.**

21 MR. ZANINI: And that's all that I have, thanks.

22 MR. MURRAY: Thank you, very much, Mr. Zanini. Next
23 on the list for Board Staff is Ms. Wong.

24 **EXAMINATION BY MS. WONG:**

25 MS. WONG: Good morning, panel. My name is Dana Wong,
26 I'm a senior advisor with the regulatory accounting
27 department. My questions today will be focused mainly on
28 the DVA continuity schedule, updated on April 2nd. My

1 first set of questions are around the cloud computing
2 account, row 55 of the schedule. If you're not able to
3 pull it up, it's okay.

4 MR. KEIZER: There we go. There it is in living
5 colour.

6 MS. WONG: I just have a summary. Thank you. So, on
7 row 55, for 2023, there was approximately \$500,000 that was
8 incurred, and then another three and a half million is
9 forecast for 2024, for a total recovery of \$4.1 million in
10 the cloud computing account.

11 Is it correct that Toronto Hydro is requesting the
12 disposition of the \$4.1 million in this proceeding?

13 MR. ZENI: Yes, that is correct.

14 MS. WONG: Thank you. Probably by way of undertaking,
15 can you provide the nature of the costs that were recorded
16 in this account or to be recorded in the accounts, and also
17 provide a breakdown of the costs by cloud solution? For
18 each solution, can you provide the details regarding the
19 type of costs, for example, configuration, testing, data
20 conversion; the nature of the costs, capital or OM&A, using
21 the IFRS standard; and then when these costs were incurred
22 or are expected to be incurred?

23 MR. ZENI: Yes, we can do that. Just a clarification,
24 on all the costs are OM&A costs as per IFRS, the
25 implication cost relating to cloud solutions are considered
26 as part of OM&A. For the breakdown of the cost and the
27 projects, we can take that as an undertaking.

28 MR. MURRAY: That will be undertaking JT5.6.

1 **UNDERTAKING JT5.6: REGARDING THE DVA CONTINUITY**
2 **SCHEDULE UPDATED APRIL 2, ROW 55, TO PROVIDE THE**
3 **NATURE OF THE COSTS RECORDED OR TO BE RECORDED IN THE**
4 **ACCOUNTS, WITH A BREAKDOWN OF THE COSTS BY CLOUD**
5 **SOLUTION; FOR EACH SOLUTION, TO PROVIDE DETAILS OF**
6 **TYPE OF COSTS, SUCH AS CONFIGURATION, TESTING, DATA**
7 **CONVERSION; NATURE OF THE COSTS, CAPITAL OR OM&A,**
8 **USING THE IFRS STANDARD; AND THE DATES THE COSTS WERE**
9 **INCURRED, OR WHEN THEY ARE EXPECTED TO BE INCURRED.**

10 MS. WONG: Can you please clarify if any of the costs
11 in the cloud computing account are associated with the new
12 enterprise data centre?

13 MR. ZENI: I believe that would have been a question
14 for Ms. Woo on panel 2.

15 MS. WONG: If we can have an undertaking for that,
16 please?

17 MR. KEIZER: That's fine.

18 MR. MURRAY: That will be undertaking JT5.7.

19 **UNDERTAKING JT5.7: TO CLARIFY IF ANY OF THE COSTS IN**
20 **THE CLOUD COMPUTING ACCOUNT ARE ASSOCIATED WITH THE**
21 **NEW ENTERPRISE DATA CENTRE.**

22 MS. WONG: Thank you. And 2B-Staff-263, Toronto Hydro
23 states that in lines 1 through 3 -- sorry, of page 3. Yes,
24 right. Page 3, yes, lines 1 through 3 -- that the proposed
25 2025 through 2029 OM&A funding includes a forecast of
26 incremental cloud implementation and subscription costs,
27 and so will not pursue the use of the deferral account for
28 that period. Is that still Toronto Hydro's position?

1 MR. ZENI: Yes, that is correct.

2 MS. WONG: Okay. Can you please explain how these
3 costs are incremental to base rates?

4 MR. ZENI: I think what the paragraph there is trying
5 to say is that the reason that we are not pursuing a
6 variance account for cloud computing is that our rate
7 application includes a consideration for cloud computing
8 solutions as part of the OM&A supporting the request, the
9 requested funding. So, because that consideration is
10 already built into rates, we don't need to have a deferred
11 variance account, or a deferral account, sorry.

12 MS. WONG: Thank you. In reference, though, to the
13 \$4.1 million in the deferral account being requested for
14 disposition, can you explain how those costs are
15 incremental to base rates?

16 MR. ZENI: Those costs are incremental to the base in
17 the sense that in the last rate application, we did not
18 include any consideration for cloud solutions in our
19 forecast. So, all expenditures in OM&A related to cloud
20 are incremental in the 2020 to 2024 period.

21 MS. WONG: Thank you. Can you explain if Toronto
22 Hydro has identified and recorded or plans to record any
23 savings with regards to the incremental cloud computing
24 costs of \$4.1 million?

25 MR. ZENI: Sorry, just to make sure we understood the
26 question, do you mind repeating that again?

27 MS. WONG: Yes. I'm wondering if Toronto Hydro had
28 identified and recorded any savings with regards to the

1 cloud computing costs of \$4.1 million? Were there any
2 savings included in the \$4.1 million?

3 MR. ZENI: The \$4.1 million represents the cost of
4 implementing those solutions. Any savings will be
5 reflected perhaps in the capital program, where now,
6 because we are spending in cloud-type of initiatives, those
7 costs are reflected as part of OM&A versus, in the past,
8 those implementation costs would have been part of the
9 capital program.

10 MS. WONG: Can you specifically identify the savings
11 that might be part of OM&A, then, that would be related to
12 these \$4.1 million of costs?

13 MR. ZENI: We would have to take that as a way of an
14 undertaking.

15 MS. WONG: Thank you.

16 MR. MURRAY: That will be undertaking JT5.8.

17 **UNDERTAKING JT5.8: TO IDENTIFY SAVINGS THAT MIGHT BE**
18 **PART OF OM&A RELATED TO THE \$4.1 MILLION CLOUD**
19 **COMPUTING COSTS.**

20 MS. WONG: Okay. If we can move back to the DVA
21 continuity schedule, please, and row 56, account 1508,
22 subaccount, Getting Ontario Connected variance account.

23 In the April 2 update, the balance was \$2.6 million
24 for the year ending December 31, 2024. That includes
25 actual costs of \$0.9 million incurred for 2023, and then a
26 forecast amount of \$1.5 million for 2024.

27 Can you please clarify how Toronto Hydro determines
28 costs between its regular locates operations and those

1 specifically relating to the Bill 93 compliance?

2 MR. ZENI: Yes. Give me a moment, please. So in
3 order to determine how much was incremental, and given the
4 fact that our approval OM&A was approved on an envelope
5 basis, so we can -- we cannot identify how much is in our
6 funding related to locates.

7 So what we used is what we applied for in the last
8 rate application to determine how much is in funding, or
9 how much is approximately to what's in funding. We used
10 that first, to set up a benchmark.

11 The other thing that we've done is we look at our
12 historical costs to understand what was our trajectory
13 before the implementation of the new regulation.

14 So what we end up doing is that, taking that
15 historical average and using that as a benchmark and
16 comparing then actual costs incurred in the year, against
17 that. And that's how we determined the \$0.9 million that
18 was booked as part of 2023. And we took the same approach
19 for the year 2024, resulting in \$1.5 million.

20 MS. WONG: So I just have a follow-up to that: In 4-
21 Staff-296, Toronto Hydro said that:

22 "The forecasts for 2024 and 2025 remain subject
23 to significant uncertainty, given that further
24 legislation, namely Bill 153, additional
25 ministerial regulations and rules by Ontario One
26 Call will foreseeably further alter the cost
27 drivers."

28 Given that there are multiple variables driving

1 locates, how does Toronto Hydro distinguish between those
2 locates programs and specifically the effect of Bill 93?

3 MR. ZENI: Ms. Wong, I think we are getting into the
4 very details of the operational program. So I will have to
5 take that as an undertaking. I think that interrogatory
6 was better suited for Mr. Smart on panel 2.

7 MS. WONG: I apologize, but that would be appreciated.
8 Thank you.

9 MR. MURRAY: That will be undertaking JT5.9.

10 **UNDERTAKING JT5.9: REFERRING TO 4-STAFF-296, (A) TO**
11 **DESCRIBE HOW TORONTO HYDRO DISTINGUISHES BETWEEN THE**
12 **LOCATES PROGRAMS, AND SPECIFICALLY THE EFFECT OF BILL**
13 **93; (B) TO THE EXTENT POSSIBLE, TO IDENTIFY THE COSTS**
14 **FOR LABOUR, INTERNAL VERSUS EXTERNAL, EQUIPMENT**
15 **RELATED TO THE COMPLIANCE WITH BILL 93, TRAINING AND**
16 **CERTIFICATION MATERIALS, ADMINISTRATIVE AND OVERHEAD**
17 **COSTS, AND ANY PENALTIES OR FEES INCURRED FOR THE 2023**
18 **COSTS AND THE 2024 FORECAST COSTS; (C) TO DISCUSS THE**
19 **CRITERIA USED TO ENSURE COSTS WERE PRUDENTLY INCURRED.**

20 MS. WONG: As part of that undertaking, actually, can
21 I ask of Mr. Higgins to identify the costs for labour,
22 internal versus external, equipment related to the
23 compliance with Bill 93, training and certification
24 materials, administrative and overhead costs, and any
25 penalties or fees incurred for the 2023 costs and the 2024
26 forecast costs?

27 I am just trying to get a specific breakdown of what
28 is included in the amount for disposition.

1 MR. KEIZER: I am not sure if we can provide it in
2 that entire detail that you have described. So I guess to
3 the extent that we can, we will. But if we cannot, we will
4 advise.

5 MS. WONG: Yeah, best efforts would be appreciated.

6 Can Toronto Hydro please discuss their criteria that
7 was used to ensure the costs were prudently incurred?

8 MR. ZENI: We will take that as part of the
9 undertaking.

10 MS. WONG: Thank you.

11 MR. MURRAY: So just to confirm, that will be part of
12 JT5.9.

13 MS. WONG: And just some final questions on this
14 topic: Can you confirm that Toronto Hydro's OM&A expense
15 proposed in this application for 2025 to 2029 does not
16 reflect the impact of Bill 93?

17 MR. ZENI: Yes, I can confirm that.

18 MS. WONG: Can you please confirm that the continuing
19 use of the generic account is to track the GOCA costs
20 because the impact of the GOCA is not embedded in rates?

21 MR. ZENI: Yes, that is correct.

22 MS. WONG: Okay. And then, finally, in Toronto
23 Hydro's updated rate application evidence that was dated
24 April 2nd, page 19, it says that the GOCA account is
25 proposed to continue after disposition. Can you please
26 confirm that that's the case?

27 MR. ZENI: Yes, that is correct.

28 MS. WONG: And then may I ask why Toronto Hydro

1 proposes to continue the account?

2 MR. ZENI: Sorry, maybe I misunderstood. I thought
3 that was the question you asked before, is that because we
4 want to continue to capture any deviations related to the
5 implementation of these regulations to what we have
6 embedded in rates.

7 MS. WONG: Yes, so the generic GOCA account is
8 specifically for Bill 93, locate costs. Since Toronto
9 Hydro will have five years of experience, you know, by the
10 time of its next rebasing, it should be able to forecast,
11 presumably, the locate costs relating to Bill 93 for the
12 future. So I just wanted to confirm why it is asking to
13 continue the account.

14 MR. ZENI: To the extent that there still remains a
15 level of uncertainty on the implication of the
16 implementation of these, we want to continue -- we want a
17 continuation of the variance accounts to be able to collect
18 any deviation for what we have in the plan.

19 MS. WONG: Thank you. And then, so moving on from the
20 GOCA, just a couple of final questions now, relating to the
21 externally driven capital variance accounts. This is back
22 on the continuity schedule, row 60. With the update on
23 April 2nd, the new balance for disposition is \$8.6 million,
24 which represents a 7-million-dollar increase over the
25 amount in the original application of \$1.7 million. Can
26 you please explain the nature of the increase and what has
27 changed since the initial filing?

28 MR. KEIZER: I think this area of responsibility was

1 mapped to Mr. Mundenchira, who was on panel 1, so we will
2 have to take that as an undertaking.

3 MS. WONG: Okay.

4 MR. MURRAY: So we'll give that a number, I guess?

5 MR. KEIZER: Yes, please.

6 MR. MURRAY: And that will be --

7 MR. KEIZER: If there are multiple parts to this
8 question, maybe --

9 MS. WONG: There's one, yes. And then, if we can
10 please ask for the detailed supports for the \$8.6 million
11 request.

12 MR. KEIZER: That's fine.

13 MR. MURRAY: That will be undertaking JT5.10.

14 **UNDERTAKING JT5.10: WITH REFERENCE TO THE CONTINUITY**
15 **SCHEDULE, ROW 60, UPDATED APRIL 2ND, TO EXPLAIN THE**
16 **INCREASE TO THE EXTERNALLY DRIVEN CAPITAL VARIANCE**
17 **ACCOUNTS, AND WHAT CHANGED SINCE THE ORIGINAL FILING.**

18 MS. WONG: Those are all of my questions. Thank you.

19 MR. MURRAY: Thank you, Ms. Wong. Next for OEB Staff
20 is Ms. O'Connell.

21 **EXAMINATION BY MS. O'CONNELL:**

22 MS. O'CONNELL: Good morning. My name is Fiona
23 O'Connell, and I'm a senior advisor for OEB Staff
24 regulatory accounting department. Today, I'm going to
25 start off with my questions regarding PILs in Exhibit 6.
26 So as -- can you please call up 6-Staff-322, part D?

27 So, in this question, Toronto Hydro was asked if it
28 plans to record any true-ups to reflect actual capital

1 additions for the 2025 to 2029 period, related to
2 accelerated CCA in account 1592, PILs and tax variances,
3 subaccount CCA changes. This is given that Toronto Hydro
4 has requested the discontinuance of the CRRRVA in this
5 proceeding because, in the prior proceeding, these amounts
6 were recorded in the CRRRVA.

7 So, in the response to Staff D, Toronto Hydro
8 basically said they don't propose to record any true-ups to
9 reflect actual capital additions for the period I just
10 discussed, in account 1592. Toronto Hydro's rationale is
11 that this is because 1592 is specifically for the purposes
12 of tracking the impact of changes in CCA rates but not for
13 tracking forecasts. Once again, Toronto Hydro proposes to
14 discontinue the CRRRVA in this current rate period.
15 Toronto Hydro said that it plans to capture any forecasting
16 variances on its PILs requirement in its proposed DRVA.

17 So my follow-up questions are as follows. Can you
18 please confirm that Toronto Hydro's proposal is that, in
19 terms of the PILs impact of the difference between the AIP
20 and legacy CCA on the actual capital additions, that that
21 will be recorded in the December 31, accumulated and
22 recorded in the December 31, 2029 balance and that these
23 amounts will be recorded in the DRVA? Can you please
24 confirm that?

25 MR. ZENI: Just to make sure I understand, so any tax
26 variance related to the projects that qualify for those
27 specific DVAs will be captured under that DVA. Is that
28 what you're asking?

1 MS. O'CONNELL: No. My question is: Similar to the
2 last cost-based application, you were recording the
3 difference between the AIP and legacy CCA on the capital,
4 actual capital, additions. You recorded that in the
5 CRRRVA. So I'm just confirming that, in the proceeding,
6 over the current rate term, you are proposing to record it
7 in the DRVA.

8 MR. ZENI: The answer is yes, but for the projects
9 that qualify under that specific DVA, not for all capital
10 projects.

11 MS. O'CONNELL: Okay, so where are you proposing to
12 record the other impacts?

13 MR. ZENI: The other impacts will be part of normal
14 variance, and they wouldn't be captured under any DVA
15 because those variances related to tax would not be as a
16 result of difference or changes in legislation; it will be
17 based on potential differences in the execution of the
18 programs.

19 So, even though the execution and the difference in
20 the forecasting might have a tax implication, those
21 variances wouldn't qualify for account 1592.

22 MS. O'CONNELL: But, essentially, the difference would
23 be between a legacy CCA and the AIP CCA, right, on all
24 capital additions? Right? But what you're saying is that
25 the DRVA will only capture certain capital additions and
26 not all capital additions.

27 MR. ZENI: Right. But the difference in the CCA is
28 the difference that is originated based on differences in

1 forecast of in-service additions, it's not a difference due
2 changes to tax legislation. Our plan today, our proposal
3 already has that consideration built into the plan. So,
4 we're already accounting for the accelerated CCA in the
5 plan, so we don't anticipate changes in legislation, so we
6 don't anticipate variance related to changes in the
7 treatment of the CCA. Any variances will be related to the
8 actual project execution, like difference in-service
9 additions.

10 MS. O'CONNELL: But do you agree that the amounts
11 proposed embedded in proposed 2025 to 2029 base rates,
12 that's based on projected capital additions, not actual.
13 Right?

14 MR. ZENI: That's correct.

15 MS. O'CONNELL: So, you need an account to, basically,
16 capture what's in your base rates, right, and a true-up to
17 actual capital additions. And from what I'm hearing is
18 you'll record some of that in a DRVA but not all?

19 MS. COBAN: Maybe I will try to help you out with
20 this, Ms. O'Connell. In term of the, as we've set out in
21 evidence, it is our view, having been managing this account
22 for over 10 years and our capital program over the last two
23 custom IR periods, that we've been successful in
24 demonstrating our ability to deliver that capital within
25 very reasonable margins of variance. So, for that reason,
26 we are proposing to do away with the CRRVA and to look at
27 those variances in a more specific context in terms of the
28 accounts that are subject to greater degrees of variability

1 for all the reasons that we talked about over the last
2 couple of days.

3 So, that's the proposal that we have in front of the
4 Board in terms of the true-ups with respect to capital
5 additions.

6 MS. O'CONNELL: Thank you. So, just along those
7 lines, basically does -- so if you are going to record some
8 of these amounts in DRVA, wouldn't there be a risk that
9 there may be some credits that arise from the tax changes
10 from the AIIP, the risk is that if these are recorded in
11 the DRVA, and may be offset by other elements of Toronto
12 Hydro's capital related revenue requirements. So, what I'm
13 getting at is that if it's recorded in 1592 it's a distinct
14 credit, but if it's recorded in the DRVA, it may be washed
15 against a net of other capital related revenue requirement
16 items?

17 MR. ZENI: Once again, to the extent that those
18 variances will arise from a change in forecasting
19 assumptions to those related to those specific programs,
20 they're going to be captured under that DVA. If there's a
21 change in legislation in the future that will cause a
22 deviation from what we have in the plan versus to what we
23 actually incur, those difference then will be captured
24 under account 1592.

25 MS. O'CONNELL: Thank you. So, if the DRVA -- if the
26 establishment of the DRVA is not approved by the OEB in
27 this proceeding, what account does Toronto Hydro propose to
28 use instead of the DRVA to capture the impacts that we

1 discussed?

2 MR. ZENI: I don't think we have considered that. I
3 think I can't really speak to that hypothetical.

4 MS. O'CONNELL: Okay. Thank you. Okay. So, moving
5 on to Staff -- 6-Staff-320. So, you see on table 6.2
6 there, comparison of capital additions right there in the
7 preamble. Essentially this table provides the comparison
8 of the capital additions in the PILs model, schedule 8,
9 versus the appendix 2-BA.

10 So, you did provide a reconciliation between these
11 amounts in your interrogatory response, however, your
12 comparison was related to outdated evidence. You pointed
13 to the November 17th, 2023, Appendix BA, instead of the
14 most up to date. Could you please provide an undertaking
15 to basically update this table with the most recent version
16 of the PILs model, and the most recent version of capital
17 additions in appendix 2-BA?

18 MR. ZENI: Yes, we can.

19 MS. O'CONNELL: Thank you. Yes. So, update the
20 table, compare and explain, please, okay? And then the
21 second -- something similar in 6-Staff-321.

22 MR. MURRAY: Ms. O'Connell, before we go there, should
23 we mark that first one?

24 MS. O'CONNELL: Yes, please. Thank you.

25 MR. MURRAY: The first one as an undertaking so we
26 don't lose track. The first one will be JT5.11.

27 **UNDERTAKING JT5.11: (A) TO UPDATE TABLE 6.2 IN 6-**
28 **STAFF-320 WITH THE MOST RECENT VERSION OF THE PILS**

1 **MODEL AND THE MOST RECENT VERSION OF CAPITAL ADDITIONS**
2 **IN APPENDIX 2-BA; AND TO COMPARE AND EXPLAIN THE**
3 **VARIANCES; (B) TO UPDATE THE DEPRECIATION TABLE IN 6-**
4 **STAFF-321 IN THE SAME WAY.**

5 MS. O'CONNELL: Okay. Thank you. So, this is a
6 similar undertaking, so once again you provided this
7 table --

8 MR. KEIZER: Sorry, Ms. O'Connell, can we just make
9 sure we have got the right table? The last undertaking we
10 gave was in respect of which table, sorry?

11 MS. O'CONNELL: Sorry, scroll up, Staff-320. So, that
12 6 -- What I would like is table 6.2 to be updated with the
13 most recent version of the PILs model, capital additions,
14 and the most recent version of Appendix 2-BA, capital
15 addition.

16 MR. KEIZER: Fine. So it's the table that's on the
17 screen?

18 MS. O'CONNELL: Yes.

19 MR. KEIZER: Understood.

20 MS. O'CONNELL: And then explain the differences. And
21 then the same thing, Staff-321. Do the same thing for
22 depreciation. So, that can be rolled into one
23 interrogatory -- into one undertaking.

24 MR. KEIZER: That's fine.

25 MS. O'CONNELL: So, that's to update the tables, and
26 explain the variances.

27 So, I just have one final tax question. And if you
28 could turn to the April 2nd PILs model, please, Excel

1 model. Can you please go to tab 2026 to 2029. It's right
2 at the right. Keep going right. Yes, right there.

3 So, I just wanted kind of a high level -- so see line
4 16 there, the capital contributions received of 132
5 million. Basically, that's the same amount that's in all
6 the test years, 2025 to 2029. And there are other amounts
7 as well that haven't changed. I just wanted, at a high
8 level, if you could explain why most of the numbers on this
9 tab have not changed from the taxable income tab for the
10 test year. At a high level, can you just explain why there
11 are no changes embedded in this tab?

12 MR. ZENI: I would have to that I can that as an
13 undertaking.

14 MS. O'CONNELL: Okay. Thank you.

15 MR. MURRAY: That will be undertaking JT5.12.

16 **UNDERTAKING JT5.12: TO EXPLAIN THE FIGURE FOR CAPITAL**
17 **CONTRIBUTIONS FOR 2026 TO 2029 IN THE APRIL 2ND UPDATE**
18 **TO THE PILS MODEL.**

19 MS. O'CONNELL: Okay. Thank you. So, moving on to
20 group 1, deferral and variance accounts. Can you please
21 turn to Exhibit 9, Tab 1, schedule 1, page 28. Okay. So,
22 it's the second paragraph of this exhibit. So, right there
23 on line 10. So, Toronto Hydro basically said that through
24 the discovery phase of this proceeding, Toronto Hydro will
25 update the evidence to support the clearance of the group 1
26 DVAs for the 2023 period. However, that said, OEB Staff
27 notes that there still is insufficient evidence on the
28 record to support clearance of these group 1 DVAs.

1 The preamble of 9-Staff-349, if you go to 9-Staff-349,
2 please. So basically, Staff basically said that there are
3 a lot of blanks in the DVA continuity schedule that need to
4 be completed. And it's still -- in the most recent DVA
5 continuity schedule filed April 2, there are still blank
6 tabs, despite Staff's requests, both off the record and on
7 the record.

8 Can you please provide an undertaking to file a
9 complete DVA continuity schedule, with updating of all
10 tabs?

11 MR. ZENI: I believe the reason for that has to do
12 with the timelines related to RRR reporting. I am not sure
13 if we can provide that information in the timeline assigned
14 to undertakings. But perhaps it can be done once we file
15 RRR, as part of RRR reporting.

16 MS. O'CONNELL: But the RRR, it's based on a load
17 forecast, not your RRR kilowatt-hours and kilowatts.

18 MS. DOLZHENKOVA: Yes. I would like just to clarify.
19 We just filed our load forecast update on April 2. So we
20 are now in the position to update the remaining tabs and
21 the full DVA continuity schedule.

22 MS. O'CONNELL: Okay, great. You will do that as part
23 of the undertaking?

24 MS. DOLZHENKOVA: That's correct.

25 MS. O'CONNELL: Great. Thank you.

26 MR. MURRAY: That will be undertaking JT5.13.

27 **UNDERTAKING JT5.13: TO FILE AN UPDATED VERSION OF THE**
28 **COMPLETE DVA CONTINUITY SCHEDULE.**

1 MS. O'CONNELL: Okay. And the second thing, a similar
2 request is regarding the GA analysis work form. It was
3 asked for both -- a few times, off and on the record. Can
4 you please provide an updated GA analysis work form with
5 the 2023 balances? Can you please provide an undertaking
6 to file this on the record?

7 MR. ZENI: We will take that as an undertaking.

8 MS. O'CONNELL: Thank you.

9 MR. MURRAY: That will be undertaking JT5.14.

10 **UNDERTAKING JT5.14: TO FILE AN UPDATED VERSION OF THE**
11 **E-ANALYSIS WORK FORM.**

12 MS. O'CONNELL: Okay. So I am next moving to cost of
13 capital. So I just wanted to go to 5-Staff-312. So in the
14 response to 5-Staff-312, essentially you said that for the
15 short-term debt rate, you intend to use the short-term debt
16 rate to be issued by the OEB in October 2024 as part of the
17 DRO.

18 I just wanted to confirm that you're proposing to use
19 the short-term debt rate that will be issued by the OEB in
20 October 2024 for all five years of the 2025 to 2029 term?

21 MR. ZENI: That is correct.

22 MS. O'CONNELL: Great. Thank you.

23 And similarly for ROE, can you please confirm that
24 Toronto Hydro is proposing to use the ROE based on the ROE
25 issued by the OEB in October 2024 for all five years of the
26 2025 to 2029 rate term?

27 MR. ZENI: Yes, that is correct.

28 MS. O'CONNELL: Thank you. And then finally regarding

1 this line of questioning, can you confirm that Toronto
2 Hydro is proposing to use the same long-term rate of 3.95
3 percent for all years of its 2025 to 2029 rate term?

4 MR. ZENI: As we mentioned in our response, I think
5 what we will propose to use is the rate that results, based
6 on the current proceeding. But yes, it will be the same
7 rate for the five years.

8 MS. O'CONNELL: So it will be the 3.95 percent for the
9 five years?

10 MR. ZENI: If for whatever reason something changes in
11 the proceeding based on the discussions that we are having,
12 and that rate changes, we will use the change that results
13 as part of that outcome.

14 MS. O'CONNELL: Okay. Thank you. So if you go to 3-
15 5-13, Part C? Sorry, 5-Staff-313, C? Okay. So basically
16 I was asking if there were any debt instruments that had
17 been issued since the filing of your application last
18 November. And you said, "Please see attached A and B to
19 this response."

20 There was an appendix B, but no appendix A. Can you
21 provide an undertaking to provide the Appendix A?

22 MR. ZENI: Sorry, give me one minute.

23 MS. O'CONNELL: Thank you.

24 MR. ZENI: If I can direct your attention to appendix
25 2-OB, where we have a list of all the debt instruments.

26 MS. O'CONNELL: That's your appendix A; it is the
27 Excel file?

28 MR. ZENI: Yeah.

1 MS. O'CONNELL: Okay. Thank you.

2 MR. ZENI: So I think that's the reference.

3 MS. O'CONNELL: Okay. Okay. That's fine, thank you.
4 Okay.

5 So there has been a lot of talk in this technical
6 conference about the new group 2 DVAs that Toronto Hydro is
7 requesting. And there's been a lot of talk about the
8 custom -- proposed custom IR framework.

9 Can you please refer to 5-EP-34, part C. So in 5-EP-
10 34, part B, Toronto Hydro was asked to confirm that the
11 proposed custom IR lowers its business risk.

12 Toronto Hydro's response was essentially no, and it is
13 because you are saying that your custom rate framework
14 allocates, appropriately allocates risk between the utility
15 and ratepayers.

16 As well, in part D, Toronto Hydro was asked if the OEB
17 approves Toronto Hydro's custom IR, should the debt-equity
18 thickness be reduced in alignment with the reduction in
19 risk.

20 Toronto's response again was no, the business and
21 financial risk has not been reduced under the proposed
22 framework. And basically then, you pointed to the PIM and
23 said that the PIM places business performance and earnings
24 risk on the utility to the benefit of ratepayers.

25 So Energy Probe in 5-EP-34 -- and CCC touched on this
26 in 5-CCC-62, basically saying that the OEB may potentially
27 reduce Toronto Hydro's deemed equity thickness for reduced
28 business risk.

1 Does Toronto Hydro have the same answer regarding
2 whether the OEB should consider a reduced ROE, meaning --
3 to compensate for a lower risk profile, meaning that,
4 through the PIM, that the OEB -- is Toronto Hydro's view
5 that the OEB should not reduce its allowed ROE for the same
6 reasons, that, through the PIM, the proposed framework
7 places a significant business performance and earnings risk
8 on the utility, to the benefit of ratepayers?

9 MS. COBAN: Yes, it is our position that the rate
10 framework, which we designed specifically with the intent
11 of shifting additional risk onto the utility, reflecting on
12 the feedback that we received from the Board in the last
13 application with respect to that balance of risk in our
14 previous framework, the way that we responded to that
15 feedback was through the design of the PIM and the
16 voluntary, up-front reduction that the PIM provides through
17 the .6 portion of the X factor and the earnings risk that
18 that imposes on the utility, as we talked about yesterday,
19 in terms of that 65-million-dollar reduction.

20 In terms of the group 2 accounts that we looked at and
21 I think we talked about yesterday, it is our view that
22 those group 2 accounts do not reduce the regulatory risk as
23 there is no certainty of recovery with respect to any
24 amounts that are booked in those accounts. They are a
25 vehicle for tracking that variance, and the onus remains on
26 us to ensure that every dollar that is in that account
27 remains prudent and will be brought forward for
28 disposition, with supporting evidence and details in the

1 next application.

2 With respect to the broader risk question in terms of
3 business risk, I would like us to go to 5-Staff-315 and the
4 response to part A, where Toronto Hydro set out in detail
5 its view with respect to the business and financial risk
6 that the utility faces, both existing risks as well as
7 emerging risks that are set out in detail on those bullet
8 points.

9 MS. O'CONNELL: Great. Thank you. I just have one
10 more set of questions. So, if you could, go to Exhibit 1C,
11 tab 3, schedule 7, so 1C, tab 3, schedule 7. So if you go
12 to Appendix A, so if you scroll down, scroll down, at the
13 top of page 2, we basically -- sorry, in the middle of
14 page 2, under where it says, "We assess THC's business
15 profile as excellent." So is S&P saying -- so scroll down.
16 It's the first paragraph above "Outlook."

17 So S&P is basically saying that Toronto Hydro has a
18 lower risk business. And, as well, if you go to the DBRS
19 report, Appendix B, page 2, under "Strengths," 1, it also
20 talks about low-risk distribution business.

21 So I know I asked you a question in 5-staff-316, part
22 B, if you go to 5-staff-316, part B. So I asked a question
23 about your requested allowed ROE or requested deemed
24 capital structure.

25 So my question is, since the rating agencies indicate that
26 Toronto Hydro possesses very low risk, have Toronto Hydro
27 in the past has -- have the credit agencies in the past
28 year had any concerns with Toronto Hydro's deemed capital

1 structure or ROE, given their comments, given S&P's
2 comments and DBRS's comments that Toronto Hydro is a low-
3 risk business?

4 MR. KEIZER: Sorry, can you just repeat that question
5 again? Sorry.

6 MS. O'CONNELL: Sure. So basically what I'm touching
7 at is: S&P and DBRS are saying that Toronto is a low-risk
8 business. I asked you a question about whether rating
9 agencies had expressed concerns with respect to Toronto
10 Hydro's requested allowed ROE and requested deemed capital
11 structure.

12 But my question is: At any point in the past year,
13 was Toronto -- were the rating agencies concerned with the
14 deemed equity thickness and allowed ROE, given their
15 comments that Toronto Hydro is a low-risk business?

16 MR. KEIZER: You just have to be careful, though, in
17 terms of the comment about being a low-risk business.
18 Those commentaries aren't relative to the same perspective
19 that the OEB would have relative to all other LDCs. I
20 mean, they're looking at businesses on a broad-based
21 perspective, so I'm not quite sure I understand your
22 question in the context of this proceeding.

23 But is your question fundamentally: Are there any
24 changes from the rating reports or the discussions of the
25 reports that are already in the record? Is that what
26 you're asking?

27 MS. O'CONNELL: Basically what I'm highlighting is the
28 fact that S&P and DBRS, they're both pointing to the same

1 thing, that Toronto Hydro is a low-risk business. Right?
2 And Toronto Hydro said that the rating agencies were not
3 concerned with its requested ROE or deemed equity
4 thickness.

5 So my question is just: At any point in the past
6 year, were there any concerns voiced by these rating
7 agencies that may not necessarily be on the record?

8 MR. ZENI: And we provided a response to that question
9 on 5-Staff-316, part B, so --

10 MS. O'DONNELL: Yes, I did. Yes.

11 MR. ZENI: -- the answer is the same.

12 MS. O'CONNELL: Okay. Okay, yes. Thank you. Those
13 are all my questions. Thank you.

14 MR. MURRAY: Mr. Wasylyk.

15 **EXAMINATION BY MR. WASYLYK:**

16 MR. WASYLYK: Good morning, witness panel. My name is
17 Josh Wasylyk, OEB Staff. I have got a couple of questions
18 for you this morning. First, I would like to take you to
19 the response to 1B-Staff-49 and the attachment. This is
20 with respect to the non-wires proposal and the local demand
21 response program and the BCA analysis that you've
22 completed. And, if you can actually open up Appendix A,
23 it's a -- maybe I will just ask the question. If we need
24 to open up Appendix A -- I don't think so.

25 I'm just going to refer, actually, to one of the
26 assumptions that you've included in the BCA calculation,
27 and that's at line 11. It's the CCA class 47 tax rate of
28 8 percent. Are you familiar with that?

1 MR. ZENI: Yes, that is correct.

2 MR. WASYLYK: Okay, fantastic. I don't think we need
3 to pull up the Excel file if you're familiar with that.
4 So, as part of your evidence, you described the phase-out
5 of accelerated CCA at Exhibit 6, Tab 2, schedule 1, and you
6 state that, for eligible assets acquired after November
7 20th, 2018 and put in service after 2023 and before 2028,
8 the accelerated CCA is up to two times the normal first-
9 year CCA deduction. Is that correct?

10 MR. ZENI: That is correct. However, I need to
11 highlight that, subsequent to the discussion on panel 1 --

12 MR. WASYLYK: Mm-hmm?

13 MR. ZENI: -- we reran the model, and I actually asked
14 my tax team to look at the model again and recalculate the
15 CCA. When you do a model, you do that at a higher level,
16 so we took another look at that; the tax team took another
17 look at that. Out of that assessment, we have a revised
18 number, so, if you go back to that table that shows the --
19 I think it shows a \$3.3 million NPV on revenues.

20 MR. WASYLYK: Mm-hmm?

21 MR. ZENI: The new number is going to be \$3.7 million
22 savings, so that's going to be provided as way as an
23 update, and we're going to be providing the model, the
24 updated model.

25 MR. WASYLYK: Okay. Thank you for that.

26 MS. COBAN: Sorry. May we please get an undertaking
27 to provide that updated model, just to make it efficient
28 for us to get that on the record.

1 MR. MURRAY: That will be undertaking JT5.15.

2 **UNDERTAKING JT5.15: TO FILE THE UPDATED MODEL FOR**
3 **ACCELERATED CCA AT EXHIBIT 6, TAB 2, SCHEDULE 1.**

4 MR. WASYLYK: Great. Thank you for that. And so
5 maybe it's going to be explained there, but maybe you can
6 just discuss right now, just for a moment, the inclusion of
7 the CCA class 47 tax rate, or, if there's been any updates
8 to that, maybe you can just describe that a little bit here
9 so that we have got some understanding.

10 MR. ZENI: It is going to be included, and I think it
11 was included in the original version, and it is going to be
12 included in the update, as well. And so, yes, I want to
13 confirm that the accelerated CCA has been a consideration
14 in the model.

15 MR. WASYLYK: Okay. Thanks. So one follow-up, then:
16 Have you performed any sensitivity analyses on the NPV
17 calculations, specifically showing the impact of the BCA
18 calculation of including the proposed class 47 capital
19 addition in 2028, so then after the end of the phase-out of
20 the accelerated CCA period versus before 2028, which has
21 been done thus far?

22 MR. ZENI: No, we haven't.

23 MR. WASYLYK: Would you take as an undertaking to
24 provide that sensitivity update and run the CCA numbers
25 after 2028?

26 MR. ZENI: We can do that.

27 MR. MURRAY: That will be separate undertaking? Just
28 to confirm.

1 MR. WASYLYK: Yes. I think it's best to be as a
2 separate undertaking.

3 MR. MURRAY: Let's do that. Undertaking JT5.16.

4 **UNDERTAKING JT5.16: TO PROVIDE THE SENSITIVITY**
5 **ANALYSES ON THE NPV CALCULATIONS, AND RUN THE CCA**
6 **NUMBERS AFTER 2028.**

7 MR. WASYLYK: Thank you for that. Okay. Now, moving
8 on to a different topic area, related to the Innovation
9 Fund, and these will be primarily in response to CCC-46.
10 And you spoke with Mr. Daube yesterday about the types of
11 external stakeholders that you'll engage to form the pilot
12 selections and you pointed to the list that you provided in
13 evidence at Exhibit 1B, tab 4, schedule 2, pages 10 and 11,
14 and thanks for the reference.

15 One direct follow-up there, will Enbridge Gas also be
16 included in Toronto Hydro's external stakeholder
17 consultations? Yes, there's the list there.

18 MS. COBAN: As you see there in the bulleted list, we
19 do envision that other regulated entities, distributors in
20 Ontario, we didn't mean for that to be just limited to
21 electricity.

22 MR. WASYLYK: Okay. Perfect. Thank you for that
23 clarification. I appreciate that. And similarly, can you
24 discuss if and how Toronto Hydro will coordinate with Staff
25 from the OEB and the IESO, who are leading each
26 organization's innovation team, so the OEB Innovation
27 Sandbox, and the IESO Grid Innovation Fund, to ensure
28 there's coordination and efforts should Toronto plan to

1 pursue a project area that's already being considered or
2 actively being explored?

3 MS. COBAN: Thank you for the question. Certainly as
4 part of the general stakeholdering, it's our expectation
5 that the IESO and OEB sandbox teams would take an interest
6 in what we're doing here, so we envision that there will be
7 some collaboration or information sharing as part of that
8 stakeholdering, and if there is appetite for more in depth
9 collaboration, we're open to hearing from Staff as to what
10 that might look like. We haven't set out anything
11 specifically, but that's not because we're trying to
12 preclude it, but because we want to have a collaborative
13 discussion around what would be best suited for that
14 collaboration.

15 MR. WASYLYK: Okay. Perfect. Thank you for that.
16 Similarly, and I think you confirmed this with Ms. Girvan
17 yesterday, but just for my -- just to help me. Can you
18 confirm that Toronto is open to working, and I think you
19 just kind of spoke to this here, but is open to working in
20 collaboration with other LDCs on pilot projects that are
21 ultimately selected through its Innovation Fund?

22 MS. COBAN: We're not opposed to that.

23 MR. WASYLYK: Okay. And so, will you actively seek
24 these opportunities?

25 MS. COBAN: As I think we set out in the evidence, the
26 stakeholdering that we intend to do is at the outset of our
27 process in terms of determining what specific projects we
28 intend to execute, and getting insights from the sector in

1 terms of technologies, in terms of other work that other
2 entities are doing with respect to innovation so we can
3 factor that into our project selection criteria.

4 MR. WASYLYK: Okay. So, you'll be open and assess the
5 market and where there's opportunities, look to pursue
6 those?

7 MS. COBAN: Correct.

8 MR. WASYLYK: Okay. Perfect. Thank you for that.
9 Just carrying on. With respect to reporting on the pilot
10 projects, you've noted that there will be three types of
11 reports produced, each with different purposes, there will
12 be the pilot selection report with rationale for Toronto's
13 divisions on which projects to pursue, milestone reports to
14 document progress and expenditures to be used internally,
15 and finally pilot evaluation and learnings reports. Are
16 those the three that you're considering?

17 MS. COBAN: Yes, I believe we set that out in
18 evidence.

19 MR. WASYLYK: Just a confirmation. Now, you've
20 indicated that the third report that I mentioned there, the
21 pilot evaluation and learnings report, will be shared with
22 the OEB Innovation Sandbox team, and Toronto Hydro
23 indicated and, I think it was in response to the CCC-46
24 interrogatory response, that, and I'm quoting here, "the
25 key takeaways from this report could then be shared with
26 industry stakeholders."

27 I just was hoping that you could elaborate on that
28 excerpt there on what exactly that means. And if it's your

1 proposal that only the key takeaways from that report would
2 be shared more broadly, or if your expectation is that that
3 report would be shared more broadly.

4 MS. COBAN: I think we were -- it's difficult to say
5 sitting here today exactly the level of detail that we
6 might get into that report. As an example, it may be that
7 we've done something with a specific customer, and there's
8 a fair bit amount of confidential information with respect
9 to that customer, its load profile, its business. So, we
10 would have to evaluate that in terms of the information
11 that's in the report.

12 But the intent here really is to share our experience,
13 and our learnings, and our findings with the sector where
14 that information is going to provide value in terms of
15 advancing innovation in the sector, and the only things
16 we'd be holding back are things that are sensitive,
17 commercially sensitive, either to us or to the parties we
18 engage with.

19 MR. WASYLYK: Perfect, thank you very much, that's
20 helpful. And finally, in this area, sorry. Two more
21 things. You've identified the four potential pilot project
22 concept areas that could be pursued through the requested
23 Innovation Fund, and this is flexible connections, EV
24 commercial fleet charging, EVDR, and advanced micro-grid.
25 So, just a couple follow-ups to these.

26 Are these still just hypothetical concepts or have you
27 given any further thought to the development of the four
28 pilot project concept areas, and I'm thinking more along

1 the levels of high level cost forecast, general timelines.
2 Or is this something you'll wait for to explore more in
3 consultation with stakeholders after OEB approval?

4 MS. COBAN: That's right. We've set out in Appendix A
5 what we know today about these areas of potential
6 innovation, and Mr. Higgins and Ms. Marzoughi on panel 1
7 talked about these pilot project concepts emanating from
8 our grid modernization strategy, and the grid readiness
9 component of that strategy. But in terms of the specifics
10 that you're looking for, we are, of course, waiting to see
11 what happens with the approval of the Innovation Fund, as
12 well as broader approvals that we've asked for in this
13 application with respect to our workforce, and capabilities
14 that we're looking to build in terms of different segments
15 of our workforce.

16 So that is one important data point that we need to
17 have before we can evaluate what the execution
18 implementation of those projects would look like, as well
19 as the stakeholdering that we talked about in terms of
20 canvassing what's happening in the sector, and making sure
21 we are feeding that intelligence back into our decision
22 making with respect to the pilots.

23 MR. WASYLYK: Okay. Great. Thank you. So, with
24 these being the four concept areas that you've highlighted
25 thus far, and kind of what's in front of stakeholders to
26 consider, are you able to prioritize and rank these four
27 pilot project areas based on importance to Toronto Hydro
28 and its customers? And this would be useful to help

1 understanding the key considerations that you pointed to
2 yesterday in your conversation with Mr. Rubenstein at
3 Exhibit 1B, 4, Schedule 2, when he was asking you about
4 criteria and metrics.

5 MS. COBAN: I think we could take that away and
6 discuss it internally in terms of that kind of
7 prioritization. I don't know if we'll get to a
8 prioritization as a result of that discussion, but we can
9 look at it and set out our position and undertake.

10 MR. WASYLYK: Okay. That would be great. Mr. Murray,
11 if we can have an undertaking for that, and I'll just
12 clarify before you give it a number. And that would be for
13 Toronto Hydro to review and assess and report back on a
14 prioritization or the ability to prioritize and rank the
15 four pilot project concept areas using the key
16 considerations outlined in Exhibit 1B, section 4.1. Is
17 that fair?

18 MS. COBAN: That's perfect.

19 MR. MURRAY: That will be undertaking JT5.17.

20 **UNDERTAKING JT5.17: TO REVIEW AND ASSESS AND REPORT**
21 **BACK ON A PRIORITIZATION OR THE ABILITY TO PRIORITIZE**
22 **AND RANK THE FOUR PILOT PROJECT CONCEPT AREAS USING**
23 **THE KEY CONSIDERATIONS OUTLINED IN EXHIBIT 1B, SECTION**
24 **4.1.**

25 MR. WASYLYK: Thank you. And finally, last question
26 on this topic area, to follow-up on a conversation you were
27 having with Ms. Girvan yesterday with respect to CCC-47,
28 she asked how funding sources from outside venues such as

1 Natural Resources Canada would be accounted for as part of
2 the Innovation Fund variance account. And you indicated
3 that this would be included in the variance account, any
4 outside funding, and I think this is confirmed in evidence
5 as well. But I'm hoping you can just briefly touch on and
6 elaborate on this proposed approach, and if you can confirm
7 if all funding sources from outside parties related to
8 innovation, including, for example, EnerCan or the IESO
9 would be accounted for as part of the Innovation Fund
10 variance account?

11 MS. COBAN: That's correct. As well as if we enter
12 into partnerships that, you know, result in maybe parties
13 contributing funds or, you know, we would have to cross
14 that bridge. But the intent of the variance account is to
15 make sure that if there are external sources of funding
16 that are contributing to the pilot projects, that customers
17 are getting that benefit.

18 MR. WASYLYK: Perfect. Thank you for that
19 clarification confirmation. Okay. Final topic area, near
20 and dear to my heart, lost revenue adjustment mechanism
21 variance account. And you filed an update on April 2, with
22 an updated LRAMVA work form. So I appreciate you filing
23 that.

24 Just a couple of follow-ups with respect to the
25 updated figures. First is -- I am not sure if you want to
26 pull it up. The specific reference is THESL-9-TO2,
27 schedule 3, appendix A. And it is the 2020 to 2024 LRAMVA
28 final Excel file.

1 Or, if you are familiar with it, I can just ask a
2 couple of questions and...

3 MS. DOLZHENKOVA: You can ask the questions, and then
4 we can go from there.

5 MR. WASYLYK: There we go, it's up on the screen.
6 Thank you, very much. Okay.

7 So first, as part of tab 1, and I will just focus on
8 the LRAMVA summary. When compared to the initial filing,
9 there was -- it appears that the updates here show that
10 there have been updates to actual CDM results for 2020,
11 2021, and 2022. Is that correct?

12 MS. DOLZHENKOVA: That's correct.

13 MR. WASYLYK: Okay. Can you just discuss what led to
14 those updates for those results? And you were speaking
15 with Mr. Harper yesterday morning, I think, regarding
16 receiving final results from the IESO regarding CFF
17 programs. Were these the results that were used to inform
18 these updates?

19 MS. DOLZHENKOVA: That's correct. There were some
20 programs that were closed off during 2023 with completion
21 dates and -- as you mentioned in 2020 to 2022.

22 MR. WASYLYK: Okay, perfect. Thank you, for that.

23 And maybe if you can confirm or if not provide the
24 final IESO EM&V reports that support these updates for the
25 2020 to 2022 lost revenues?

26 MS. DOLZHENKOVA: I know we have provided appendices R
27 and S with supporting material, so subject to check, if
28 that information is not there, then we should be able to

1 provide it.

2 MR. WASYLYK: Okay, great. Thank you, very much. And
3 Mr. Murray, if we can we have an undertaking, please?

4 MR. MURRAY: Why don't we just have a placeholder
5 undertaking, in case it hasn't been already provided? That
6 will be undertaking JT5.18.

7 **UNDERTAKING JT5.18: [PLACEHOLDER]**

8 MR. WASYLYK: Thank you. So then, it appears that
9 Toronto Hydro now accounted for all lost revenues it
10 experienced relative to all programming to date. Is that
11 correct?

12 MS. DOLZHENKOVA: That's right.

13 MR. WASYLYK: And then so, with these updates, if the
14 updated LRAMVA request is approved, can you confirm that
15 the LRAMVA balance will be zero?

16 MS. DOLZHENKOVA: For this period, that's correct.
17 Yes.

18 MR. WASYLYK: Okay, perfect. Thank you, very much.
19 Okay.

20 Last series of questions, and this is in response to
21 9-Staff-355. And here, there are some questions related to
22 the LRAMVA threshold, and the proposed modified threshold
23 that are included in your application.

24 And as I understand it, the proposed modified LRAMVA
25 threshold has been revised to remove the forecast impacts
26 of certain CDM programs that were initially planned to be
27 delivered under the CFF, the conservation-first framework,
28 but ultimately were not, due to the CFF being revoked. It

1 has also been adjusted to add persisting impacts from the
2 2018 CDM programs.

3 Is my understanding of the modified LRAMVA threshold
4 correct?

5 MS. DOLZHENKOVA: That's right.

6 MR. WASYLYK: Perfect. Thank you.

7 Now the LRAMVA threshold was initially developed as
8 part of your previous custom IR application, EB-2018-0165.
9 Correct?

10 MS. DOLZHENKOVA: That's correct.

11 MR. WASYLYK: Can you confirm or take as an
12 undertaking that the CDM variable used as part of your
13 regression analysis in your previous load forecast in 2018-
14 0165 accounted for historic CDM activity, and clarify or
15 confirm if this included 2018 program results?

16 MS. DOLZHENKOVA: So just one item to correct is
17 last time, or as part of the last rate application, we have
18 not used the CDM variables. We have used the actual
19 incremental CDM programs --

20 MR. WASYLYK: Yes.

21 MS. DOLZHENKOVA: ...as part of our forecast. And, as
22 part of that forecast, we have relied on the CDM estimates,
23 not actuals.

24 MR. WASYLYK: Okay. And did those estimates include
25 2018?

26 MS. DOLZHENKOVA: Sorry, so 2018 CDM estimates.

27 MR. WASYLYK: Sorry, yes. Okay. Okay, thanks.

28 So then, as part of the previous load forecast, did it

1 include an adjustment or include estimates for the full
2 impacts of CDM programs under the CFF, with no
3 modifications?

4 MS. DOLZHENKOVA: That's correct.

5 MR. WASYLYK: Okay. So then would that mean that
6 rates were set as part of the previous custom IR
7 application and ultimately not collected from customers,
8 based on a load forecast that was adjusted to consider the
9 full impacts of CDM programs under the CFF?

10 MS. DOLZHENKOVA: That's correct. And just to
11 clarify, right? - some of the programs then were
12 transferred to the IESO, some discontinued and some
13 remained as part of the CFF wind-down. Yeah.

14 MR. WASYLYK: Yeah. There was a lot going on there,
15 for sure.

16 Then maybe you can just help, just put your position
17 on the record here: Can you discuss why a modified LRAMVA
18 threshold should be accepted, when the previous load
19 forecast considered the full impact of CDM programs under
20 the CFF?

21 MS. DOLZHENKOVA: I think the bottom point, what we
22 were trying to do is to do an apple-to-apple comparison.
23 Essentially, when you look at the LRAMVA, it is my
24 understanding as part of the CDM guidelines, you are in
25 position to compare the LDC-led related programs, right?
26 And you compare those CDM programs on the actual-versus-
27 estimate basis.

28 What we have included at the time as part our LRAMVA

1 threshold was based on all of the CFF programs. And, of
2 course, due to the changes and the announcement from the
3 Ministry of Energy, then, if we were to use those LRAMVA
4 thresholds, it would then compare it to that apple-to-
5 orange variance analysis.

6 MR. WASYLYK: Okay. And so, if we take that a little
7 bit further, the previous LRAMVA threshold was informed by
8 the adjustment to the load forecast to account for all CFF
9 impacts. Correct?

10 MS. DOLZHENKOVA: That's correct.

11 MR. WASYLYK: Okay. Thank you, very much. Those are
12 my questions.

13 MR. MURRAY: Thank you, Mr. Wasylyk.

14 I think we will take the morning break now. I am
15 pleased to report we are ahead of schedule. So I
16 anticipate that panel 3 will be done at lunch, not after.
17 So anyway, why don't we take the break now, and we will
18 come back at 11:20.

19 --- Recess taken at 11:04 a.m.

20 --- On resuming at 11:24 a.m.

21 MR. MURRAY: Next on the list for OEB Staff is Mr.
22 Frank.

23 **EXAMINATION BY MR. FRANK:**

24 MR. FRANK: Hi, I'm Andrew Frank with OEB Staff. The
25 first question I would like to follow up on is 3-VECC-25.
26 And, in this question, VECC sought details on how the
27 customer connections were forecasted in the CSMUR, GS 1,000
28 to 4,999 kilowatt, and large-use rate classes. In part C

1 of the response to VECC, Toronto Hydro clarified that the
2 information from developers and customers has a lead time
3 of one to five years.

4 Would Toronto Hydro undertake to provide a breakdown
5 of the net forecasted customer additions in the CSMUR, GS
6 1,000 to 4,999 kilowatt and large-use rate classes between
7 those known through firsthand information and those that
8 are estimated?

9 And then, for those that are estimated, can you please
10 provide any formulas used to derive the estimated values,
11 for example through an Excel worksheet, if that was used?

12 MS. DOLZHENKOVA: What we can do is provide the back-
13 up calculations for, on a high-level basis for, the CSMUR
14 and the derivation of those calculations for the forecasted
15 period. And, just to confirm, you're looking for the
16 customer numbers?

17 MR. FRANK: Right. Right. So it would be the net
18 customer additions or the total customer count, whichever
19 way makes sense for you to get at it.

20 MS. DOLZHENKOVA: Sounds good, yes.

21 MR. MURRAY: That will be undertaking JT5.19.

22 **UNDERTAKING JT5.19: TO PROVIDE NET FORECASTED**
23 **CUSTOMER ADDITIONS (OR TOTAL CUSTOMER COUNT) IN THE**
24 **CSMUR GS 1,000 TO 4,999 KW AND LARGE-USE RATES**
25 **CLASSES, BROKEN DOWN BETWEEN THOSE KNOWN THROUGH**
26 **FIRST-HAND INFORMATION AND THOSE WHICH ARE ESTIMATED;**
27 **FOR THE ESTIMATES, TO PROVIDE FORMULAS USED TO**
28 **CALCULATE THE ESTIMATES.**

1 MR. FRANK: Okay. Then, if we turn to 3-Staff-278 and
2 part C, so, here, Toronto Hydro indicates that the
3 reclassified variables are timed to coincide with the historic
4 reclassification events, but the, in part B, sub part I,
5 Toronto Hydro indicates that it anticipates further
6 reclassifications in the future and that these reclassified
7 variables are the appropriate means to forecast.

8 So my question is: Given how these variables are
9 constructed, how can they provide predictive value of
10 reclassifications in the [audio dropout]?

11 MS. DOLZHENKOVA: So, again, the way we were doing the
12 forecast for the customer numbers is we were using the
13 different external variables and finding the best fit of
14 the model and trying to explain the variances related to
15 the historical customer numbers. And so what you see here
16 is the output related to the models and specific to GS
17 less-than 50 and GS 50 to 1,000.

18 If you do look at our statistical outputs related to
19 the customer numbers as provided in Exhibit 3, tab 1,
20 schedule 1, appendix I, you can see the results of the
21 goodness of fit of those models, confirming that they are
22 statistically strong. And also, looking at the adjusted R-
23 squared being very close to 98 percent, to me, what isn't
24 set for the reclassification is the reasonable approach.

25 MR. FRANK: I guess what I'm really getting at is I
26 follow how they predicted, how they matched the historic
27 reclassification events, but then how is that predictive of
28 any future reclassification event that might happen?

1 MS. DOLZHENKOVA: I think, when you look at the
2 modelling, what you're trying to do is you are trying to
3 explain the history, and that's what we're -- and that's
4 what the focus of those reclassification variables is meant
5 to do.

6 MR. FRANK: Okay. Thank you. I'll move on to 7-
7 Staff-328. So, here, OEB Staff we're looking at the cost
8 allocation of the CSMUR rate class, and we wanted to know
9 about the entries on sheet I8 under each of the scenarios
10 discussed.

11 Would Toronto Hydro please undertake to provide the
12 values used on sheet I8 under each of the alternative
13 approaches?

14 MS. DOLZHENKOVA: Just to clarify, when you mean
15 different alternative approaches, what exactly?

16 MR. FRANK: So, if we, if you scroll up to the top of
17 the interrogatory -- so it was in Exhibit 7, Tab 1,
18 schedule 1, pages 6 to 13. There was discussion of four
19 alternative approaches that were used to possibly allocate
20 costs to the CSMUR rate class. So, given the various
21 approaches used, I just would like to see the entries on,
22 that were used in, sheet I8, underpinning each of those
23 scenarios.

24 MS. DOLZHENKOVA: Just give me one moment. We
25 actually did file cost allocation models related to
26 different alternative approaches, so I'm just looking for
27 the reference number for you, of the IR. A moment. I
28 believe it was filed as part of 7-VECC-90.

1 MR. FRANK: Okay. Thank you. And then, in 7-STAFF-
2 329, can you please confirm that the decision in Toronto
3 Hydro's previous rebasing case, EB 218-0165, permitted
4 setting the revenue to cost ratio at 100 percent that time
5 but then directed Toronto Hydro to study the
6 appropriateness of a revenue-to-cost-range approach to use
7 going forward?

8 MS. DOLZHENKOVA: Sorry, is there a question?

9 MR. FRANK: Okay. I was looking for confirmation of
10 that, but then -- and that's fine. I could point to that
11 at the bottom of page 157 in that decision. Can you please
12 confirm that Toronto Hydro did not study a revenue-to-cost-
13 range approach for the CSMUR rate class in this proceeding?

14 MS. DOLZHENKOVA: What we have done as part of our
15 Exhibit 7, Tab 1, schedule 1, and I believe it's page 6, we
16 have filed the consideration of the CSMUR cost-allocation
17 review --

18 MR. FRANK: Mm-hmm.

19 MS. DOLZHENKOVA: -- in the direction of the OEB to
20 take a look at the CSMUR revenue-to-cost-ratio and cost-
21 allocation models.

22 MR. FRANK: All right. Thank you. Those are my
23 questions.

24 MR. MURRAY: Thank you, Mr. Frank. Now, I'm going to
25 pass it back to Mr. Eminowicz, who has a few additional
26 questions.

27 MR. EMINOWICZ: Good morning, panel, Thomas Eminowicz,
28 senior advisor, OEB Staff. It is a privilege to be at the

1 tail end of this journey of discovery we have together
2 here. I would like to start with 4-AMPCO-82, please. We
3 can just see the table. So I realize that this is the
4 details of the OM&A program, so, just for context in where
5 I'm coming from, we're approaching this here in terms of
6 the parameters of an indexed formula for setting rates.

7 So, in this response, Toronto Hydro has estimated its
8 share of its OM&A expenses as proportions of or its share
9 of outsourced OM&A ranging from 41 per cent to almost 50
10 per cent.

11 Can Toronto Hydro please undertake to provide the
12 labour and material cost drivers of its contractors and how
13 they relate to Toronto Hydro's cost drivers?

14 So, for example, we have the labour and non-labour
15 cost drivers. So, we're looking to understand how the
16 contracted resources compared to Toronto Hydro's internal
17 resources, and what the typical share of labour would be in
18 the outsource service providers, and looking for a trend
19 from 2020 to the end of the 2029 rate period, if that's
20 possible.

21 MR. ZENI: I don't think it's possible for us to
22 provide that information. There's many considerations
23 going into that type of classification, and some of those
24 external or outsourced costs are services, so it's very
25 hard for us to break down a specific service, how much is
26 labour, materials or other considerations.

27 MR. EMINOWICZ: Is there anything that Toronto Hydro
28 can provide that can inform how the external resources for

1 OM&A and internal resources would compare, like in the
2 context of indexing, based on historical and going forward?

3 MR. ZENI: I don't, again, I don't know if there's
4 anything that we can provide. One consideration is that
5 when looking at internal resources, the cost of those
6 resources increases based on salary increases, that's what
7 we have reflecting in the plan. When it comes to external
8 resources, there's market conditions, market price,
9 inflation considerations and things like that are included
10 in our assumptions.

11 MR. EMINOWICZ: Thank you. Next can we please go to
12 1B-Staff-54, the response to part C. Just in general, this
13 response, just kind of contemplates some potential PIM
14 alternatives based on what was asked of Toronto Hydro, and
15 also just kind of tacking on to this, why has Toronto Hydro
16 not proposed any PIM measures that would reward superior
17 performance?

18 MS. COBAN: As we talked about earlier today, and
19 yesterday, the intent and the design of the PIM was with
20 respect to shifting the balance of risk onto the utility,
21 and placing additional risk with respect to performance
22 outcomes that we intend to deliver as a result of this
23 plan. So, that is how we thought about the PIM and how we
24 designed the PIM. We didn't look at the reward
25 specifically, because we were trying to achieve this
26 particular objective in terms of responding to the guidance
27 and the feedback that was provided.

28 So, that's, I think, as much as I can do to help you

1 out with what went into our thinking in terms of the PIM,
2 is to iterate that the PIM is really there as a tool to
3 balance that risk, and to ensure that we're continuing to
4 focus on the attainment of the objectives of this plan as
5 we go through the execution.

6 MR. EMINOWICZ: Thank you. And with the April 2
7 update, can you speak at all why none of the PIM targets
8 adjusted to reflect the April 2nd update?

9 MS. COBAN: The April 2nd update did not include any
10 material deviations from our forecasted plan. It was an
11 update that was with respect to the '23 actuals and bridge
12 amounts that relate to the current period. There were no
13 major changes to our plan, aside from the items that were
14 flown through from the January 29th update, which as we
15 talked about were very limited to programs that we updated
16 with respect to the capital. And those two programs
17 specifically did not the have a direct impact on any of the
18 PIM targets, so there was no need to adjust the targets.

19 MR. EMINOWICZ: Thank you. If we can continue to, I
20 think, the response to part D. This response pertains to
21 the 5 per cent target for the non-wires system capacity.
22 And I think on the next page there's a bit of a table --
23 sorry, I was thinking of the table there -- we don't have
24 to go to the table. But for me, at least, in this topic as
25 merely a layperson, the January 29 update increased the
26 non-wires systems target or stations to six stations, so on
27 the surface this way seem like a change or an increase in
28 this work for the non-wires solutions.

1 In the context of the PIM, and the net present value
2 evaluation that was done to support the NWS PIM. Did that
3 January 29 update, and increase to six stations, affect the
4 net present value calculation, or the PIM target itself?

5 MS. COBAN: This would have been a question better
6 directed to Ms. Marzoughi on panel 1 who is responsible for
7 that program. So, unfortunately, I am not able to help you
8 out with the specifics. I can confirm that we didn't
9 change the target in terms of the amount of non-wires
10 capacity. We're looking to procure from the market over
11 this period. What is my understanding that changes the
12 location with respect to where we'll be going out to get
13 that capacity as a result of the update. Details beyond
14 that, unfortunately, I wouldn't be able to assist you with.

15 MR. EMINOWICZ: Just to be clear, I'm not interested
16 in the technical details from the January 29th update.
17 It's more about how the change on the technical side and
18 the plan is contemplated in the context of the PIM, and the
19 context of the net present value evaluation that supports
20 the target. So, I don't know if that would clarify the
21 undertaking for the other panel.

22 MS. COBAN: Maybe let's just try that one more time in
23 terms of the clarification on what you're looking for, I'm
24 not sure I'm perfectly clear on it. I want to make sure
25 we're responsive to your question.

26 MR. EMINOWICZ: Thank you. So, I understand that the
27 January 29th update had a change to the non-wires solutions
28 program. It increased the number of targeted stations.

1 So, what I would like to try to understand is how that
2 change in the plan would have been considered in the
3 context of the net present value calculation that underpins
4 the PIM measure, and if it changes the PIM measure or the
5 metric itself.

6 MS. COBAN: So we can take that away.

7 MR. EMINOWICZ: Thank you.

8 MR. MURRAY: That will be Undertaking JT5.20.

9 **UNDERTAKING JT5.20: TO EXPLAIN THE CHANGE TO THE NON-**
10 **WIRES SOLUTIONS PROGRAM IN THE CONTEXT OF THE NET**
11 **PRESENT VALUE CALCULATION THAT UNDERPINS THE PIM**
12 **MEASURE AND WHETHER IT CHANGES THE PIM MEASURE OR THE**
13 **METRIC ITSELF.**

14 MR. EMINOWICZ: If we could please go to 1B-Staff-34,
15 part C. So, this is a table that Staff requested
16 ScottMadden to prepare to classify the PIMs in the
17 jurisdictional scan based on types of PIMs. Could Toronto
18 Hydro or ScottMadden please append this table to add
19 Toronto Hydro's proposed PIM scorecard?

20 MR. KEIZER: Sorry, could you just restate the
21 question? I don't understand that question.

22 MR. EMINOWICZ: Okay. So, this table has several
23 utilities and several jurisdictions. It identifies the
24 total number of metrics on their PIM systems mechanisms,
25 and classifies the PIMs as penalty only, reward only or a
26 mix. So, what I'm requesting is that that table be updated
27 to add a row for Toronto Hydro and to classify the proposed
28 PIMs as per the columns in this table, please.

1 MS. COBAN: We could take that away and consider
2 whether it would be appropriate to put our PIM up against
3 these categorizations that you see here on the screen. I
4 do believe there were some other Staff IRs that were asking
5 us with respect to the characterization of the PIM as a
6 penalty system.

7 For the reasons we talked about, that label is --
8 while I appreciate that it's a label that's being applied
9 in this table, it is not the label that we necessarily
10 agree with in terms of how we think about the PIM.

11 As I talked about previously, the PIM really is there
12 as a mechanism to think about the balance of risk, right?
13 And it's being designed in a way that is responsive to what
14 we heard from the Board in the last time, and responsive to
15 specific requirements and parameters that we have here in
16 Ontario under the RRF and the handbooks.

17 So I am just pausing on the ability to compare. And
18 we will take that away and think about it. If we don't
19 think that comparison is appropriate, we'll set out a
20 rationale for why.

21 MR. EMINOWICZ: Thank you.

22 MR. MURRAY: That will be undertaking JT5.21.

23 **UNDERTAKING JT5.21: TO PROVIDE AN ADDITIONAL RESPONSE**
24 **TO 1B-STAFF-34C, OR TO EXPLAIN WHY THE COMPARISON IS**
25 **NOT BELIEVED TO BE APPROPRIATE.**

26 MR. EMINOWICZ: If we could please go to part D of
27 this interrogatory response? Actually, sorry, the
28 question, just so we can see the both. They are kind of

1 short.

2 So the question that was posed to ScottMadden is to
3 comment on general trends in the jurisdictional scan. And
4 ScottMadden's response is that general trends were not
5 evaluated.

6 So can ScottMadden please undertake to answer the
7 question within the context of the jurisdictional scan that
8 was performed?

9 MR. KEIZER: That's fine. Just so I am clear, is what
10 you are saying is, ScottMadden, you went away, you looked
11 at different jurisdictions, you reached some conclusions
12 about those. And you were talking about the general trend
13 within just that grouping of the utilities or jurisdictions
14 that they looked at?

15 MR. EMINOWICZ: Yes, exactly. My read of
16 ScottMadden's response is that it did not evaluate general
17 trends in the industry.

18 MR. KEIZER: Right.

19 MR. EMINOWICZ: I mean, we are not asking ScottMadden
20 to comment on general trends in the industry. We are
21 asking ScottMadden to comment on trends of the PIMs within
22 the scope of its scan that it performed.

23 MR. KEIZER: That's fine. We can ask ScottMadden
24 that.

25 MR. EMINOWICZ: Thank you.

26 MR. MURRAY: That will be undertaking JT5.22.

27 **UNDERTAKING JT5.22: TO ASK SCOTTMADDEN TO COMMENT ON**
28 **TRENDS OF THE PIMS WITHIN THE SCOPE OF THE SCAN IT**

1 **PERFORMED.**

2 MR. EMINOWICZ: If we could please turn to 1B-CCC-18.
3 So this response identifies a jurisdictional review that
4 was done of several utilities and custom scorecards, and a
5 categorization of their key performance indicators.

6 So just to help me calibrate, is this a jurisdictional
7 review that is distinct and independent from ScottMadden's
8 review?

9 MS. COBAN: It is.

10 MR. EMINOWICZ: Could Toronto Hydro please undertake
11 the same type of exercise as in 1B-Staff-34, questions C
12 and D for this KPI review?

13 So the response to Staff 34 had defined what different
14 types of metrics or measures are. So we are looking for
15 some sort of summary in that categorization, and then any
16 kind of trends that are observable within this
17 jurisdictional review.

18 MS. COBAN: I don't think it's possible to do that.
19 The nature of this review is very different from the nature
20 of the review that ScottMadden did.

21 This review was really focused on the specific key
22 performance indicators in terms of specific metrics, areas
23 of performance and understanding what others are measuring
24 in these jurisdictions that we have listed here. We did
25 not look at the underlying rate frameworks, incentive
26 mechanisms, how they were designed. We did not look at any
27 of those details. We were specifically looking at the
28 metrics.

1 MR. EMINOWICZ: Thank you.

2 Within the context of this review, these KPIs, can
3 Toronto Hydro please comment about any of the KPIs that
4 were similar to what Toronto Hydro is currently proposing
5 for the areas of security system enhancements, emission
6 reductions, ISO compliance and certification, efficiency
7 achievements or grid automation readiness?

8 But, just to simplify it, are those types of metrics
9 that Toronto Hydro has proposed here, are they common in
10 this 62 categories of KPIs that were identified?

11 MS. COBAN: I don't have that information with me, but
12 I do believe we gave Mr. Rubenstein an undertaking to
13 provide the specific measures that form part of this scan.
14 So that information will be on the record, and parties and
15 staff would be able to look at those measures relative to
16 what we have proposed.

17 And then, just another comment on this, is that with
18 respect to these particular measures, what we were looking
19 to understand is what areas of performance are other
20 jurisdictions and other utilities using, and to inform
21 their rate-setting frameworks. We were not looking at this
22 as a way to say, to do this, very identical things, because
23 of course we have a different context here in Ontario. We
24 measure different things, different data that's available.

25 So it was meant to be a scan that informed the areas
26 of performance that we are measuring, not necessarily the
27 specific measures themselves.

28 MR. EMINOWICZ: Thank you. Yeah, I am just trying to

1 bring myself up to your level.

2 And then, just to clarify, for the undertaking that
3 you have given to Mr. Rubenstein, would that also give some
4 information related to PIMs or KPIs from these other
5 jurisdictions that Toronto Hydro does not have? Like,
6 would that be kind of part of that undertaking as well?

7 MR. KEIZER: I think we have to be careful, because
8 there has been a lot of undertakings, and I am not sure
9 necessarily of the specific wording of the ones that we may
10 have given to Mr. Rubenstein. And I am not sure if Mr.
11 Rubenstein...

12 MR. RUBENSTEIN: I am trying to pull it up; I believe
13 it was actually refused.

14 MR. KEIZER: I think the issue that Mr. Rubenstein
15 raised was previous measures that Toronto Hydro had looked
16 at. And it was a question that was refused because we
17 didn't believe that it was relevant with respect to the PIM
18 exercise. I don't think it necessarily related directly to
19 this question.

20 MS. COBAN: It did, it did. We gave an undertaking.
21 I mean, I will take this back and check, but I have a very
22 vivid memory of what has happened over the last couple of
23 days. We did give Mr. Rubenstein an undertaking to provide
24 this research. So I can confirm that.

25 And if I got that wrong, we will come back after the
26 break; I will stand corrected.

27 MR. RUBENSTEIN: No, I will stand corrected. I
28 apologize. There's a number of refusals. That was JT3.34.

1 MS. COBAN: Thank you.

2 MR. MURRAY: Sorry, sorry, perhaps we can just re-read
3 what that was, to make sure it encompasses all of what Mr.
4 Eminowicz was seeking? And, if not, perhaps he can either
5 amend that one or add a new one here, which can be sort of
6 bundled in, in response.

7 MR. RUBENSTEIN: Well, I have it open. If it's
8 helpful, I can just read. I said:

9 "Can you please provide the scan of the KPIs in
10 other jurisdictions that were grouped into these
11 categories?"

12 It was in reference to 1B-CCC-18. And Ms. Coban said
13 Yes.

14 MR. EMINOWICZ: Yes, thank you. Everything is a blur
15 for me, so thank you.

16 The last question that I have related to this KPI
17 scan, which I don't think is captured in Mr. Rubenstein's
18 undertaking. It is whether this scan considered any
19 comparisons to the amount of revenue at risk for the given
20 utilities?

21 MS. COBAN: It did not.

22 MR. EMINOWICZ: Would Toronto Hydro undertake to
23 provide a comparison within the context of this KPI scan?

24 MS. COBAN: As I mentioned, that was not the purpose
25 of the scan. We were looking specifically at understanding
26 performance and what areas of performance are being
27 measured. We did not look at the underlying incentives or
28 the rate framework, so I do not have those details,

1 unfortunately.

2 MR. EMINOWICZ: Thank you.

3 The next topic, I am pretty sure this will be directly
4 for ScottMadden. I think probably the easiest place to
5 look is, just for a reference to look at, will be in
6 evidence itself, exhibit 1B, tab 2, schedule 1, appendix A,
7 page 7.

8 So this is ScottMadden's report. All I am trying to
9 do with this reference is to draw attention to Ofgem's net
10 zero uncertainty mechanisms. I think there's just a
11 general sentence about how these uncertainty mechanisms are
12 similar to the proposed DRVA.

13 So I think this will be directly to ScottMadden, but
14 could ScottMadden please elaborate on the similarities and
15 differences between Ofgem's uncertainty mechanisms and
16 Toronto Hydro's proposed variance account?

17 And then, second, can Toronto Hydro please explain why
18 it seeks a variance account treatment for demand-related
19 costs rather than volume drivers, like those that Ofgem
20 uses as part of it's RIIO ED2?

21 MR. KEIZER: Sorry, so that's an undertaking for both
22 ScottMadden and Toronto Hydro? Because the latter part --

23 MR. EMINOWICZ: It's kind of a two-parter. Like, the
24 evidence that ScottMadden has filed seems light on this
25 Ofgem mechanism, which seems in the evidence to be shown to
26 be similar or very much alike to Toronto Hydro's DRVA
27 proposal. So we would like for ScottMadden to comment on
28 similarities and differences because they seem -- they're

1 written in the same sentence here.

2 And then, whether it's for ScottMadden or for Toronto
3 Hydro, we would like to understand the degree to which
4 these kind of volume drivers were considered and, if they
5 were, why the DRVA was chosen over that mechanism, since
6 it's kind of in the same paragraph here.

7 MR. KEIZER: That's fine. We'll ask ScottMadden that.

8 And, with respect to Toronto Hydro's portion, you
9 know, obviously, we'll look at it. I'm not aware of what
10 that is at the current moment, so, to the extent that we
11 can respond to it and do so, we will. If we can't, we'll
12 advise.

13 MR. EMINOWICZ: Thank you.

14 MR. MURRAY: That will be undertaking JT5.23.

15 **UNDERTAKING JT5.23: TO ASK SCOTTMADDEN TO COMMENT ON**
16 **THE SIMILARITIES AND DIFFERENCES BETWEEN OFGEM'S**
17 **UNCERTAINTY MECHANISMS AND TORONTO HYDRO'S PROPOSED**
18 **VARIANCE ACCOUNT; (B) TO EXPLAIN THE DEGREE TO WHICH**
19 **OTHER VOLUME DRIVERS WERE CONSIDERED, AND WHY THE DVRA**
20 **WAS CHOSEN OVER THAT MECHANISM.**

21 MR. EMINOWICZ: Okay. I would like to turn, please,
22 to 1B-SEC-16. If we could just see the table -- sorry, the
23 second table, the one with all the years. Can Toronto
24 Hydro please comment as to why the weather-normalized
25 actual revenues fall below the Board-approved revenues in
26 every year of this table?

27 MS. DOLZHENKOVA: It's just the nature of weather
28 normalization calculation when we compare the actual

1 weather to the 10-year historical weather, and then, as the
2 result of the variances, we normalize the actual revenue to
3 bring it to the level of the revenues on the weather
4 normalized basis.

5 MR. EMINOWICZ: So are you saying the only reason that
6 this is coming up with variances in this direction is due
7 to the actual weather?

8 MS. DOLZHENKOVA: I think it's vice versa. It's
9 removing any weather-related impacts, and so it's neutral
10 of the weather. Perhaps, maybe, I have not fully
11 understood your question. If you can just repeat it again.

12 MR. EMINOWICZ: My understanding of how this process
13 works is that the actual revenues, which are driven by
14 customer account demand and load, are normalized based on
15 weather and then compared. So I can think of three broad
16 categories of revenue drivers, and I'm just wondering if
17 Toronto Hydro can comment, in the context of those revenue
18 drivers, if there's any general explanation as to why every
19 year is in the same direction.

20 MS. DOLZHENKOVA: I think it's just the result of the
21 variance of our forecast --

22 MR. EMINOWICZ: Thank you.

23 MS. DOLZHENKOVA: -- and the many drivers.

24 MR. EMINOWICZ: Thank you. For the next one, I think
25 a good interrogatory to start with would be 1B-Staff-40.
26 It's just to give you something to look at. But, in
27 general here, there's an element about cost drivers and
28 distribution rates. Just in the context of innovation or

1 the Innovation Fund, has Toronto Hydro considered how
2 revenue decoupling could potentially facilitate innovative
3 rate design, either like in the future or on an
4 experimental basis, targeting certain subsets of its
5 customers?

6 MS. COBAN: So I think, as we tried to indicate in the
7 response here, with respect to different design structures
8 and how we may be able to look at options and innovation in
9 that sense, we are of course bound by the OEB codes and
10 policies in terms of how our rates are set and our tariffs.

11 That being said, the Innovation Fund and the
12 capabilities that we're building in this area of our
13 business with respect to regulatory analytics do
14 contemplate that we need to take a look at different
15 options and different data that might be available for
16 experimentation. And so, in this response, we tried to
17 indicate that that capacity that we're building in our
18 regulatory team, along with the Innovation Fund, is
19 precisely the kind of road map that we need to be able to
20 look at these kinds of rate design options and to test
21 different ideas over the period.

22 But, of course, we are bound by what's in our tariff,
23 so any kind of experimentation we would have to do -- we
24 would be able to do during the period, would have to be in
25 collaboration with the OEB sandbox to the extent we're
26 deviating from any of the codes or policies.

27 MR. EMINOWICZ: Thank you. Yes, we just got some
28 keeners over here, so we're just excited about this.

1 The next one, please, 1B-DRC-6 would probably be a
2 decent place to look, emphasizing the last paragraph of
3 part C. Maybe some of the response to part D will fit on
4 the screen at the same time. So, obviously, we've talked a
5 fair bit about the Innovation Fund.

6 I would like to ask: Specifically with the idea of
7 project selection, can Toronto Hydro comment or undertake
8 to summarize how its governance framework and the selection
9 of innovation projects or initiatives compares to the other
10 jurisdictions that it reviewed in formulating this
11 Innovation Fund proposal.

12 MS. COBAN: We'll have to take that back because I
13 believe what we looked at in the jurisdictional scan was to
14 understand more what is being invested in in innovation in
15 terms of how much funding is being allocated to innovation
16 in these other jurisdictions and what type of innovation
17 generally is that funding directed at. I don't think our
18 research got into the additional details of governance
19 frameworks.

20 But I will take that back and confirm with you. If
21 there is anything, we will comment on it.

22 MR. EMINOWICZ: Thank you very much.

23 MR. MURRAY: That will be undertaking JT5.24.

24 **UNDERTAKING JT5.24: TO COMMENT OR SUMMARIZE HOW THE**
25 **GOVERNANCE FRAMEWORK AND THE SELECTION OF INNOVATION**
26 **PROJECTS OR INITIATIVES COMPARES TO THE OTHER**
27 **JURISDICTIONS THAT IT REVIEWED IN FORMULATING THIS**
28 **INNOVATION FUND PROPOSAL.**

1 MR. EMINOWICZ: Okay. This one is probably again for
2 ScottMadden. I think a good interrogatory to bring up
3 would be Energy Probe, sorry, 1B-Energy Probe-23, and I
4 think this is the one where there's a response that states
5 that ScottMadden did not undertake, like, a general review;
6 it focused on rate-making frameworks and practices of
7 utilities that support the clean energy transition. I'm
8 not sure if that's more in another part of this one. I
9 hope I have my reference correct. Is there a part B to
10 this one?

11 But are you at least familiar with ScottMadden's
12 response, that they did not perform a general review; their
13 review focused on frameworks and practices of utilities
14 that support the clean energy transition?

15 MS. COBAN: It would be helpful to have that IR
16 reference if you have it handy, just to make sure we're
17 looking at the same information.

18 MR. EMINOWICZ: I thought it was in this one, but I
19 don't know which part it's in. Sorry.

20 It's on page 3 of 3, the response to part E.
21 ScottMadden did not evaluate Toronto Hydro's proposed
22 custom IR plan for its relative complexity or simplicity,
23 IR plan, ScottMadden evaluated Toronto Hydro's proposed
24 custom IR plan for its consistency with other electric
25 utility rate-making frameworks and practices that support a
26 clean energy transition.

27 Can ScottMadden please provide the criteria it used to
28 select jurisdictions or utilities for its review?

1 MR. KEIZER: We'll ask ScottMadden for that.

2 MR. MURRAY: That will be undertaking JT5.25.

3 **UNDERTAKING JT5.25: TO ASK SCOTTMADDEN TO PROVIDE THE**
4 **CRITERIA IT USED TO SELECT JURISDICTIONS OR UTILITIES**
5 **IN ITS REVIEW.**

6 MR. EMINOWICZ: If ScottMadden could please comment on
7 any of the jurisdictions that were excluded or especially
8 utilities that were excluded within selected jurisdictions.
9 The notion of the energy transition and what stage a
10 utility in is on a spectrum. So, we would like to ask
11 ScottMadden whether there were utilities that were excluded
12 from this scan that are in a similar stage to Toronto Hydro
13 in the energy transition.

14 MR. KEIZER: Sorry, is that the question?

15 MR. EMINOWICZ: Yes, just kind of like -- it's tied to
16 the criteria.

17 MR. KEIZER: We can ask ScottMadden to comment on
18 that.

19 MR. EMINOWICZ: Yes, please.

20 MR. KEIZER: That's fine.

21 MR. EMINOWICZ: Thank you.

22 MR. MURRAY: For simplicity, we'll give it a different
23 number, that will be undertaking JT5.26.

24 **UNDERTAKING JT5.26: TO ASK SCOTTMADDEN TO COMMENT ON**
25 **WHETHER THERE WERE UTILITIES THAT WERE EXCLUDED THAT**
26 **ARE IN A SIMILAR STAGE TO TORONTO HYDRO IN THE ENERGY**
27 **TRANSITION.**

28 MR. EMINOWICZ: Next can we please go to 1B-Staff-20.

1 And there's a response, I think it's on page 2, where
2 ScottMadden references Ofgem.

3 And this is directly to ScottMadden, it's more -- yes,
4 I think that's it right there, part 2. So, for
5 ScottMadden, could ScottMadden please confirm that within
6 the context of Ofgem, it relies heavily on its own analysis
7 to set the revenue requirements, and that under RIIIO-ED-2,
8 Ofgem offers incentives to distributors who manage to
9 present forecasts that do better than Ofgem's benchmark for
10 cost categories for which Ofgem has its high confidence in
11 forecasting.

12 MR. KEIZER: We can ask ScottMadden to comment on
13 that.

14 MR. EMINOWICZ: Thank you.

15 MR. MURRAY: That will be undertaking JT5.27.

16 **UNDERTAKING JT5.27: TO ASK SCOTTMADDEN TO CONFIRM**
17 **THAT WITHIN THE CONTEXT OF OFGEM, IT RELIES HEAVILY ON**
18 **ITS OWN ANALYSIS TO SET THE REVENUE REQUIREMENTS, AND**
19 **THAT UNDER RIIIO-ED-2, OFGEM OFFERS INCENTIVES TO**
20 **DISTRIBUTORS WHO MANAGE TO PRESENT FORECASTS THAT DO**
21 **BETTER THAN OFGEM'S BENCHMARK FOR COST CATEGORIES FOR**
22 **WHICH OFGEM HAS ITS HIGH CONFIDENCE IN FORECASTING.**

23 MR. EMINOWICZ: This last one is just because this
24 will be my last opportunity to talk to anyone at Toronto
25 Hydro. I would just like to confirm that has -- is there
26 any part of Exhibit 4 that has not been filed with an
27 update for 2023 actuals, and if it has, can Toronto Hydro
28 please file it? And then -- maybe you want it in parts,

1 take that. Okay, that's one.

2 Can Toronto Hydro please confirm that every part of
3 Exhibit 4 has been updated for 2023 actuals, and if not,
4 please ensure it's filed?

5 MR. ZENI: We have to take that away and confirm
6 whether or not it was updated.

7 MR. EMINOWICZ: Thank you.

8 MS. COBAN: Can we just get clarity, though, on when
9 you say all of Exhibit 4, there's a lot of information in
10 Exhibit 4 across the four tabs. You're not referring to,
11 like, a blue page update in terms of the '23 actuals for
12 every specific program? That would be quite an
13 undertaking, and I don't think it would provide much value.

14 MR. EMINOWICZ: Well, it may provide value in the
15 context of trying to understand an index that would reflect
16 OM&A. Maybe as a compromise, can you identify what has not
17 been updated and filed?

18 MS. COBAN: So, our approach to the update was to make
19 sure that all of the OEB required appendices got populated
20 with the 2023 actuals, and if there were any changes to the
21 bridge years we talked about earlier.

22 We did not do a blue page update in terms of running
23 that through to each of the programs and the segments
24 because that would be quite an undertaking for us to do
25 that in the context of the timelines, so that is what we
26 updated. And I think if you're looking for us to do
27 something more than that, we would have to take that back
28 and consider how much work that would be, and perhaps we

1 could try to be more targeted to look at specific areas of
2 the OM&A that you might be interested in.

3 MR. EMINOWICZ: Okay. So, can we confirm that 2 JA,
4 JB, JC, and JD have been updated, and if not, can those be
5 filed?

6 MS. COBAN: That he we can do, yes.

7 MR. EMINOWICZ: Thank you.

8 MR. MURRAY: That will be undertaking JT5.28.

9 **UNDERTAKING JT5.28: TO CONFIRM THAT 2 JA, JB, JC, AND**
10 **JD HAVE BEEN UPDATED, AND IF NOT, TO FILE UPDATED**
11 **VERSIONS.**

12 MR. EMINOWICZ: Could Toronto Hydro undertake to
13 provide the annual contributions by project for each
14 program in the system access category for 2023 and any
15 other year that's affected by either the April 2nd or
16 January 29 update?

17 MR. KEIZER: Sorry, can you just repeat that again?

18 MR. EMINOWICZ: Yes. So, within the system access
19 category, can Toronto Hydro undertake to provide the annual
20 contributions by project within that program for 2023
21 actual, and project it forward for any year that's affected
22 by the April 2nd or January 29 updates?

23 MR. ZENI: We would have to confirm that. I don't
24 know if it's feasible, given the volume of projects
25 included there, but if it's possible, we'll produce.
26 Otherwise, we'll state why it is not possible.

27 MR. EMINOWICZ: Thank you.

28 MR. MURRAY: That will be undertaking JT5.29.

1 **UNDERTAKING JT5.29: WITHIN THE SYSTEM ACCESS**
2 **CATEGORY, TO PROVIDE THE ANNUAL CONTRIBUTIONS BY**
3 **PROGRAM (CUSTOMER AND GENERATION CONNECTIONS,**
4 **EXTERNALLY INITIATED PLANT RELOCATIONS AND EXPANSION,**
5 **GENERATION PROTECTION MONITORING AND CONTROL, LOAD**
6 **DEMAND, AND METERING AT THAT RESOLUTION) FOR THE 2023**
7 **ACTUAL, AND PROJECT IT FORWARD FOR ANY YEAR THAT'S**
8 **AFFECTED BY THE APRIL 2 OR JANUARY 29 UPDATES.**

9 MR. EMINOWICZ: Sorry, I think I used the words
10 "projects," but I might mean programs. But I'll leave it
11 in Toronto Hydro's capable hands, please.

12 MR. KEIZER: I think there's a big distinction between
13 projects and programs, because projects could be hundreds
14 of projects, if you're talking about individual
15 connections. So, if it's programs, I mean that maybe --
16 that's a very different thing, I would assume. But if you
17 could provide some clarity to that at some point, that
18 would be good.

19 MR. EMINOWICZ: One moment, please. So, I think we're
20 looking at customer and generation connections, externally
21 initiated plant relocations and expansion, generation
22 protection monitoring and control, load demand, and
23 metering at that resolution, sorry if I misspoke earlier.

24 MR. ZENI: Yes, we can take that.

25 MR. EMINOWICZ: Thank you. No, that's me clarifying
26 the one we just did.

27 MR. MURRAY: For clarity, that's JT5.29.

28 MR. EMINOWICZ: Okay. Last one, I swear. So, for the

1 stations renewal and IT OT system programs, could Toronto
2 Hydro please provide the capex data by segment, by year,
3 for these programs? So similarly for 2023 and any year
4 that may have been affected by the January 29 or April 2
5 updates, by segment.

6 MR. ZENI: We can take -- yes, we will take that
7 undertaking.

8 MR. EMINOWICZ: Thank you, very much.

9 MR. MURRAY: That will be undertaking JT5.30.

10 **UNDERTAKING JT5.30: FOR THE STATION RENEWAL AND IT OT**
11 **SYSTEM PROGRAMS, TO PROVIDE THE CAPEX DATA BY SEGMENT,**
12 **BY YEAR; SIMILARLY FOR 2023 AND ANY YEAR THAT MAY HAVE**
13 **BEEN AFFECTED BY THE JANUARY 29 OR APRIL 2ND UPDATES.**

14 MR. EMINOWICZ: That's all that I have. Thank you,
15 very much, panel.

16 MR. MURRAY: Thank you, very much, Mr. Eminowicz.

17 I understand Mr. Wasylyk, you had one further item in
18 your notes that you may have missed earlier.

19 MR. WASYLYK: I did. Sorry, panel, for coming back.
20 Josh Wasylyk, OEB Staff.

21 Just one follow-up on my conversations with you about
22 the LRAMVA work form, and the update: so this is in
23 response to 9-Staff-355. And you had confirmed that the
24 LRAMVA balances included in the work form have been
25 calculated using the proposed modified LRAMVA threshold.

26 Would you undertake to update the LRAMVA work form
27 using the unmodified LRAMVA threshold?

28 MS. DOLZHENKOVA: Just give me one moment.

1 MR. WASYLYK: No problem.

2 MS. DOLZHENKOVA: Just to clarify, because it has been
3 a moment since we spoke: So you would like to see an
4 LRAMVA updated version of the calculations using the
5 original LRAMVA threshold?

6 MR. WASYLYK: Correct.

7 MS. DOLZHENKOVA: Okay. I will probably need to check
8 with the team, because it might be a bit of work to go
9 through. So we will try our best to complete. Yes.

10 MR. WASYLYK: Best efforts would be great. Okay. I
11 appreciate that. Thank you, very much. And sorry for
12 bringing us back to that. Thank you.

13 MS. DOLZHENKOVA: Thank you.

14 MR. MURRAY: That will be undertaking JT5.31

15 **UNDERTAKING JT5.31: TO PROVIDE AN UPDATED LRAMVA**
16 **USING THE ORIGINAL LRAMVA THRESHOLD.**

17 MR. MURRAY: And I am scanning the room to make sure
18 no one has any further questions. There has been a lot of
19 questions posed to panel 3, so I am pleased to report that
20 you are now finished your questions, and you are excused.

21 So now we will take our lunch. Why don't we come back
22 at 1:20 with panel 4.

23 --- Luncheon recess taken at 12:17 p.m.

24 --- On resuming at 1:27 p.m.

25 MR. MURRAY: Welcome back to the technical conference
26 of Toronto Hydro's application. We are now on to the last
27 witness panel, witness number 4. I will pass it over to
28 Mr. Sternberg to introduce the panel.

1 MR. STERNBERG: Thank you. Panel 4 consists of Steve
2 Fenrick of Clearspring Energy Advisors, who is appearing
3 virtually.

4 **TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 4**

5 **Steve Fenrick**

6 MR. MURRAY: Thank you, Mr. Sternberg. First on the
7 list is OEB Staff. Ms. Kavan, if you could, please proceed
8 with your questions on behalf of Pacific Economics Group.

9 **EXAMINATION BY MS. KAVAN:**

10 MS. KAVAN: Good afternoon. My name is Rebecca Kavan,
11 and I'm an economist with Pacific Economics Group research.
12 PEG is working on behalf of OEB Staff in this proceeding.

13 My first question for Clearspring is regarding the
14 Toronto Hydro update from April 2nd. Mr. Fenrick, has the
15 Clearspring benchmarking study been revised using this
16 updated data provided by Toronto Hydro or any concerns
17 raised by PEG in our IRRs or any other updated information?

18 Anyway, have you done any additional work on this
19 study for that?

20 MR. FENRICK: No, we have not.

21 MS. KAVAN: Okay. In your opinion, are the changes to
22 the data provided material, such that your study and any
23 PEG work should be updated to take account of these
24 changes?

25 MR. FENRICK: That's something I have not looked into
26 at this point.

27 MS. KAVAN: Okay. Thank you. My next question and a
28 few upcoming questions refer to Clearspring's working

1 papers. None of these working paper questions involve any
2 confidential information or require the working papers to
3 be displayed. PEG's econometric models are based on
4 Clearspring's data, so it is really important for us to
5 clarify any areas of confusion with the variables.

6 So the first one has to do with the A&G (ph) cost
7 allocator. We have noted about 30 values for the allocator
8 -- and that has the variable name "ALLOC," A-L-L-O-C --
9 that are either negative or over 100 percent. We would
10 like to request an undertaking to review these values and
11 the formulas that generate them and make any corrections or
12 adjustments that are deemed necessary, comment on your
13 findings, and then provide any changes to PEG, please.

14 MR. FENRICK: Yes, that's acceptable. We can
15 investigate that and look into some of those values. Do
16 you have a list of the values that you can provide?

17 MS. KAVAN: I can provide one.

18 MR. FENRICK: Well, yes, that's something we can look
19 into and comment on.

20 MS. KAVAN: Okay. And will that be a formal
21 undertaking?

22 MR. MURRAY: We'll mark that as undertaking JT5.32.

23 **UNDERTAKING JT5.32: IN CLEARSPRING'S WORKING PAPERS,**
24 **TO REVIEW THE VALUES FOR APPROXIMATELY 30 ENTRIES IN**
25 **THE FIELD CALLED ALLOC AND THEIR ASSOCIATED FORMULAS,**
26 **TO MAKE CORRECTIONS AND ADJUSTMENTS AS DEEMED**
27 **NECESSARY; TO COMMENT ON FINDINGS AND PROVIDE THEM TO**
28 **PEG**

1 MR. STERNBERG: Yes, and that's fine. Just in terms
2 of the timelines of what Ms. Kavan said, I might ask if
3 she's able to provide that listing of the 30 values
4 relatively quickly, through OEB Staff or whichever method
5 makes the most sense, so that Mr. Fenrick can look into it.

6 MS. KAVAN: Certainly. Okay. The next question has
7 to do with the O&M scope variable. The Clearspring model
8 includes an O&M-based scope variable that was used in our
9 joint report. Three companies in this sample have a scope
10 variable value in excess of 100 percent, and one of those
11 three values is over 200 percent. So the same thing there:
12 We just request an undertaking to review, comment, provide
13 any updates, and we can provide those three observations,
14 as well.

15 MR. FENRICK: From my perspective, that sounds -- we
16 can investigate that issue, as well.

17 MS. KAVAN: Okay. Thank you.

18 MR. STERNBERG: That's fine. We'll give that
19 undertaking.

20 MR. MURRAY: That will be undertaking JT5.33.

21 **UNDERTAKING JT5.33: IN CLEARSPRING'S MODEL, THE O&M-**
22 **BASED SCOPE VARIABLE, TO REVIEW THE VALUES FOR**
23 **APPROXIMATELY THREE COMPANIES, TO REVIEW, COMMENT,**
24 **PROVIDE UPDATES.**

25 MS. KAVAN: Yes. Next, this question also has to do
26 with the working papers and refers to 1B-Staff-67, part A.
27 That has to do with the distribution substation data. So,
28 as we know, the distribution substation data are very

1 volatile, and, depending on a given company's reporting
2 style, we have found that there appear to be quite a number
3 of instances both of double counting or undercounting the
4 number of U.S. substations and station capacity. There are
5 also quite a few really implausibly large swings in the
6 data from year to year, so we are accordingly unsure of
7 whether to exclude this data in our own model or these
8 variables.

9 So we would request another undertaking: To review
10 this data and comment on whether there are problems with
11 these counting methods; whether a correction would likely
12 result in a material change in the results and if a
13 correction would improve the performance of Toronto Hydro;
14 and also whether this corrected data could be provided in a
15 timely manner; and then any other commentary or alternative
16 models that you may have that could be informative, such as
17 a version that excludes these two explanatory variables, if
18 these data can't be updated sufficiently. So if any new
19 models that you would provide as a result of this use any
20 modified data, we would request the data, as well.

21 MR. STERNBERG: I might just on this -- it sounds like
22 it may be a significant scope of work. I'm mindful of the
23 short timelines on answering undertakings. I'm not sure if
24 Ms. Kavan has also a listing of particular values that
25 she's asking about or not, is one question I have as I'm
26 hearing this request.

27 MS. KAVAN: Sure. We could provide a summary perhaps,
28 but, when I'm talking about the implausibly large swings of

1 data, that would just be looking at the year-to-year
2 percentage change in the number of substations or the
3 capacity for each company. And so it might be more
4 efficient for Clearspring to look at it from that
5 perspective because it is a large amount of data.

6 MR. STERNBERG: Okay. If Ms. Kavan is able to provide
7 something that may be useful, that's great.

8 Otherwise, perhaps for this one, given that I'm not
9 sure what the scope of work is and whether it is doable in
10 the timelines, perhaps we can take this back and confer
11 with Clearspring, and, if Mr. Fenrick is reasonably able to
12 do what's request, he will, and, if not or not fully, we
13 will advise.

14 MS. KAVAN: Thank you.

15 MR. MURRAY: We'll give that number JT5.34.

16 **UNDERTAKING JT5.34: WITHIN THE CLEARSPRING WORKING**
17 **PAPERS AND WITH REFERENCE TO 1B-STAFF-67A,**
18 **DISTRIBUTION SUBSTATION DATA, TO REVIEW THE DATA AND**
19 **COMMENT ON WHETHER THERE ARE PROBLEMS IN THE COUNTING**
20 **METHODS; WHETHER CORRECTIONS WOULD IMPROVE THE**
21 **PERFORMANCE OF TORONTO HYDRO; WHEHTER THE CORRECTED**
22 **DATA COULD BE PROVIDED IN A TIMELY MANNER; AND TO**
23 **PROVIDE ANY OTHER COMMENTARY OR ALTERNATIVE MODELS**
24 **THAT COULD BE INFORMATIVE.**

25 MS. KAVAN: Another question regarding the working
26 papers: Clearspring's working papers indicate that Toronto
27 Hydro serves an area of 1368 square kilometres, but in the
28 previous Toronto Hydro custom IR proceeding, Clearspring

1 indicated that Toronto Hydro served an area of 641.69
2 square kilometres. And then, on the OEB's website, on
3 utility performance and monitoring scorecard pages, the
4 company is reported to have 630 square kilometres.

5 So we're just wondering which value is correct and
6 what the source of that discrepancy is.

7 MR. FENRICK: I will need to take that back and
8 consider and look into that issue, as well.

9 MS. KAVAN: Okay. Thank you.

10 MR. MURRAY: That will be undertaking JT5.35.

11 **UNDERTAKING JT5.35: TO CLARIFY AND CONFIRM TORONTO**
12 **HYDRO'S COVERAGE AREA.**

13 MS. KAVAN: All right. Clearspring's working papers
14 did not include the underlying shape files or PDF maps
15 relating to the identification of the service territory
16 areas and the congested urban areas. So we would just
17 request that you undertake to provide the files or
18 preferably the PDF maps that are similar to the maps
19 provided in your previous Toronto Hydro testimony.

20 MR. FENRICK: Ms. Kavan, as you alluded to, we
21 provided those in the prior application when those maps
22 were produced and the variable was originally produced.
23 For this research, we did not produce any other, any new,
24 maps or any additional maps. All those maps were provided
25 in the prior report.

26 MS. KAVAN: Okay. So, there haven't been any changes?

27 MR. FENRICK: As we mentioned in one of the IRs.
28 There was some minor tweaks in the Hydro Ottawa proceeding,

1 you know, so the last Toronto Hydro, and then Hydro Ottawa
2 was directly after that, there were some minor tweaks to
3 some of the utilities, but nothing that would cause the
4 need for a new map or anything. So, there was no other
5 additional maps or anything like that to provide.

6 MS. KAVAN: Okay. Understood. Would it be possible
7 for you to just provide the PDF maps for any utilities that
8 weren't in the prior sample?

9 MR. FENRICK: No. First of all, do you have the
10 utility that wasn't in the prior sample?

11 MS. KAVAN: I don't have a list at my fingertips, but
12 could provide one.

13 MR. FENRICK: Because as I said, we did not produce in
14 this current research, we used, essentially, what was used
15 in the, you know, the prior Toronto Hydro, and then the
16 same variable -- the same exact variable for the Hydro
17 Ottawa and the Hydro One, there was no new research done on
18 that variable, other than the escalation of that variable,
19 but the underlying percent for adjusted urban variable,
20 there was no additional research. We don't have any other
21 maps or anything like that that we did. We took that
22 variable that was used in the three prior proceedings.

23 MS. KAVAN: Thank you. So, in Clearspring's
24 econometric model of total cost, the overhead plant and
25 forestation interaction term, we noticed that is created by
26 multiplying the level form of the percent of plant overhead
27 with the logged form of the percent of service territory
28 that is forested. So, we're just wondering why Clearspring

1 used this variable construction method?

2 MR. FENRICK: It's not in -- what IR are you referring
3 to?

4 MS. KAVAN: This is to the working papers.

5 MR. FENRICK: Which is -- what IR is that?

6 MS. KAVAN: I don't know if it refers to a specific
7 IR. But, again, we're just wondering about the
8 construction, you know, in the interest of having models
9 that everybody understands. The data and the variables
10 that we're working with. Yes, so this is in the SST code
11 that's provided, and in the SATA code.

12 MR. FENRICK: Okay. So, there isn't an IR that you're
13 referring to, so let me look at the model. Which variable?
14 Sorry.

15 MS. KAVAN: It is the interaction term with the
16 percentage of plant overhead and the percent of service
17 territory forested.

18 MR. FENRICK: I know that variable is the same
19 variable that was used in the Hydro One joint report that
20 both PEG and Clearspring entered into, and so there was no
21 change there.

22 MS. KAVAN: Okay. Would it -- could you take it as an
23 undertaking just to check on the variable construction? I
24 believe it is different from the joint report. Just it is
25 the same two variables that are being interacted, but it's
26 just the way that they're interacted.

27 MR. FENRICK: You said one is logged and one is not
28 logged?

1 MS. KAVAN: Correct.

2 MR. FENRICK: Sure, we can undertake to do that.

3 MS. KAVAN: Thank you.

4 MR. MURRAY: That will be undertaking JT5.36.

5 **UNDERTAKING JT5.36: TO REVIEW THE VARIABLE**
6 **CONSTRUCTION AND THE INTERACTION BETWEEN LOGGED AND**
7 **UNLOGGED.**

8 MS. KAVAN: And then relatedly for the percent of
9 plant overhead portion of that variable, so just the plant
10 overhead, that's provided in the working papers, it seems
11 that it is actually a percent of distribution plant that's
12 not specifically underground. And we just want to clarify
13 that that is an accurate understanding of the variable
14 construction, and if it is, if that method is preferable to
15 the more direct more explicit overhead construction.

16 MR. FENRICK: Yes, I believe that the variable is kind
17 of one minus the percent underground value. So, I believe
18 your understanding of the variable construction is correct.

19 MS. KAVAN: Okay. Thank you. And do you -- did
20 Clearspring use that method because you think it is
21 preferable for the econometric modelling, as opposed to
22 taking the percent of specific overhead, rather than one
23 minus the percent underground?

24 MR. FENRICK: That is -- that construction method is
25 the same that was used in the Hydro One joint report. You
26 know, ideally from my perspective, it would be a percent
27 underground variable, but as you know, there's zeroes and
28 issues like that that need to come into play, and so one

1 minus the percent underground tends to produce a better
2 variable, in my view.

3 MS. KAVAN: Understood. Thank you. Okay. My next
4 several questions do refer to specific IR responses that we
5 can pull up. So, the first is 1B-Staff-60, part B,
6 regarding the monotonicity conditions in the model.

7 So, Clearspring accorded translog treatment to three
8 scale variables in the econometric cost model. In
9 contradiction to the monotonicity property predicted by
10 economic theory, Clearspring reported that the estimated
11 elasticity of cost with respect to the service territory
12 area served was negative for THESL. Clearspring in this
13 response reported that there are other instances of
14 negative custom output elasticities for the area variable,
15 so we would like an undertaking to provide the full list of
16 these instances for the three scale variables?

17 MR. FENRICK: We can provide that.

18 MS. KAVAN: Thank you.

19 MR. MURRAY: That will be undertaking JT5.37.

20 **UNDERTAKING JT5.37: TO PROVIDE THE FULL LIST OF**
21 **INSTANCES FOR THE THREE SCALE VARIABLES IN 1B-STAFF-**
22 **60, PART B.**

23 MS. KAVAN: Thank you. And then, in your opinion, do
24 multiple instances of these monotonicity violations for
25 this translogged area variable, including a violation in
26 the case of THESL, does that suggest it's reasonable to not
27 accord translog treatment to it?

28 MR. FENRICK: No, I would say that's not reasonable.

1 You know, the translog cost function is a flexible
2 function, right? And so, given that we have three outputs
3 in a large data set, it's expected that, you know, as you
4 look at the custom elasticities, you know, there maybe
5 instances, and there are instances, where there's a
6 negative cost elasticity, but that doesn't -- you know,
7 that comes with the flexibility of the translog cost
8 function, in all these CIRs, and the 4th generation IR, you
9 know, the translog cost function has been, if you will, the
10 gold standard that has been used by both Clearspring and
11 PEG.

12 And so, I don't see this as a reason to move away from
13 the standard approach of the cost function, just because,
14 you know, yes, we have three outputs in the area which
15 tends to be the smallest cost driver may have some
16 instances of negative. But in my mind, that's no reason to
17 move away from the gold standard of cost functions when
18 doing total cost benchmarking research. That would be not
19 the proper decision, in my view.

20 MS. KAVAN: Okay. And does that include not just
21 translogging the two variables as opposed to three?

22 MR. FENRICK: You mean -- are you suggesting not
23 translogging the third output of the area?

24 MS. KAVAN: Correct.

25 MR. FENRICK: I think a researcher should be
26 consistent in if they are going to do the translog cost
27 function, to do it properly. Which would be to do -- to
28 fully translog and interact all three outputs.

1 MS. KAVAN: Okay. Thank you. The next question
2 refers to 1B-Staff-60, part F, regarding the undercount of
3 residential customers.

4 Clearspring states that not including a normalization
5 factor for the large number of customers served by
6 submetered accounts likely disadvantages Toronto Hydro and
7 the benchmarking research.

8 Is the prevalence of submetering in urban areas a
9 possible reason for the urban congestion variable's high-
10 coefficient estimate and statistical significance?

11 MR. FENRICK: So, for the U.S. sample submetering?

12 MS. KAVAN: For the whole sample.

13 MR. FENRICK: I mean, in my view, it's the increased
14 cost challenges of serving the congested urban areas. We
15 have shown statistically and there have been engineering
16 studies, et cetera, that have looked at -- you know, it
17 costs more to serve in a highly congested area. And, to
18 me, that is why we are seeing the high coefficient value on
19 that, on their variable.

20 MS. KAVAN: Do you think that the submetering issue is
21 or could be part of that, part of what's in that congested
22 urban variable?

23 MR. FENRICK: That would be pure speculation on my
24 part.

25 MS. KAVAN: Okay. Thank you.

26 My next question refers to 4-Staff-288 on the topic of
27 econometric benchmarking of the O&M expenses.

28 In this response, THESL states that it did not ask

1 Clearspring to benchmark the OM&A and capital cost because
2 it could benchmark OM&A on its own, using simpler methods.
3 Mr. Fenrick stated his belief that econometric benchmarking
4 of OM&A expenses would have been more accurate.

5 So my question for Mr. Fenrick here is how often have
6 you undertaken econometric OM&A cost modelling? That's my
7 first question.

8 MR. STERNBERG: Sorry, I am not sure if Ms. Kavan was
9 referring also to the additional IR response. The one I am
10 looking at on the screen I think was a response from
11 Toronto Hydro regarding the engagement of Clearspring.

12 Was there another part of either this response or
13 another response that Ms. Kavan is referring to in the last
14 part of her statement in the question she has asked? And,
15 if so, can we pull that up for Mr. Fenrick?

16 MS. KAVAN: Sure. Let me check my other references
17 here. I believe that is in actually part D, there. So
18 that looks like the correct reference, there.

19 MR. STERNBERG: Thanks. Perhaps, Ms. Kavan can just
20 repeat the question? I am just trying to understand what
21 clarification she is seeking relating to part D. And
22 thanks for pulling that up as I am looking at the question
23 and then seeing the answer.

24 So perhaps she could ask again what clarification or
25 follow-up question she is seeking on this part of the
26 response?

27 MS. KAVAN: Yes. We were wondering how often, Mr.
28 Fenrick, you have undertaken econometric OM&A cost

1 modelling? That's the first part of the question.

2 MR. FENRICK: I have done it in numerous, numerous
3 applications for utilities, looking at OM&A expenses and
4 benchmarking them.

5 MS. KAVAN: Okay. As part of testimony, or just for
6 the utilities privately?

7 MR. FENRICK: Typically, for the utilities privately.
8 I am trying to think of testimony. I cannot think of
9 testimony, offhand. But I have done it numerous times for
10 utilities, internally, using those results.

11 MS. KAVAN: Okay. Thank you.

12 So in your experience, then, do those models tend to
13 include variables really similar to those used in the total
14 cost models?

15 MR. STERNBERG: I am going to interject, because I
16 think we are getting far afield of seeking a clarification
17 question on his answer and, more importantly, what Mr.
18 Fenrick's study was in this case.

19 It seems like we are now -- he is now being asked
20 questions about other work he has done and other
21 engagements, and what his experience or views were, which I
22 guess are irrelevant to his study in this case.

23 MS. KAVAN: Certainly. And the line of questioning is
24 just intended to understand better why the OM&A cost model
25 wasn't done in this case, because we feel it could have
26 perhaps provided more information. And then, as we are
27 developing our econometric models, that is a consideration.

28 Okay. So moving on to -- oh, go ahead.

1 MR. STERNBERG: Anyway, that's fine, if you are moving
2 on. I was just going to note that I think the response is
3 from Toronto Hydro, that the decision was made by Toronto
4 Hydro as to what to engage Clearspring to do, which set the
5 mandate. But, in any event, it sounds like you are moving
6 on.

7 MS. KAVAN: Mm-hmm. Thank you.

8 My next question is 1B-SEC-27, part D. This does also
9 have to do with the econometric benchmarking of OM&A
10 expenses.

11 So Clearspring notes they didn't develop the
12 econometric cost model for OM&A, and states, for example,
13 that:

14 "Disaggregated models will suffer both from
15 accounting differences between competitors and
16 substitution differences between capital, labour,
17 and non-labour inputs within the sample."

18 So we are trying to further clarify and make sure that
19 we understand Clearspring's response, and the data and
20 models that we are working with.

21 So in your opinion, Mr. Fenrick, the unit OM&A cost
22 and labour comparisons that THESL provides have the same
23 limitations as the econometric approach would when it comes
24 to the accuracy of benchmarking the more granular costs?

25 MR. FENRICK: I have not investigated or analyzed the
26 unit costs study that, you know, put forth by Toronto
27 Hydro.

28 MS. KAVAN: Okay. Can variables be added to the OM&A

1 cost model or to any given OM&A cost model that would
2 control for the substitution differences, you know, like a
3 percent of assets underground? And would that be easier to
4 implement, econometrically?

5 MR. FENRICK: Easier than? What are you comparing to?

6 MS. KAVAN: Than unit cost.

7 MR. STERNBERG: And also, sorry to interject again, it
8 seems like he is being asked again about work he didn't do,
9 and to provide opinions on the spot that are outside of the
10 scope of what his study was here. So I have a concern with
11 it, from that perspective.

12 MS. KAVAN: Okay. Thank you. We can move on to the
13 next question.

14 So the reference here is for 2B-Staff-121, part C.
15 And this is just asking a quick confirmation that it
16 appears that THESL, when they are asked to compare the
17 business challenges it faces to those of its Ontario peers,
18 it does refer back to Clearspring's econometric total cost
19 research.

20 And so is this further evidence that the econometric
21 method is generally superior in cost research?

22 MR. FENRICK: I believe this was Toronto Hydro's
23 response. Correct?

24 MS. KAVAN: Correct, yes.

25 MR. FENRICK: Yes. So I would hesitate to comment on
26 their response.

27 MS. KAVAN: Okay. Thank you.

28 This next question refers to 1B-Staff-102, part C.

1 And this is just one final question about the congested
2 urban variable.

3 The IR addresses that the congested urban variable.
4 So when you say that you only considered cities larger than
5 200,000, did you mean the cities or the metro areas?

6 MR. FENRICK: Again, when we constructed that
7 variable, which was the prior Toronto Hydro application, I
8 would need to look back at my notes to figure out if it was
9 the cities or the metro areas. So, you know, if I can take
10 that back and consider.

11 MS. KAVAN: Thank you.

12 MR. MURRAY: That will be undertaking JT5.38.

13 **UNDERTAKING JT5.38: TO CLARIFY THE RESPONSE TO 1B-**
14 **STAFF-102C, WHETHER THE CONGESTED URBAN VARIABLE**
15 **REFERRED TO CITIES OR METRO AREAS.**

16 MS. KAVAN: Thank you very much. The next one is 1B-
17 STAFF-75, part J. This has to do with the reliability
18 benchmarking. So, from the information that you have from
19 the econometric modelling, why does THESL tend to have such
20 a poor SAIFI and good SAIDI score? And it may be helpful
21 to get both Clearspring and Toronto Hydro's perspective on
22 this, and, you know, it maybe would need to be an
23 undertaking.

24 MR. FENRICK: Ms. Kavan, from my perspective, which is
25 a data-analysis perspective, right, I mean, the answer is
26 that the SAIFI values are significantly higher than the
27 benchmarks produced by the models, and CAIDI is
28 significantly lower than the benchmarks produced by the

1 CAIDI models. You know, as I stated in here, you know, I'm
2 not an engineer, so it's outside of my expertise to comment
3 on causes for those results. You know, from a pure data
4 perspective, that's the essence of my research.

5 MS. KAVAN: Okay, so nothing jumps out at you from
6 that data perspective, though?

7 MR. FENRICK: No.

8 MS. KAVAN: Okay. Thank you. Would it be possible to
9 ask Toronto Hydro, then, for an undertaking for their
10 insights from an engineering perspective?

11 MR. STERNBERG: Just give me a moment.

12 MS. KAVAN: Thanks.

13 MR. STERNBERG: Okay. The previous panels obviously
14 have come and gone, so what we'll do for right now is we'll
15 take that back to Toronto Hydro and consider it. If
16 they're in a position to respond to that and provide
17 further information than is already on the record, they
18 will, and, if not, we'll advise.

19 MS. KAVAN: Thank you.

20 MR. MURRAY: That will be undertaking JT5.39.

21 **UNDERTAKING JT5.39: TO GIVE THE APPLICANT'S VIEW OF**
22 **THE CAUSES OF TORONTO HYDRO'S SUCH POOR SAIFI AND GOOD**
23 **SAIDI SCORES. (REF: 1B-STAFF-75J)**

24 MR. STERNBERG: It maybe useful just to restate since
25 I know there was part of the original question that Mr.
26 Fenrick responded to. Perhaps Ms. Kavan can just restate
27 specifically what she's asking for from Toronto Hydro.

28 MS. KAVAN: Yes. We would like to understand what the

1 causes tend to be of Toronto Hydro's such poor SAIFI and
2 good SAIDI scores.

3 MR. STERNBERG: Thank you.

4 MS. KAVAN: Thanks. My last line of questioning
5 refers to Clearspring's report, so this would be
6 Clearspring's report, page 21, Table 6. The trend variable
7 parameter estimate in Clearspring's total cost model is
8 negative-0.005, and Clearspring notes on page 18 that this
9 variable captures a general industry total cost level trend
10 over the study period.

11 So should the Board on this basis consider 0.5 percent
12 as a cost-efficiency growth factor for THESL, and, if not,
13 why not?

14 MR. STERNBERG: Sorry, just give us a moment. I think
15 we're trying to catch up with you on the -- we're still
16 waiting for the page to come up. It's page 18 of the
17 report?

18 MS. KAVAN: The quote is on page 18. The table with
19 the trend variable parameter estimate is on page 21.

20 MR. STERNBERG: Okay, thank you.

21 MR. FENRICK: Ms. Kavan, no IR that you're referring
22 to here?

23 MS. KAVAN: No.

24 MR. STERNBERG: Perhaps you can give us the question
25 again. I think we have at least one of the references up
26 now on the screen.

27 MS. KAVAN: Okay. So the trend variable parameter is
28 a negative-0.005, and, Clearspring, the quote from page 18

1 is that the variable captures a general industry total cost
2 level trend over the study period.

3 So our question is: Should the Board on this basis
4 consider that 0.5 percent as a cost-efficiency growth
5 factor for THESL, and, if not, why not?

6 MR. FENRICK: My response would -- oh, sorry.

7 MR. STERNBERG: I was about to say it seems like this
8 is beyond a clarification on something in his report or an
9 IR, so, if it's -- I'm not sure if it's something Mr.
10 Fenrick needs time to consider. If he's able to respond to
11 the question now, that's fine.

12 MR. FENRICK: Yes. I mean, just, I would say no, it's
13 not. The TFP research, total factor productivity research,
14 and the fourth-generation IR had found a negative TFP that
15 has been used in all the CIRs and price caps subsequent to
16 that. You know, this, this trend variable, is not, is not,
17 should not be a substitute for total factor productivity
18 research that's been decided on and used in all of the CIR
19 proceedings.

20 MS. KAVAN: Thank you. My last question refers to
21 page 23 of that same report. Clearspring reports that
22 there were sizable declines in THESL's total cost
23 efficiency in 2010 and 2011, and PEG is finding an even
24 bigger decline in 2010, which seems to source from the OM&A
25 side.

26 So we are wondering if you have any insight into what
27 happened during those years, and we would request an
28 undertaking to better understand the sources of this

1 decline, both from the company and Mr. Fenrick.

2 MR. FENRICK: In 2010 specifically?

3 MS. KAVAN: 2010 and 2011.

4 MR. FENRICK: 2010, 2011. Yes, I mean, we can
5 undertake to explain that -- I mean, likely costs
6 increased, right, during those two years, but I can
7 undertake to, you know, show that, I guess.

8 MS. KAVAN: Thank you. And then, you know, if
9 possible, if we could request that of the company, I know
10 that would be a separate thing.

11 MR. STERNBERG: I mean, we'll need to consider it and
12 confer with Toronto Hydro, but I'm a bit unclear on exactly
13 what you're looking for, tying it to, since the question is
14 tied to the results that are in table 7 of Mr. Fenrick's
15 report. So perhaps you can clarify what exactly you're
16 asking the company to respond to or to provide you
17 information on.

18 MS. KAVAN: Yes, just any possible, like, sources or
19 drivers of this much more dramatic decline in the cost
20 efficiency. As I mentioned, it seems to be coming from the
21 OM&A side, so we would just like to better understand if
22 there is, you know, some piece of cost information that
23 we're not correctly understanding or accounting for in
24 those years.

25 MR. STERNBERG: Thanks for the clarification. So
26 we'll take it back to Toronto Hydro so that they can
27 consider it, and if they're in a position to reasonably
28 respond, they will; and if not, we'll advise you.

1 MS. KAVAN: Thank you.

2 MR. MURRAY: We'll mark both the kind of commitments
3 by both Clearspring and Toronto Hydro as undertaking
4 JT5.40.

5 **UNDERTAKING JT5.40: TORONTO HYDRO AND CLEARSPRING TO**
6 **COMMENT ON DECLINES IN THESL'S TOTAL COST EFFICIENCY**
7 **IN 2010 AND 2011.**

8 MS. KAVAN: Thank you. Earlier during this
9 conversation, PEG had requested an undertaking for the maps
10 underlying the area in congested urban variables. So we
11 have identified the two utilities in Mr. Fenrick's total
12 cost benchmarking sample that he did not provide maps for
13 in the 2018 Toronto Hydro evidence. So that's just
14 PacifiCorp and Potomac Electric Power, so we just ask for
15 an undertaking just for those two maps.

16 MR. FENRICK: Again, Ms. Kavan, we did not undertake
17 any research on that variable, so we don't have those maps
18 to provide. We're using the same exact variable that PEG
19 and us have used in the last three proceedings,
20 essentially.

21 MS. KAVAN: Right. Yes, absolutely. I just don't
22 believe that the maps that are like the source of those
23 numbers that we're using are in the record anywhere. So,
24 we're just wondering if those two, in particular, since
25 they have values in the data set, could be added?

26 MR. STERNBERG: Perhaps we can do this to move it
27 along. I think Mr. Fenrick has indicated he doesn't
28 believe he has those maps to provide. So, we will check

1 with him again, and if he does, we will provide them. So,
2 if my understanding is incorrect, but I think he has
3 indicated he doesn't have those.

4 MS. KAVAN: Okay.

5 MR. STERNBERG: And if that's wrong and he does, and
6 we're able to provide them, we will.

7 MS. KAVAN: Okay. In PDF or shapefiles would work if
8 they're available.

9 MR. MURRAY: And let's mark as an undertaking, just as
10 a placeholder, in case they are found, that will be
11 undertaking JT5.41.

12 **UNDERTAKING JT5.41: TO FILE THE TWO MAPS RELATED TO**
13 **THE CONGESTED URBAN VARIABLES.**

14 MS. KAVAN: And that concludes my questions. Thank
15 you.

16 MR. MURRAY: Thank you very much, Ms. Kavan. Next on
17 the list was supposed to be DRC, though DRC's counsel
18 advised the hearings advisor earlier today they will not
19 have any questions. So, next on the list will be Mr.
20 Rubenstein from SEC.

21 **EXAMINATION BY MR. RUBENSTEIN:**

22 MR. RUBENSTEIN: Good afternoon, Mr. Fenrick. Can you
23 hear me?

24 MR. FENRICK: I can, good afternoon.

25 MR. RUBENSTEIN: Ms. Kavan asked you at the beginning
26 of her examination or near the beginning if you had updated
27 the study results based on the various evidentiary updates,
28 and you said no. And then she asked you, do you think

1 they're material? And I think your response was you don't
2 know or you hadn't investigated that. Is that fair?

3 MR. FENRICK: Yes, that's fair.

4 MR. RUBENSTEIN: Are you able to update the study
5 results based on the evidentiary updates since the filing
6 of your -- or since the completion of your report?

7 MR. FENRICK: Able to? Yes, if I'm provided the data
8 updates from the company, I can update the models and the
9 end results.

10 MR. RUBENSTEIN: Can you do that?

11 MR. STERNBERG: So, I don't know how much effort or
12 time is involved in doing that. I'm mindful it's a very
13 short timeline on responding to undertakings, so perhaps
14 what we'll do for right now is consider the request,
15 consult with Mr. Fenrick on what effort would be involved,
16 what time would be involved, and if he's in a position
17 reasonably to do that, he can; and if not we will advise.

18 MR. MURRAY: We'll mark that JT5.42.

19 **UNDERTAKING JT5.42: TO UPDATE STUDY RESULTS BASED ON**
20 **THE EVIDENTIARY UPDATES.**

21 MR. RUBENSTEIN: I know Mr. Fenrick has a tight
22 deadline, especially for his undertakings. I'm less
23 personally concerned about that deadline, just, you know,
24 sufficiently in advance we'll have the -- at some point
25 we'll have an update to the results of his study.

26 MR. STERNBERG: Okay. Thanks. And we can discuss it,
27 too, offline, depending on the discussions we have with Mr.
28 Fenrick about it.

1 MR. RUBENSTEIN: Can we go to 1B-SEC-27. So, we had
2 asked you in part A to detail changes to the Clearspring
3 methodology since the report in Toronto Hydro's last custom
4 IR proceeding, and please explain the reasons. And you
5 provide a response, but a lot of it points us to
6 documentation in the Hydro One proceeding in the joint rate
7 application proceeding where there was -- you filed a
8 report and PEG filed a report, and there was a joint
9 report. And I know that it's a lot of the same parties in
10 that proceeding and the same experts, but it would be
11 helpful if you could, by way of undertaking, respond to the
12 question as posed and provide a comparison between the
13 methodology in your last report, in the Toronto Hydro
14 proceeding to where we are now?

15 MR. STERNBERG: Can I ask for just a clarification?
16 It may assist as I'm looking at the response, because maybe
17 more significant methodological changes that are referred
18 to in the evolution of the reports that are referred to in
19 the response and there may be, you know, much more minor
20 ones.

21 Are you interested in every big or small change or is
22 it more the main changes to the methodology that have any
23 kind of material impact, is it that? And I'm asking for
24 this because I'm trying to understand how doable it is when
25 you're asking for all changes that have occurred in these
26 studies that have been done over the last number of years.

27 MR. RUBENSTEIN: I'm hesitant to -- well, let me ask
28 Mr. Fenrick. Are most of the changes which you would -- is

1 that a distinction that you could -- between minor and
2 major, is that a real distinction in the methodological
3 changes?

4 MR. FENRICK: Mr. Rubenstein, I would say we attempted
5 to provide all the, what I would consider major changes,
6 you know, in those three reports that I listed in the IR
7 response. And specifically section 2 of the current report
8 where we did provide the changes that have occurred and the
9 evolution in benchmarking over this period, and some of the
10 reasons for them.

11 I hesitate because, you know, providing a full list of
12 every single change from the last Toronto Hydro proceeding
13 to this one, requires me to fully dig into that research
14 way back then, and then compare every single detail. And I
15 hesitate to do that because I'm afraid I'm going to miss
16 something, right?

17 MR. RUBENSTEIN: No, that's fair.

18 MR. FENRICK: You know, I provided all the major
19 things that I'm aware of. You know, I just hesitate to
20 have to take all the time to go through there, really delve
21 into all the details. You know, and that was vetted, that
22 was looked at, you know, through that evolution. I just
23 hesitate a little bit on that.

24 MR. RUBENSTEIN: Yes, but even in your report it goes
25 back and talks about -- go back to the JRAP. So, I mean,
26 let me put it this way, I'm looking for the material
27 methodological changes.

28 MR. STERNBERG: Perhaps we can do this, why don't we

1 take it back and have Mr. Fenrick think about it? He can
2 look at what he's already described in the section 2 of his
3 current report, and if there's some other description
4 that's useful on a best efforts basis, he'll do that, and
5 if not, he'll advise -- or we'll advise.

6 MR. MURRAY: That will be undertaking JT5.43.

7 **UNDERTAKING JT5.43: TO REVISIT THE RESPONSE TO 1B-**
8 **SEC-27, AND COMMENT ON ANY MATERIAL METHODOLOGICAL**
9 **CHANGES.**

10 MR. RUBENSTEIN: Can we go to part D of that
11 interrogatory 1B-SEC-27. So, there we had asked you to
12 provide certain information, and your response was the
13 model doesn't do that; and that's fair.

14 So can I ask you, by way of undertaking, to provide
15 the following information: For each year of the plan,
16 that's the Hydro One (sic) 2025 to 2029, can you provide
17 the dollar increase in total costs to the benchmark for; A,
18 each additional megawatt of peak demand; and B, each
19 additional customer?

20 MR. MURRAY: Mr. Rubenstein, before they respond, I
21 believe you may have said Hydro One, and I just want to
22 confirm that you meant Toronto Hydro.

23 MR. RUBENSTEIN: Toronto Hydro, yes.

24 MR. FENRICK: Yes, I cannot provide it for Hydro One.
25 Mr. Rubenstein, you said for total cost, correct? In your
26 question?

27 MR. RUBENSTEIN: Yes.

28 MR. FENRICK: Yes, that's something we can provide.

1 MR. RUBENSTEIN: And then the second part would be for
2 each year of the Toronto Hydro plan, can you please provide
3 the percentage increase in total costs in the benchmark for
4 each: A, one percent increase in peak demand; and B, one
5 percent increase in costs -- sorry, one percent increase in
6 customers.

7 MR. FENRICK: So, essentially, yes, the cost
8 elasticity?

9 MR. RUBENSTEIN: Yes.

10 MR. FENRICK: Yes. Total costs, right.

11 MR. RUBENSTEIN: Yes?

12 MR. MURRAY: That will be undertaking JT5.44.

13 **UNDERTAKING JT5.44: (REF: 1B-SEC-27D) (A) FOR EACH**
14 **YEAR OF THE PLAN, THAT'S THE HYDRO ONE (SIC) 2025 TO**
15 **2029, CAN YOU PROVIDE THE DOLLAR INCREASE IN TOTAL**
16 **COSTS TO THE BENCHMARK FOR; A, EACH ADDITIONAL**
17 **MEGAWATT OF PEAK DEMAND; AND B, EACH ADDITIONAL**
18 **CUSTOMER; (B) FOR EACH YEAR OF THE TORONTO HYDRO**
19 **PLAN, CAN YOU PLEASE PROVIDE THE PERCENTAGE INCREASE**
20 **IN TOTAL COSTS IN THE BENCHMARK FOR EACH: A, ONE**
21 **PERCENT INCREASE IN PEAK DEMAND; AND B, 1 PERCENT**
22 **INCREASE IN CUSTOMERS.**

23 MR. RUBENSTEIN: Those are my questions. Thank you
24 very much.

25 MR. MURRAY: Thank you very much, Mr. Rubenstein, I
26 believe some of the questions that have been asked
27 generated a couple of further questions from Staff. Mr.
28 Zanini, I understand you have a question?

1 **EXAMINATION BY MR. ZANINI:**

2 MR. ZANINI: Yes. So, Daniel Zanini, senior advisor
3 OEB Staff. Mr. Fenrick, as you have done these evolutions
4 of the model between the Hydro One case or the prior
5 Toronto Hydro submission to now, do you maintain a baseline
6 model or a set of checks to determine whether its data
7 updates or the evolution of your model in terms of how it
8 affects the outputs of the model, the final outputs, and
9 what is really adding any material changes or effects to
10 it?

11 MR. FENRICK: If I understand your question correctly,
12 are you asking, from each iteration of the model, do I look
13 at the results for Toronto Hydro?

14 MR. ZANINI: Not necessarily for Toronto Hydro, but as
15 your model evolves, are you checking to see what is
16 changing any outputs and outcomes, whether it is the update
17 to the inputs itself, or the methodology of your model?

18 MR. FENRICK: The short answer, no. When we are
19 evolving and trying to produce -- you know, undertaking the
20 research, the goal is can we produce a better model, right?
21 Can we have a continuous improvement and evolve the model
22 to be better?

23 So I intentionally don't look at, okay, here is what
24 the results are that we start with, and here is where the
25 outputs or the results are, afterwards. The goal and the
26 intention is to improve the underlying model or
27 methodology.

28 And throughout these iterations from, you know, when

1 we started this way back in fourth generation IR, in
2 through -- through time, the goal has always been can we
3 refine, can we improve, can we evolve? And which I think
4 both us and PEG have worked -- you know, worked in tandem
5 in improving these benchmarking models throughout time.

6 But I can't tell you, "Here was the original Hydro One
7 model, and here was the result for Toronto Hydro," or
8 anything like that. You know, the goal is really to
9 improve and refine and enhance the underlying models.

10 MR. ZANINI: Okay. Thank you. I am done.

11 MR. MURRAY: Thank you, very much, Mr. Zanini.

12 And that concludes the technical conference for
13 Toronto Hydro's application. I would like to thank
14 everyone for their efforts in getting this done during the
15 time, during the week, and I hope everyone has a good
16 weekend.

17 --- Whereupon the conference concluded at 2:19 p.m.

18

19

20

21

22

23

24

25

26

27

28