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Limited**

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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 Thursday, April 11, 2024, commencing at 9:31 a.m.

TECHNICAL CONFERENCE

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1 Thursday, April 11, 2024

2 --- On commencing at 9:31 a.m.

3 MR. MURRAY: Good morning, everyone, and welcome back
4 to day four of Toronto Hydro's technical conference. Mr.
5 Ladanyi, I believe you're next on the list.

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

7 **RESUMED**

8 **Dave Clark**

9 **Federico Zeni**

10 **Jennifer Stulberg**

11 **Daliana Coban**

12 **Ekaterina Dolzhenkova**

13 **EXAMINATION BY MR. LADANYI (CONT'D.):**

14 MR. LADANYI: Yes, I am. Thank you, Mr. Murray. And,
15 for the benefit of the large audience on YouTube, I'll
16 introduce myself. I'm Tom Ladanyi. I'm a consultant
17 representing Energy Probe.

18 And can we first turn to Exhibit 8, Tab 1, schedule 1,
19 original, page 15? We saw that yesterday. And there it
20 is, thank you. And you can see on this exhibit that some
21 rate classes have a row that says "total bill after taxes
22 and rebate." Now, if you go to page 14, which is just
23 ahead of that, you'll notice that they also have that.
24 Could you explain to me: What exactly is "total bill after
25 taxes and rebate"? What are you trying to show there?

26 MS. DOLZHENKOVA: The total bill includes all
27 different type of charges related to distribution,
28 regulatory, energy, and other factors.

1 MR. LADANYI: Is there -- yes. Is there a calculation
2 somewhere in evidence that shows how you came up with those
3 numbers? I don't want to take you through it, but I would
4 like to --

5 MS. DOLZHENKOVA: Ah, yes, there is. If you look at
6 appendices -- just give me one second -- 2W, I believe.

7 MR. LADANYI: All right. I will look it up. I don't
8 want to -- because we have limited time. I will look at
9 it, and, if we have to follow it up, we might do it during
10 the hearing.

11 MS. DOLZHENKOVA: Sounds good.

12 MR. LADANYI: I hope not. When you filed the April
13 2nd update, you actually don't have that row. Is there any
14 reason why you don't have that row on the April 2nd update?

15 You don't have to turn to that, but, if you like, you
16 can. And that was in 1B, Tab 1, schedule 3, table 2. It's
17 on page 3. Yes, so here you do not have that row. Is
18 there a reason why you left it off? Is it a question of
19 you just didn't have enough space, or you felt that there
20 was no point?

21 MS. DOLZHENKOVA: I think, as you can see in table 2,
22 table 2 does match, also, the pre-filed evidence.

23 MR. LADANYI: Right.

24 MS. DOLZHENKOVA: And so, as part of the application
25 update, we have filed the updates related to the revenue
26 requirement, but we have not filed updates related to the
27 distribution rates.

28 MR. LADANYI: So that's the reason you actually don't

1 have --

2 MS. DOLZHENKOVA: That's correct.

3 MR. LADANYI: -- those schedules you're referring to.

4 MS. DOLZHENKOVA: That's correct.

5 MR. LADANYI: All right. Thank you. So please turn
6 to 1B-EP-14. In question A, I asked if you believe that
7 OEB's standard price cap IRM framework is inadequate and
8 should be changed. And you directed me to 1B-Staff-3B, and
9 I think your response starts on page 3, table 2. As I
10 understand, are you proposing your custom revenue cap
11 index, CRCI, because it gives you more money than OEB's
12 price cap? Is that right?

13 MS. COBAN: The CRCI is a funding mechanism that
14 allows us to bridge the gap between the investments that we
15 would be able to fund in the normal course under IRM and
16 the investments that we've put forward in this application
17 in Exhibits 2B and 4 that we've been talking about over the
18 last couple of days.

19 MR. LADANYI: So CRCI is designed by you to give you
20 more money than you would get, that typically the other 57
21 distributors in Ontario can get, unless they take up your
22 same methodology?

23 MS. COBAN: It is a custom funding mechanism designed
24 to deal with funding considerations that arise from our
25 plan, yes.

26 MR. LADANYI: So please turn to 1B-EP-06. The
27 interrogatory deals with your evidence that you right-sized
28 your workforce. And, in question A, I asked for your

1 definition of "right-sized", and you directed me to 1B-CCC-
2 14B. So what should we be looking at in 14B?

3 MR. KEIZER: Sorry, Mr. Ladanyi. Do you have a
4 question about 14B?

5 MR. LADANYI: Yes, I know. I'm trying to understand
6 how -- does 14B explain "right-sized"? Can you summarize
7 it for me? I read it, and I'm trying to understand. Does
8 -- "right-sized," does it mean you have more employees or
9 fewer employees?

10 MS. STULBERG: So our response in part B indicates
11 that, over the 2015 to 2023-24 period, we've been
12 relatively flat from a head-count perspective and
13 constrained our resourcing levels internally due to
14 internal programs around jobs harmonization, outsourcing,
15 and process automation. And, through this application and
16 the growth of the capital programs and operating programs,
17 it's no longer possible for us to continue at those
18 staffing levels.

19 MR. LADANYI: So it means an increase in staff "right-
20 sized"? There was -- you have had inadequate staff, and
21 now that you think you're going to be getting more money
22 with your CRCI rate-setting method, you feel you can hire
23 more staff?

24 MS. STULBERG: No. Right-sizing in this context did
25 mean constrain over the previous periods. Having said
26 that, it's at this time that we no longer can live within
27 these means and have proposed the staffing plan in this
28 evidence under Exhibit 4, Tab 4, schedule 3.

1 MR. LADANYI: Thank you. Can you turn to 1B-Pollution
2 Probe-18? An unfortunate Mr. Brophy from Pollution Probe
3 is sitting right next to me. Mr. Brophy asked you: T-H-E-
4 S-L -- I hate that name, but the way; I don't like the way
5 the initials are; I prefer to call it "Toronto Hydro" --
6 "has indicated that it expects significant growth due to
7 decarbonization, the energy transition and related changes;
8 however, table 5 indicates decreasing load out to 2029.
9 Please reconcile."

10 I read your answer and tried to understand it. Is
11 your understanding that there may be load growth but that
12 it will be captured in the DRVA? Is that right?

13 MS. DOLZHENKOVA: I would like to state that, from the
14 perspective of our load forecast, it's a combination of
15 various external factors that drive the load, including
16 weather, conservation, demographics, and including as part
17 of our proposal early energy transition related to EVs and
18 DERs. So I would not --

19 MR. LADANYI: It will not, then, be captured in a
20 DRVA, or will it be captured in the DRVA?

21 MS. DOLZHENKOVA: Can you clarify what specifically
22 you mean? What is going to be captured?

23 MR. LADANYI: Well, it says here:

24 "As the question and Toronto Hydro both
25 anticipate the energy transition is more likely
26 to lead to greater revenues, and, through the
27 DRVA, these incremental revenues would be tracked
28 and cleared to the benefit of customers."

1 So that's the sentence that attracted my attention. I
2 want to know how this will be done on the DRVA, on a high
3 level. I'm not expecting you to do a full math, but there
4 is the basic concept explained to me, anyways.

5 MS. DOLZHENKOVA: So, to the point that there's a
6 faster energy transition that is going to take place
7 compared to what has been forecasted or vice versa, and if
8 there are any related variances related to the loads, then
9 in that case it would be captured through the DRVA as
10 proposed.

11 MR. LADANYI: Now, you're all experienced, let's say,
12 for it I'll call it utility professionals. As far as I
13 understand, variance accounts are in dollar units, aren't
14 they, they're not in volume units. What are the dollar
15 units you're reporting here in the DRVA?

16 MS. DOLZHENKOVA: The revenue variance will capture
17 the variance between actual revenues and weather normalized
18 basis and revenues we have forecasted as part of this rate
19 application.

20 MR. LADANYI: So, revenues is measured in dollar
21 units?

22 MS. DOLZHENKOVA: That is correct.

23 MR. LADANYI: Please turn to 1B-Energy Probe-2. So,
24 in the preamble I quoted from your evidence, the density of
25 Toronto Hydro's service territory is unique even within an
26 international context, due to the ever-increasing number of
27 high-rise buildings. And I asked a number of questions
28 about this, and I thank you for your responses. First,

1 what is your concern about high-rise buildings? Why would
2 that be significant?

3 MS. COBAN: We'll do our best to assist you with that
4 question, Mr. Ladanyi, from a technical perspective in
5 terms of the impact of those loads on our system, and what
6 we need in order to be able to service those loads and
7 connect them reliably, that would have been something
8 better addressed for panel 1. But to my understanding,
9 there are kind of two main reasons why high-rise buildings
10 are relevant and are something that we look at from a
11 comparative perspective.

12 The first reason is the consideration around the
13 technical requirements that we must satisfy in order to
14 serve and connect those buildings safely and the
15 reliability standards that they require. As well as the
16 concentration of high-rise building that leads to demands
17 on our infrastructure that are sort of congregating in
18 certain areas of the system, along the transit corridors
19 and the downtown. And then the other reason high-rise
20 buildings are a significant consideration for us when we
21 look at it comparatively is more from a benchmarking
22 perspective, and more of an Ontario context, where we see
23 that the number of high-rise buildings that we serve and
24 increasingly serve through bulk metering arrangements, is
25 putting downward pressure on our customer numbers, so
26 that's something that we've led in evidence, explanation,
27 and sort of consideration around those customer numbers
28 being viewed through that lens of understanding the unique

1 context that we face here result of high-rise buildings.

2 MR. LADANYI: Thank you. So, your answer and the
3 question also deals with 2,598 high-rise buildings, and
4 that's your number. Isn't that right? And by your
5 definition, a high-rise building -- and I'm not going to
6 question what your definition is, but so there's 2,598
7 high-rise buildings in your service area, and I asked how
8 many use natural gas. You said you actually don't have
9 those records. Maybe I should have asked how many use
10 electricity for heating and space heating. Do you know
11 that, of the 2,598 high-rise buildings?

12 MS. COBAN: We don't have that information.

13 MR. LADANYI: Nowhere at Toronto Hydro? You don't
14 have this information at all, do you?

15 MS. COBAN: Not to my knowledge.

16 MR. LADANYI: All right. That's surprising. In
17 question D I asked an argumentative question, and I
18 apologize for that. Despite my question you kindly
19 provided the answer, in your answer you mentioned the cost
20 allocation process, I touched on this with panel 1, and it
21 was directed to discuss it with you, I think. Can you
22 explain how you use cost allocation to ensure that existing
23 ratepayers do not subsidize developers of high-rise
24 buildings?

25 MS. DOLZHENKOVA: The way we set our rates we follow
26 the OEB's policies, and related cost allocation model.

27 MR. LADANYI: Okay, all right. Then for this area
28 here, Yonge and Eglinton, you look outside and many high-

1 rise buildings. I'm sure somewhere along in the past,
2 Toronto Hydro must have upgraded, upsized their
3 infrastructure to provide electricity to the high-rise
4 buildings. Did you assess these additional cost that was
5 imposed on Toronto Hydro and did you charge any of these
6 developers, I don't mean specifically developers, but in
7 general terms, would you have charged any of these
8 developers for, let's say, transformers that you put maybe
9 three kilometres away from here, so that this place, that
10 these people pay the true cost that they are causing to
11 Toronto Hydro?

12 MS. COBAN: So, I think, Mr. Ladanyi, your question
13 goes more to the connection policies, and the requirements
14 under the DSC, which we spoke a little bit about on panel
15 1, I will do my best to summarize, but to the extent that
16 I'm not able to clarify, then maybe we will take this away
17 and set it out in more detail so that you get the answer
18 that you're looking for. But to the best of my
19 understanding, the way that that policy works is that when
20 we have a customer who is coming to us, asking for a
21 connection, we would look at the available capacity to
22 connect that customer. To the extent that we don't have
23 available capacity, we need to build out our system, we
24 would figure out what the cost of that build-out would be,
25 and then we would input that cost into the economic model,
26 the economic model then would evaluate what is the revenue
27 that we can expect from that customer over 25 years and
28 would compare that revenue with the cost.

1 To the extent that revenue is not sufficient to cover
2 the cost, there would be a capital contribution that the
3 customer would have to pay. And so, in that way, we would
4 ensure that the customer is paying its fair share of the
5 system cost, the expansion cost of the system to serve that
6 customer.

7 MR. LADANYI: And that's exactly what I was getting
8 at. I'm glad you answered that way, so you're using
9 Appendix B of the Distribution System Code and the
10 parameters in there to assess the need for a contribution,
11 if any. And I just want to know what was included in the
12 cost when you mentioned the cost. Is it just the line
13 connecting that particular building to your system or is it
14 actually other facilities that are providing additional
15 capacity for, let's say, Yonge and Eglinton area?

16 MS. COBAN: It would be whatever facilities meet the
17 definition of expansion under the Distribution System Code.
18 That's how we follow that cost allocation policy, we look
19 at those specific definitions and determine what
20 infrastructure falls under that definition of expansion.

21 MR. LADANYI: Very good, I understand that. And the
22 way I look at it, there's some spare capacity on the
23 system. So, the first developer comes and you have spare
24 capacity, so you don't have to pay anything, then the next
25 one comes, and pretty soon you've used up all your spare
26 capacity. Then the last developer that comes you would
27 tell them, you going have to pay \$5 million in
28 contribution, is that how it works or is there some other

1 way you're doing this?

2 MR. KEIZER: Mr. Ladanyi, the witness has indicated
3 that they're doing it in accordance with the Distribution
4 System Code. The issue before the Board here is the
5 approval of rates, not whether the Distribution System Code
6 is appropriate or not appropriate, so I'm not quite sure
7 what more the witness can say other than this is how they
8 follow it and they follow it on the basis of the code.

9 MR. LADANYI: Well, the Distribution System Code is
10 open to interpretation, especially as it relates to costs
11 that are included in the calculation of the feasibility.
12 I'm asking general questions, and if you want to provide it
13 in writing, fine, and, obviously you know, any utility has
14 to follow the Distribution System Code. That's a given.
15 I'm not saying that Toronto Hydro is not following. I'm
16 trying to understand how they are interpreting it and what
17 is their practice in following the code.

18 MR. KEIZER: Well, the witness can take it only as far
19 as she's capable of doing it, recognizing it may not
20 necessarily be fully within her area, so let's, you know,
21 in my view it may be quicker and more efficient just simply
22 for Toronto Hydro to provide a short summary of the way in
23 which they were interpreting expansion costs, which seems
24 to be the nature of your question, and how they would apply
25 the code in that regard.

26 MR. LADANYI: So, in answer to question E, which deals
27 with what we're just talking about, you directed me to 2B-
28 Section ES-1, table 9, pages 18 to 19. I'm hoping that you

1 will giving me more information than that is shown in that
2 exhibit. Just quoting that is not going to be sufficient.
3 I have looked it up already. So will this be an
4 undertaking, by the way?

5 MR. MURRAY: We can give this a number; it will be
6 JT4.1.

7 MR. KEIZER: Sorry, can we make sure we understand
8 what 4.1 is? Is it what I have expressed, Mr. Ladanyi? Is
9 that what you are asking for the undertaking to be?

10 MR. LADANYI: I am asking that Toronto Hydro explain
11 how they apply appendix B of the Distribution System Code
12 to evaluating large building developments, if you like, or
13 multi-storey building developments, whatever they like to
14 call it. But we're talking about these, let's say, 44
15 condominium buildings that are around this area, and how
16 they would apply that in assessing whether a developer has
17 to pay a contribution or not, what costs are included.

18 MR. KEIZER: Within a general definition of costs?
19 That's fine.

20 MR. LADANYI: Yes.

21 MR. MURRAY: Once again, just to confirm, that will be
22 undertaking JT4. 1.

23 **UNDERTAKING JT4.1: TO EXPLAIN HOW THESE APPLIES**
24 **APPENDIX B OF THE DISTRIBUTION SYSTEM CODE TO**
25 **EVALUATING MULTI-STOREY DEVELOPMENTS; HOW THEY WOULD**
26 **APPLY IT IN ASSESSING DEVELOPER CONTRIBUTION TO THE**
27 **COSTS, WITHIN A GENERAL DEFINITION OF COSTS.**

28 MR. LADANYI: So let's turn to 1B-Energy Probe-16. In

1 this interrogatory, I asked in question A:

2 "Please confirm that under a price cap model, a
3 utility bears the load forecast risk while, under
4 a revenue cap model, a utility does not bear the
5 load forecast risk."

6 As I understand your answer, you say that:

7 "The OEB's price cap model is not a true price
8 cap model, because there is a new billing
9 determinants forecast each year."

10 That is the weather-normalized billing determinants
11 forecast that is produced each year. Is that what you are
12 referring to?

13 MS. COBAN: Can you point us to what line you are
14 looking at, to make sure we are looking at the same
15 information?

16 MR. LADANYI: Yes. Your response A, and we were
17 looking at lines 19 to 28, if you like, or 29. I don't
18 want to read the whole thing. It's right in front of you.

19 MS. COBAN: I think what we are trying to say in this
20 response is that under both the price cap model and the
21 revenue requirement cap model, that risk or reward
22 associated with forecasting and changes in billing
23 determinants is something that both the utility and the
24 ratepayers bear, whether, you know -- it really does depend
25 on how those variances play out. And it's both a risk
26 and/or a reward, or an opportunity that could play out.

27 MR. LADANYI: So under the OEB's price cap model,
28 there is a billing determinants forecast produced each

1 year. Who produces that?

2 MS. DOLZHENKOVA: The billing determinants that are
3 forecasted, they have been submitted as part of our pre-
4 filed evidence, and then our application update. So those
5 are the forecasted billing determinants that's going to be
6 used.

7 MR. LADANYI: That's what you are doing in this case.
8 As you mentioned it, are these then fixed for the five-year
9 period? Or will they vary each year?

10 MS. DOLZHENKOVA: Excuse me, sir? What's going to --

11 MR. LADANYI: The billing determinants forecast, is
12 there a separate forecast? Essentially, it is going to
13 vary each year, and you are going to produce a new one
14 here, you know, each year as we go along?

15 MS. DOLZHENKOVA: No, it's --

16 MR. LADANYI: Or are they going to be locked in for
17 the five years?

18 MS. DOLZHENKOVA: It's going to be locked in.

19 MR. LADANYI: And under OEB's price cap model, are
20 they produced each year? Or are they locked in?

21 MS. DOLZHENKOVA: It was also locked in.

22 MR. LADANYI: And the utility produces those. So why
23 would the utility and ratepayers share the risk? Can you
24 explain that?

25 MS. COBAN: It's really the way that you're -- I think
26 we're talking about risk. But the simple way to think
27 about this, Mr. Ladanyi, is to the extent that there are
28 variances over the period because we are forecasting out

1 over a long period of time. And in addition to that, we
2 are dealing with certain structural unknowns that arise
3 from the early stages of the transition and other drivers
4 that we are contending with, here in our service territory.

5 To the extent that we got it wrong and our forecast is
6 too low, right? - then customers, if we didn't propose this
7 true-up, would bear that risk, because the utility would
8 get to keep that revenue.

9 In this proposal, customers would be protected in
10 that, should higher revenues materialize as a result of
11 greater growth than we anticipate sitting here today,
12 customers would get the protection of this account
13 returning that revenue back to them.

14 MR. LADANYI: If you under-forecasted billing
15 determinants, and you are actually billing -- the actual
16 number of bills is higher, for example, then customers who
17 would have been paying rates for a five-year period, it's
18 too high. At the end of the five-year period, you would
19 give them a credit. Is that what you are saying?

20 MS. COBAN: I don't necessarily agree with the
21 characterization in terms of getting it wrong. I think
22 that is a flawed way to think about it. If for some reason
23 there are changes in the external environment around us, we
24 don't control the pace at which this demand is going to
25 materialize, the types of technologies that we are going to
26 see, the speed of adoption of that technology.

27 To the extent that those drivers bear out differently
28 than we are able to forecast sitting here today, then

1 customers would be able to be held neutral and protected
2 against that potential reward that the utility would get if
3 this mechanism was not in place.

4 MR. LADANYI: That would all be captured where, in a
5 DRVA? Or where would it be captured, the difference
6 between actual revenues and, let's say forecasted revenues,
7 on which rates are best?

8 MS. COBAN: Correct, that would be part of the revenue
9 subaccount of the DRVA.

10 MR. LADANYI: When would the DRVA be cleared?

11 MS. COBAN: I think we talked about this yesterday
12 with Mr. Rubenstein a little bit. There would have to be a
13 partial clearance up to the years that we have actuals, and
14 then a further clearance during the next IR period.

15 MR. LADANYI: You mean -- the next IR period is let's
16 say after five years from now.

17 MS. COBAN: Yes, in the 2030s.

18 MR. LADANYI: In the 2030s.

19 Now in question B, I asked:

20 "Please confirm that the proposed revenue cap
21 model lowers the business risk of Toronto Hydro
22 compared to the Ontario distributors that use the
23 standard OEB price cap model."

24 I read your answer, and I hope I understand it. As
25 far as I see, I am not entirely sure whether CRCI poses
26 more risk or less risk to Toronto Hydro than OEB's price
27 cap would. Could you explain?

28 MS. COBAN: As I mentioned previously, the CRCI, and

1 in particular this question is dealing with the DRVA, in
2 particular in the revenue variances we've been talking
3 about, we see that as being a mechanism that doesn't
4 increase or decrease risk, but that just neutralizes a new
5 variable that we are dealing with in this next period,
6 which is a greater degree of uncertainty than we have seen
7 in the past with respect to how demand is going to unfold
8 over this early stage of the transition.

9 And so, you know, to just I guess reject a bit the
10 premise of your question, that we don't really see it as a
11 way of thinking about risk and business risk. If you want
12 to talk about business risk, we have referred you here to
13 5-Staff-315, where we set out in detail the business risk
14 that the utility continues to face and has to manage over
15 this period.

16 The DRVA and this particular flexibility mechanism is
17 really meant to deal with uncertainty, and the ways in
18 which that uncertainty could lead to unintended outcomes
19 over the period, and to protect both the utility and
20 customers from that outcomes.

21 MR. LADANYI: So you have proposed a method of dealing
22 with uncertainty, a method, by the way -- and you will
23 agree me, that the other 57 distributors regulated by the
24 OEB don't currently have, unless the OEB decides to give
25 them all the same thing.

26 MS. COBAN: It is a custom proposal as part of our
27 custom application. Correct.

28 MR. LADANYI: Now, please turn to 1B-Energy Probe-17.

1 In this interrogatory, I asked about the term "attrition",
2 and the term "attrition relief mechanism" is not commonly
3 used by the OEB. In fact, this is the first time that I've
4 seen it. I know it's used in some U.S. states, but it's
5 not a common term in Ontario.

6 From the dictionary, the noun "attrition" means
7 decrease in number, size, or strength.

8 What is decreasing at Toronto Hydro that would require
9 a relief mechanism? That was my question, and your answer
10 -- I read it. As I see it, you're saying that there is a
11 reduction in revenues under your existing custom IR. How
12 would that be?

13 MS. COBAN: The way to think about attrition and how I
14 understand it's applied in terms of rate setting in the
15 jurisdictions that use this terminology is that you're
16 really looking at the funding that is available through
17 rates under a mechanistic kind of adjustment that would be
18 available under IRM, and then you are looking at that
19 funding compared to what the utility needs to invest in its
20 system and its operations and its people. And, to the
21 extent that that funding and rates is not sufficient to
22 cover those prudent and necessary costs in the system and
23 in the people and the operations, attrition relief
24 mechanisms are there to bridge that gap and to deal with
25 that gap.

26 MR. LADANYI: So the way I look at it, your actual
27 existing custom IR actually gives you more revenues, in
28 fact, but the problem is you are spending a lot more. So

1 attrition is the difference between what you would be
2 getting under the current funding mechanism, current custom
3 IR, and what you're spending. So the issue could be that
4 maybe there is nothing wrong with current custom IR; maybe
5 your spending is excessive. It depends how you look at it.

6 MS. COBAN: The primary way in which the custom
7 revenue cap differs from the existing mechanism that we
8 have today, at least with respect to attrition relief --
9 there's other elements after how we have placed incentives,
10 but putting those off to a side -- is really the ways in
11 which we are able to fund our operations and our workforce.

12 In the existing mechanism, there is no attrition
13 relief for OM&A beyond the test year, so the custom revenue
14 cap that we have put forward here today deals with the need
15 for funding to deal with and invest in those operational
16 requirements and particularly our workforce, being the
17 primary driver of that.

18 MR. LADANYI: I don't want to go back to your evidence
19 from five years ago, but your custom IR was essentially
20 designed to provide an incentive for you to find savings in
21 the OM&A. As I see now, there's less of an incentive with
22 your proposed CRCI. Would that be right?

23 MS. COBAN: No, I don't agree with that.

24 MR. LADANYI: This is not a hearing, and we're not
25 going to argue with you. I guess we'll go to another
26 interrogatory.

27 MS. COBAN: The reason I don't agree with that
28 premise, just to clarify so that I'm not leaving you with

1 an impression of trying to be difficult here, is that we
2 continue to include the efficiency factor and expectations
3 that were previously applied under the old framework, so
4 those expectations continue to be part of the CRCI. So
5 that's why I didn't agree with your characterization.

6 MR. LADANYI: So, actually, that's a good segue to my
7 next question, so please turn to 1B-EP-18. I quoted from
8 the evidence:

9 "In addition to the efficiency factor, Toronto
10 Hydro's rate framework proposes a proactive 0.6
11 percent performance incentive factor that further
12 reduces revenues by approximately \$65 million
13 over the rate term, providing customers an
14 additional up-front rate reduction."

15 And I asked: Why would the reduction in revenues
16 provide customers a rate reduction in the revenue cap plan,
17 or does Toronto Hydro actually mean a reduction in the
18 revenue requirement? I read your answer, and I actually
19 don't quite understand it. Could you explain what you
20 answered? It is response A.

21 MS. COBAN: The response is meant to say that the
22 reduction that the X factor yields is not with respect to
23 the revenue requirement. The revenue requirement is what
24 the revenue requirement is. That is the cost that's
25 associated with doing the work that we need to do over this
26 five-year period. That doesn't change as a result of the X
27 factor.

28 What changes as a result of the X factor is the amount

1 of revenue that we are able to collect to fund that work.
2 That revenue, through the application of the X factor,
3 results in a significant deficiency that we have to manage
4 over this period. So the revenue requirement doesn't
5 change; it's the funded revenue and rates that is lower
6 than what we need in order to deliver the plan.

7 It was just a clarification in terms of the way that
8 "revenue requirement" was being used in your question.

9 MR. LADANYI: So the revenue requirement is, as I
10 understand, is what you say you need to spend each year,
11 and then you reduce that by \$65 million. But does that not
12 become a new revenue requirement, or are you saying that,
13 your terminology, you don't call that a new revenue
14 requirement?

15 MS. COBAN: No, I would not see that as a new revenue
16 requirement.

17 MR. LADANYI: Please turn to 1B-Energy Probe-20. In
18 question B, I asked:

19 "Please confirm that the ratepayers will bear the
20 risk that innovative pilot projects might deliver
21 no benefits to ratepayers."

22 And you directed me to 1B-CCC-46, part B. And, as I
23 understand your answer in part B of CCC-46, you are
24 confirming that ratepayers will bear the risk. If some
25 innovative solution, such as non-wire solutions, does not
26 solve whatever it is intended to solve, ratepayers will pay
27 for a wire solution. Am I right?

28 MS. COBAN: I think you might be confusing the

1 Innovation Fund with non-wires. There's certainly some
2 overlap between the two, but they are not the same thing.
3 The Innovation Fund is there to test new technologies, new
4 distribution capabilities, different practices that we
5 might be able to implement to find cost-effective solutions
6 to deal with emerging business conditions that we face as a
7 result of the energy transition.

8 MR. LADANYI: So, perhaps in using non-wires as an
9 example, I might not have been right. But I still
10 understand the way you've got it here is -- and maybe it's
11 kind of more addressed in part G. If you turn -- still in
12 CCC 46, and it is now on page 5:

13 "Please explain how the \$16 million will be
14 recovered over the rate plan term."

15 And, as I see it, the ratepayers will pay for the
16 \$16 million, and then, if some of these things don't work,
17 they'll pay for whatever has to be done to make things
18 work. Would that be right?

19 MS. COBAN: I'm not really sure what you mean by "what
20 has to be done to make things work." I mean, to the extent
21 that we test a new technology or capability that cannot be
22 scaled up to deal with the distribution system problem that
23 we were trying to address, or operational requirement, then
24 that doesn't mean that we stop there and necessarily do the
25 distribution system investment; It just means we have more
26 learning to do about how to integrate that new technology.

27 So that's -- I can't -- it's difficult to answer your
28 question, because you have to think about the process that

1 we would go through to --

2 MR. LADANYI: Yes, and I think --

3 MS. COBAN: -- get to an ultimate solution.

4 MR. LADANYI: -- maybe there might be misunderstanding
5 on my part. I was imagining that you are going to be
6 testing this on the distribution grid, but your answer
7 appears to be you might be testing this technology in a lab
8 on back on Commissioners Street, and not connected to the
9 distribution grid.

10 MS. COBAN: As we have noted, we have not scoped out
11 the specific projects, so there could be, you know, more
12 exploratory technologies that are just researched and
13 studies, there could be application of those technologies
14 out in the field. We're looking at canvassing all of those
15 opportunities as part of this Innovation Fund and
16 determining where the money would be best spent.

17 MR. LADANYI: Thank you. Now, please turn to 1B-EP-
18 23. In this question on my part might be a
19 misunderstanding of what you're proposing, but I asked you
20 to confirm that the revenue growth factor -- this is in
21 part C, by the way. Please confirm that the revenue growth
22 factor proposed by Toronto Hydro is actually a revenue
23 requirement growth factor.

24 You did not confirm that. Your answer is that it is a
25 revenue growth factor because it reduces -- it is reduced
26 by the X factor. So, if it were not reduced by the X
27 factor, would it be a revenue requirement growth factor?

28 MS. COBAN: Yes, if it was being applied strictly to

1 the revenue requirement year over year, it would be more
2 along the lines of what you've suggested. But the revenue
3 growth factors being applied to the previous year funded
4 revenue, and we know that that funded revenue over the
5 period through the X factor less is being funded in rates
6 relative to what the revenue requirement is over the period
7 as we talked about.

8 MR. LADANYI: So, if it were not reduced by the X
9 factor, it would be a revenue requirement growth factor,
10 would it not?

11 MS. COBAN: I think so, but I will take that back and
12 confirm to the extent that I cannot confirm, I will let you
13 know.

14 MR. LADANYI: Can we have an undertaking, please?

15 MR. MURRAY: That will be undertaking JT4.2.

16 **UNDERTAKING JT4.2: TO CLARIFY X-FACTOR IMPACT ON THE**
17 **REVENUE GROWTH FACTOR (REF: RESPONSE TO 1B-EP-23C.)**

18 MR. LADANYI: Thank you. Now, at the bottom of that
19 same page, I asked a general question:

20 "Please explain how Toronto Hydro's proposed
21 custom IR differs from a multiyear cost of
22 service rate plan."

23 And you directed me to 1B-Staff-3, and I would just
24 like to know where I should be looking at in 1B-Staff-3.
25 Can you turn to that? You don't have to read the whole
26 answer, just is there a particular place I should be
27 focusing on? It's a fairly large interrogatory.

28 MS. COBAN: Yes, my apologies for not providing the

1 more specific reference. If you could turn to part D of
2 that response, we look at in part D, there's an explanation
3 in terms of how the custom index was derived, what it's
4 informed by, followed by an explanation and analysis that
5 sets out our view as to why this index does not result in a
6 five year cost of service, and some analytics to support
7 that view.

8 MR. LADANYI: Thank you. I will read that. So, now
9 let's please turn to 1B-Energy Probe-21. And in question
10 B, which is I think on the next page, I asked: Is Toronto
11 Hydro assuming that all capital project variances,
12 including variances caused by poor project management would
13 be recorded in the DRVA? And I read your answer, and as I
14 understand, you're saying that all of Toronto Hydro's
15 projects are perfectly managed, are always completed on
16 time and budget, so there's nothing to worry about. Am I
17 reading this wrong?

18 MS. COBAN: We didn't agree with the characterization
19 of poor project management in this question. To the extent
20 that projects have variances, either with respect to cost
21 and schedules, there are always good reasons for that.

22 MR. LADANYI: So, what would happen in a highly
23 unlikely event one of your future projects was not
24 perfectly managed and was not completed on time or budget.
25 How would that be recorded in the DRVA?

26 MS. COBAN: I think we had an SEC IR that was circling
27 around this consideration as well of looking at cost
28 drivers that would be captured within the DRVA. The

1 challenge that we have in that IR reference is 9-SEC-129 if
2 you want to go look that up later. The challenge that we
3 have is that we cannot disaggregate those cost drivers from
4 the demand drivers. So, the DRVA would, in that example,
5 should our extensive project management processes and
6 checks and balances and all of the things that we do to
7 make sure that that capital is delivered prudently, should
8 those not catch the kinds of things that you're talking
9 about, they would be part of the DRVA, but that is because
10 there's a very practical challenge here of disentangling
11 those demand drivers from the cost drivers, given the
12 nature of the work and how it's managed.

13 MR. LADANYI: I agree with you, I think it will be
14 very complicated to disaggregate. But you're still saying
15 you would put it in -- you would put something in the DRVA?
16 What would you put in the DRVA?

17 MS. COBAN: So, the DRVA would reconcile, as we talked
18 about on the panel 1, the revenue requirement differences
19 between the revenue that was -- the revenue requirement
20 that was forecasted associated with doing the work across
21 the programs that we've set out for the DRVA, and the
22 actual revenue requirement associated with those programs.

23 MR. LADANYI: So, it would be, essentially, units of
24 revenue requirement in dollars in a DRVA, and that will be
25 for a specific capital projects?

26 MS. COBAN: It's programmatic, but, yes, it would be
27 the revenue requirement dollars associated with those
28 programs that we've identified.

1 MR. LADANYI: And some time in 2030 you'd open this
2 DRVA, and people will look in it and try to decide what to
3 do with this stuff?

4 MS. COBAN: No, it wouldn't work that way, this DRVA
5 would be managed annually through our planning and our
6 execution processes, and we would make sure that whatever
7 is booked to the DRVA, whatever variances are there are
8 prudent, and we have the ability to recover them. We would
9 go through that --

10 MR. LADANYI: So, you would apply each year for the
11 clearing of the DRVA?

12 MS. COBAN: No. We would go through our internal
13 processes each year to make sure that we have sufficient
14 oversight and governance over the DRVA, through our
15 planning and execution processes.

16 MR. LADANYI: All right. But the, let's say, the
17 intervenors, whoever they may be in 2030, that's when they
18 will see what's really inside the DRVA?

19 MS. COBAN: Yes. All those balances and the
20 explanations supporting them would be brought forward at
21 the time of disposition.

22 MR. LADANYI: So, can you turn to 1B-Energy Probe-22.
23 All right.

24 MR. MURRAY: Well, given the time why don't we just
25 take a break and come back at 10:30. Does that work for
26 everyone?

27 --- Recess taken at 10:21 a.m.

28 --- On resuming at 10:30 a.m.

1 MR. MURRAY: Mr. Ladanyi, please continue with your
2 questions.

3 MR. LADANYI: Thank you. Please turn to 5-Energy
4 Probe-34, and to question C, which is on page 2. And I
5 asked you to confirm that the recent OEB decision in EB-
6 2023-0143 regarding the Getting Ontario Connected Act
7 variance account lowers the regulatory risk of Toronto
8 Hydro. And as I see your answer, you say that it has no
9 impact because it is subject to a prudence review. Am I
10 correct in understanding that?

11 MS. COBAN: Yes, that's what the response says.

12 MR. LADANYI: So aren't all deferral and variance
13 accounts subject to a prudence review?

14 MS. COBAN: Yes, that's my understanding; the group 2
15 accounts are subject to a prudence review.

16 MR. LADANYI: When would the prudence review of this,
17 the interest in this -- I guess people are calling it a
18 GOCA account now. When would this prudence review take
19 place?

20 MS. COBAN: It is taking place in this application.

21 MR. LADANYI: Oh, that's what -- no, just a second.
22 No, this is the -- you are applying for this account. But
23 once the OEB -- are you actually, in this application, the
24 Board is going to review the interest in this account and
25 then you will -- and decide whether they had been prudently
26 entered. Is that right?

27 MS. COBAN: Yes. Yes, we have brought forward
28 balances as part of this account.

1 MR. LADANYI: Thank you. I actually didn't understand
2 that. That's very helpful.

3 Now, actually, I am really coming to my last question.
4 Please turn to 7-Energy Probe-35. Do you have it there? I
5 asked:

6 "Are customers with EV chargers and customers
7 with DERs distributed evenly throughout the
8 Toronto Hydro service area? Or are they
9 concentrated in certain areas?"

10 And your answer is that:

11 "Toronto Hydro does not have visibility into
12 geographic distribution of customers with EV
13 chargers or DERs throughout its service area."

14 Now, in my discussion with panel 1, I got the
15 impression that you actually have this information on the
16 location of customers with DERs and customers with EV
17 chargers, and to use this information for planning
18 purposes. So was I wrong?

19 MS. DOLZHENKOVA: Just to clarify in response to this
20 question, we were focusing on the actual calculations that
21 we are doing for load profiles. So I think, as panel 1
22 described, there might be some visibility from their
23 perspective.

24 MR. LADANYI: So you actually have information, but
25 not the way I posed the question?

26 MS. DOLZHENKOVA: I think panel 1 would be the best --

27 MR. LADANYI: Yeah, well, at panel 1, actually, I
28 asked a similar question and they gave me a different

1 answer. That is why I am raising it with you. I am trying
2 to figure out what it is. And maybe, can I clarify for you
3 what I was talking about?

4 So there are large EV charging stations in parking
5 garages in the city, in parking lots. You must be aware of
6 that. Do you have information on their location?

7 MS. DOLZHENKOVA: I think panel 1 would be the best to
8 answer this question.

9 MR. LADANYI: All right. Well, I can't go back to
10 panel 1; that, we will have to wait for the hearing.

11 Now, as far as large DERs, and I mentioned that, I
12 discussed this with panel 1, such as gas-powered, load-
13 displacement generators used by industrial, commercial and
14 institutional customers.

15 Do you have information on their location?

16 MS. DOLZHENKOVA: To the extent? That's correct.

17 MR. LADANYI: So you just don't have information -- is
18 this a question of size? I don't know if I am asking these
19 questions the right way. Is it, like, below a certain
20 size, you don't care where they have DERs and where the EV
21 chargers are? And above a certain size, you do care?
22 Would that be the situation?

23 MR. KEIZER: I think the issue, Mr. Ladanyi, is this
24 witness can speak to it from a load-forecast, cost-
25 allocation perspective, but not with respect to the
26 physical orientation of the grid or those appliances that
27 are connected to the grid.

28 MR. LADANYI: Well, perhaps I can rephrase it in a

1 different way. From your load-forecast and cost-allocation
2 point of view, do you take the location of the EV chargers
3 and customers with DERs into account in any way?

4 MS. DOLZHENKOVA: Our load forecast is based on the
5 rate-class basis; it's not based on the location basis.

6 MR. LADANYI: But the cost allocation, I mean, if
7 there is a -- and I don't want to get into a debate; this
8 is not a hearing. But I was imagining, for example, in a
9 certain area there are many DERs. In other areas, there
10 are not.

11 Would you be allocating some more costs in your cost
12 allocation, which leads to load design -- a rate design,
13 that you would then -- would you allocate more costs to an
14 area that requires more facilities to support DERs and EV
15 chargers.

16 MS. DOLZHENKOVA: I think, as we provided in our
17 response, part B, at this point the cost allocation model
18 does not by its nature distinguish any type of
19 technologies.

20 MR. LADANYI: All right, technology. But a large
21 group of EV chargers would be a constituted load, would it
22 not? I mean, they would have a peak load, and you would
23 have to take that into account, would you?

24 MS. DOLZHENKOVA: Again, the focus of -- from the
25 cost-allocation model is on the rate class, not necessarily
26 on the location base.

27 MR. LADANYI: Well, thank you. I am not getting
28 anywhere here, so I will have to pursue it at some other

1 time.

2 These are all my questions, Mr. Murray. And I
3 understand there are some other parties who have follow-up
4 questions.

5 MR. MURRAY: I saw Mr. Rubenstein raise his hand.

6 **EXAMINATION BY MR. RUBENSTEIN:**

7 MR. RUBENSTEIN: I just have two brief follow-up
8 questions. Ms. Coban, if you recall yesterday, you and I
9 had a discussion about the timing of the clearance of the
10 DRVA. And specifically, I want to follow up just about the
11 revenue variance subaccount. And the questions I asked you
12 were really in the context of how it plays out with the
13 next rate application, and the timing.

14 And I understood your response to be to the effect
15 that the revenue variance account, we can -- "we'll do it
16 during our annual updates." And that was in the context of
17 post-2030.

18 But with respect to say that, if there's any variance
19 in 2025 in the revenue variance account, is the proposal to
20 clear that in the -- it would be 2027 annual update? Or
21 would that wait till the 2030 application?

22 MS. COBAN: There is no proposal to clear during this
23 IR period. To clarify what I said yesterday, is we would
24 deal with the actuals, revenue variances, in the next
25 rebasing to the extent we have actuals. And, if we don't,
26 then we would deal with anything that remains in the
27 incentive period in the 2030s, in the annual updates.

28 MR. RUBENSTEIN: Why would you not clear the revenue

1 variance actuals during the annual updates during this rate
2 term, as they occur?

3 MS. COBAN: It is really a matter of efficiency in
4 terms of coming in before the Board every year,
5 commissioning a panel who would have to hear that request
6 for recovery, since this a group 2 account. In my
7 understanding, that cannot be done under delegated
8 authority.

9 It could also lead to more volatility over the period,
10 if we are sort of adjusting rates. One of the things we
11 are doing here over the five-year period is ensuring that
12 there is predictability and stability.

13 MR. RUBENSTEIN: Thanks. And my other follow-up: Mr.
14 Ladanyi took you to 5-Energy Probe-34, and this was asking
15 about the risk. He asked you about the regulatory risk, if
16 it lowers your regulatory risk. This is with respect to
17 the Getting Ontario Connected Act variance account. And
18 your response was:

19 "A variance account does not reduce regulatory
20 risks, since the recovery of the cost tracked in
21 this variance account remains subject to future
22 OEB prudence reviews."

23 I just want to make sure I understand first how you
24 interpreted the words "regulatory risk." Is that similar
25 to business risk?

26 MS. COBAN: The way we have interpreted regulatory
27 risk here is with respect to approval in clearance and
28 disposition. So we don't see this account as granting us

1 approval for those amounts. It is a vehicle in which those
2 amounts could be tracked and brought forward for review and
3 disposition upon a prudence review.

4 MR. RUBENSTEIN: Does the Getting Ontario Connected
5 Act variance account lower Toronto Hydro's business risk?

6 MS. COBAN: Yes, it's difficult to answer that because
7 we have to think about against which baseline we're
8 thinking about that business risk. To the extent we face a
9 new condition, a new requirement, and our business risk has
10 increased as a result of that new requirement, yes, this
11 account helps us have a mitigation. It helps us have a
12 tool through which we can deal with the incremental cost
13 drivers. But we have to think about that relative to the
14 baseline, which would have been previous to this
15 requirement being in place.

16 MR. RUBENSTEIN: No, fair enough. Let's compare it to
17 the same requirements, just no account; does it lower your
18 business risk against that?

19 MS. COBAN: If we had the same requirements and no
20 account, we would have a higher business risk under that
21 condition because we would have to manage those incremental
22 cost pressures, either through self-funding or by other
23 choices.

24 MR. RUBENSTEIN: No, I understand that, but you will
25 have a higher risk compared to without the requirement.
26 But you have that requirement. And then the -- so that's
27 the baseline. And then the new thing is there's a variance
28 account; does that lower your business risk?

1 MS. COBAN: Again, it depends how we think about
2 business risk. To the extent business risk includes
3 financial considerations, then I would say that it doesn't
4 because we're really just looking at a mechanism through
5 which those variances can be tracked; we're not looking at
6 certainty of recovery with respect to the variances. We
7 still have to go through a process.

8 MR. RUBENSTEIN: Now, the question is specific to the
9 Getting Ontario Connected Act variance account. Would that
10 apply to all other variance accounts, where you will have
11 to have a prudence review for those expenditures in the
12 future?

13 MS. COBAN: Yes, this is our view on the variance
14 accounts.

15 MR. RUBENSTEIN: Thank you very much.

16 MR. MURRAY: Next on the list is Michael Brophy from
17 Pollution Probe. The floor is yours.

18 **EXAMINATION BY MR. BROPHY:**

19 MR. BROPHY: Good morning, panel. Can you hear me?
20 Great. My name is Michael Brophy, and I am here on behalf
21 of Pollution Probe. We've tried very hard to avoid
22 duplication in questions, and I only have a few questions
23 for this panel.

24 The first reference is 1B-Staff-52, Appendix A, but,
25 just as you're pulling that up, I did have a question
26 related to a discussion you had with Mr. Ladanyi. Maybe I
27 can just ask that first, while it's getting pulled up. So
28 the panel was talking about, you know, various spending

1 that could occur during the term. And I will use one
2 example, the Innovation Fund, because that was one that Mr.
3 Ladanyi focused on, but this concept would apply to more
4 broadly than that. And certainly Pollution Probe has been
5 a big supporter of innovation and implementation of
6 innovation, overall.

7 But, at a higher level, Mr. Ladanyi was asking about,
8 if project management didn't go right or, in the Innovation
9 Fund example, the fact that there was no condition on a
10 degree of success. So I just had a question in relation to
11 funding or Innovation Fund or other related types of
12 things: Toronto Hydro is still bound to spend ratepayer
13 funds in a prudent manner, correct?

14 MS. COBAN: Yes.

15 MR. BROPHY: Yes. Okay, and then, if Toronto Hydro
16 does not leverage a prudent governance and stakeholder
17 engagement approach for these types of things, then the OEB
18 could disallow those costs, correct?

19 MS. COBAN: That's right.

20 MR. BROPHY: Okay. Thank you. I just wanted to make
21 sure I understood that correctly. Okay, so why don't we
22 move to Staff-52, which is on the screen, Appendix A. This
23 is the scorecard and metric weighting proposed by Toronto
24 Hydro, and I think this is the one that you're proposing to
25 use for the performance incentive mechanism. Correct?

26 MS. COBAN: That's right.

27 MR. BROPHY: Okay. Thank you. So you look at the
28 five-year target column. Is that an all-or-nothing based

1 on hitting that five-year target?

2 So, if you achieve it or exceed it, it's a yes; if you
3 miss it by even 1 percent, it's a no? Is binary like that?

4 MS. COBAN: Yes, it's a test that we have to pass.

5 MR. BROPHY: Okay, so it's the minimum, lower, kind of
6 so to speak?

7 MS. COBAN: Yes.

8 MR. BROPHY: Okay. Thank you. And, the performance
9 incentive mechanism that you're leveraging this scorecard
10 for, it's intended to incent performance, correct?

11 MS. COBAN: The performance incentive mechanism is
12 intended to shift incremental risk on the utility for
13 achievement of performance outcomes. It does so by
14 proactively reducing the revenue that we can collect
15 through rates and making that revenue conditional upon the
16 attainment of these targets, which flow from the investment
17 plan that we have here, before the Board.

18 MR. BROPHY: Okay, so I think I understand your
19 comment about risk because, if you don't achieve the
20 metrics, there's some risk involved in not getting the
21 \$65 million or a portion of the \$65 million.

22 But the mechanism is called "performance incentive
23 mechanism," so I understood it was incenting performance,
24 just based on the title.

25 MS. COBAN: It is situated within the incentive
26 portions of our rate formula, in the X factor, and it's
27 tied to performance outcomes, so, for that reason, we've
28 termed it a "performance incentive mechanism." But it is

1 there really to shift additional risk onto the utility for
2 the achievement of these performance outcomes and to make a
3 portion of our revenue conditional on that.

4 MR. BROPHY: Okay. Thank you for that. So there are
5 some metrics in this scorecard that don't appear to really
6 be quantitative and appear to be more subjective. So I'll
7 just use one for example. "System security enhancements"
8 indicates it delivers initiatives that enhance Toronto
9 Hydro's physical and cyber security posture against the
10 NIST framework. I was trying to think of how you would
11 measure against delivering initiatives. You know, if you
12 deliver two or more initiatives, I guess that could be
13 interpreted as that's delivering initiatives.

14 So, for any of the scorecard objectives that don't
15 have a clear objective and quantitative metric, what's
16 Toronto Hydro's plan to ensure that everyone would be on
17 the same page when looking at the results?

18 MS. COBAN: There are clear objective bases for what
19 you see here. You would have to go to the underlying
20 evidence. But, to use the example of the one that you
21 raise, the system security, there is a plan line that we're
22 measuring against. That plan line identifies an objective
23 of completing 20 initiatives per year relative to the NIST
24 framework and also a plan line with respect to certain
25 facilities improvements that we want to make that are also
26 in aligned to NIST. So we're measuring the 100 percent
27 against that plan line.

28 MR. BROPHY: Okay, that's helpful. So it is not just

1 the scorecard we have on screen for each metric; it's the
2 evidence related to that that provides the additional
3 details that you would be able to measure in a more
4 quantitative manner. Is that correct?

5 MS. COBAN: That's right. That evidence is at Exhibit
6 1B, Tab 3, schedule 1. It's a lengthy schedule that goes
7 metric by metric, setting out the underlying rationale for
8 each target.

9 MR. BROPHY: Okay. Thank you for that. So the next
10 question is related to 1B-Staff-54. You may not have to
11 pull it up, but feel free to. Staff-54 indicates, or the
12 response to it indicates, that the performance incentive
13 mechanism would give Toronto Hydro a means to earn back the
14 \$65 million depending on its performance as measured using
15 the metrics. And we just talked about that.

16 So, your plan in delivery of the plan is funded by
17 capital and O&M envelopes. And I think Mr. Keizer kind of
18 reminded us over the last few days that's the approval
19 you're looking for.

20 So, if the capital and O&M envelopes are paying to
21 achieve those results, can you help me understand the term
22 "earn back"?

23 MS. COBAN: So, the capital and O&M envelopes that we
24 talked about previously reflects what I was trying to
25 convey to Mr. Ladanyi in terms of that is the revenue
26 requirement, that is the amount of cost that we need to
27 incur in order to deliver those work programs. The custom
28 index that we've proposed here doesn't fund the entirety of

1 that revenue requirement through the imposition of the X
2 factor -- that's where the incentives are placed in the
3 framework -- there is a voluntary reduction that we've
4 proposed, equivalent to the 65-million-dollar incentive
5 here that we've taken up front to shift more risk onto the
6 utility.

7 So, we are now earning that back on the premise only
8 if we are able to deliver these outcomes. So, the capital
9 envelopes don't change, that's the cost of doing the work.
10 What the earn back refers to is the amount that's been
11 funded relative to that cost that the utility has to incur,
12 and the opportunity to earn those lost revenues,
13 essentially, only if we can deliver these outcomes.

14 MR. BROPHY: So, if you're successful against your
15 proposal, and you earn back the 65 million, that occurs
16 following this term, so after 2029 in the next rate term.
17 So, then in the 2025 to 2029 term, you've structured your
18 proposal to underearn, is that correct, then? Because you
19 would underearn, and then you'd get it back, potentially,
20 in the next term. Is that accurate?

21 MS. COBAN: Yes. Those earnings are at risk over the
22 period, and that risk can only be mitigated at the end of
23 the period upon the achievement of the outcomes. We look
24 at earnings over the period of the plan, I mean, if you
25 were to look at it on an annual basis, and I do think we
26 have that in evidence in SEC-13, if you want to see the
27 earnings impact, it would be in under earnings, what we're
28 looking at is balancing that financial outcome over the

1 period with the opportunity to earn back.

2 MR. BROPHY: Okay. But the fact that you wouldn't get
3 those earnings until the next period means you wouldn't get
4 them in the 2025 to 2029 period, therefore, you're
5 underearning in that period. Is that correct?

6 MS. COBAN: That's right.

7 MR. BROPHY: Okay. Thank you. Okay. And the last
8 questions related to 5-EP-34, where the response indicates
9 custom IR is a performance based rate setting approach that
10 carries multiyear business risks for utilities. The
11 proposed framework focuses on outcomes. Can you elaborate
12 on what outcomes you're referring to?

13 MS. COBAN: So, this includes the outcomes that we
14 looked at previously on the screen in terms of what's been
15 set out in our custom scorecard, but it goes well beyond
16 that, it also includes the broad set of outcomes that the
17 OEB measures under its distributor scorecard, along with
18 many other specific commitments that we've made throughout
19 the evidence in terms of areas that we want to improve on,
20 mature, and, you know, objectives that we've set out at a
21 more programmatic level, which are throughout the record,
22 it would be difficult to summarize those here today.

23 MR. BROPHY: Okay. And that gets right to the crux of
24 what I'm talking about, so outcomes are important. Like,
25 that's the only tangible thing you get in reality is
26 outcomes, activities may not lead to outcomes. So outcomes
27 is a great word to use.

28 And I understand a scorecard will measure outcomes,

1 the reporting you do through the OEB, as you mentioned is
2 tracking outcomes. And then the third thing I think you
3 mentioned is the list of many things that's too big to go
4 through that's in your application.

5 So, I guess we should be looking at your evidence for
6 each of those things as a commitment on outcomes? Like, if
7 there's something you're saying you're doing, then that's
8 an outcome that we'd be measuring against for the term; is
9 that an accurate way to look at it?

10 MS. COBAN: That's right, and I think in 1B-Staff-16,
11 we might have tried to give that kind of a summary of the
12 different outcomes that are diffused throughout the
13 application, you may want to take a look at that. But
14 essentially that's right, every time we put forward a plan
15 and we lead a detailed evidence with respect to what we
16 intend to achieve as part of that plan, we are then held
17 accountable when we come back and look at what happened
18 over the prior period. And we're held accountable to that
19 through scorecards but also through a review of, you know,
20 our expenditures and our results over the prior period,
21 which happens in the rebasing.

22 MR. BROPHY: Thank you for that. So, when we go
23 through those three buckets I mentioned, the scorecard, OEB
24 reporting, and then the list of other outcomes in the
25 evidence, if there's other things that aren't there, or are
26 not clear enough in the evidence, as far as what the
27 outcome is, then I'm assuming that's something that we
28 should be bringing forward, and just asking for clarity on,

1 just so we can measure the outcomes?

2 MS. COBAN: That's right. I mean, part of this
3 process is understanding what we're going to spend the
4 money on, but also what we're going to get for it in terms
5 of outcomes, so yes.

6 MR. BROPHY: Yes. Okay. Great. Thank you, that's
7 all our questions. Thank you for the concise answers.

8 MR. MURRAY: Thank you very much, Mr. Brophy. Next on
9 the list is VECC, the Vulnerable Energy Consumers
10 Coalition.

11 **EXAMINATION BY MR. HARPER:**

12 MR. HARPER: Good morning, panel. My name is Bill
13 Harper. I'm a consultant for VECC, in addition to the
14 questions I filed in exhibit KT1.1, I do have some
15 questions with respect to the April 2nd update, and
16 following that Mr. Garner will have some questions that he
17 would like to ask as well.

18 First, I would like to confirm what was updated for
19 purposes of the April 2nd load forecast, and setting aside
20 the updates to EVs and DER load estimates, which I assume
21 are best addressed in panel 4, I just outline -- like to
22 outline my general understanding of what the changes were,
23 and maybe you can confirm at a high level.

24 And first, as I understand it, the original forecast
25 used actual loads and customer accounts for each customer
26 class up to the end of 2022 in order to develop customer
27 account and load forecast models. And it also used those
28 volumes and loads up to the end of 2022 as a base when it

1 applied its own Toronto Hydro market knowledge and sort of
2 market intelligence in those places where it did not use a
3 model. Is that correct?

4 MS. DOLZHENKOVA: That's correct.

5 MR. HARPER: Okay. And similarly, the regression
6 models that I just talked about were estimated using actual
7 economic and sort of demographic variables up to the end of
8 2022, which you obtain from the Conference Board of Canada,
9 as well as actual CDM values, and actual values for other
10 variables such as weather, if I'm not mistaken?

11 MS. DOLZHENKOVA: That's correct.

12 MR. HARPER: And in contrast to this, in the April 2nd
13 update, the load forecast there used actual customer
14 accounts and actual loads up to the end of 2023, and actual
15 economic and demographic variables again provided by the
16 Conference Board of Canada up to the end of 2023 to
17 estimate those models?

18 MS. DOLZHENKOVA: That's correct.

19 MR. HARPER: Okay. Now, could we turn up the actual
20 April 2nd update and go to page 4 of that update.

21 MS. COBAN: Mr. Harper, are you referring to the
22 application summary?

23 MR. HARPER: No. What you filed on April 2 was the
24 summary, yes. There was a document which was the summary,
25 and you had a summary table; there was a number of tables
26 of the various things that changed. And I just want to
27 look at page 4 of that. And maybe we don't need to
28 actually turn it up, if we can -- it's the original page 4,

1 right, way at the start, at the summary at the very start?

2 It is page 4 of 8, at the start of the document.

3 MS. COBAN: Are you referring to our cover letter?

4 MR. HARPER: Yes. I am sorry, yes. I apologize.

5 MS. COBAN: Okay. I will just pull that up.

6 MR. HARPER: I wasn't getting into the weeds, I was
7 just...

8 Well, again, if it's taking a bit of time, maybe I can
9 ask the question and you can see whether you actually need
10 to look at the page or not. Because, as I understand it,
11 that page on page 4, there's a statement that:

12 "The CDM values for 2023 were updated for
13 actuals."

14 It is sort of in the -- if memory corrects me, it is
15 towards the bottom of the page, the far left-hand column.

16 MS. DOLZHENKOVA: That's correct, yes.

17 MR. HARPER: Okay. Now, and you probably don't have
18 to turn it up, but if I look at the original exhibit 3, tab
19 1, schedule 1, appendix C, where you have set out the
20 annual values for the load for the CDM, what you had in the
21 initial application for 2023 was a value of 254.7 gigawatt-
22 hours in total, which is exactly the same values which you
23 have in the updated appendix C that you filed on April 2.

24 And it appears to me that either the CDM wasn't
25 revised for updates, or that by some coincidence -- and I
26 think it would be a really great coincidence -- the actuals
27 were exactly the same as the forecast values from the
28 original application. I was wondering if you could just

1 clarify which of those two it was?

2 MS. DOLZHENKOVA: Without having that table in front
3 of me, I might just have to take that away and --

4 MR. HARPER: Okay. Well, you can look at -- okay,
5 yeah. Well, maybe you can look at it. But, like I said,
6 assuming I got -- looking at those two tables correctly,
7 the numbers are exactly the same. And, in one case, it was
8 supposed to be a forecast and in the other case, it was
9 supposed to be an actual. And I was sort of wondering
10 whether it was actual actual-actual, or whether -- or what
11 was going on.

12 MS. DOLZHENKOVA: Yeah. Let me take that away and
13 confirm. But I think from the perspective of the CDM and
14 the updates, there were two key inputs that were updated.
15 So we have updated our results for the post-CFF, as part of
16 the post-CFF wind-down, with some of the completion dates
17 that -- the closed-off programs that took place in 2023.
18 And then add completion dates related to --

19 MR. HARPER: Well, actually, I have a question on that
20 a little bit later on.

21 MS. DOLZHENKOVA: Okay.

22 MR. HARPER: So we'll get into that a little bit later
23 on. Thank you, very much. Okay.

24 So maybe, if we could have an undertaking number for
25 that?

26 MR. MURRAY: Perhaps we could rephrase the
27 undertaking, just for the record, so it's clear?

28 MR. HARPER: Confirm whether the updated CDM annual

1 savings value in the April 2 update is an actual savings
2 number, or is still a forecast number.

3 MR. MURRAY: And that will be undertaking JT4.3.

4 **UNDERTAKING JT4.3: TO CONFIRM WHETHER THE UPDATED CDM**
5 **ANNUAL SAVINGS VALUE IN THE APRIL 2 UPDATE IS AN**
6 **ACTUAL SAVINGS NUMBER OR A FORECAST NUMBER.**

7 MR. HARPER: Thank you. Now, turning to the forecast,
8 am I correct that in the original application, the forecast
9 period then started in 2023, and the forecast for those
10 demographic and economic variables that were required was
11 obtained from the Conference Board of Canada?

12 MS. DOLZHENKOVA: That is correct. Yes.

13 MR. HARPER: Now as I understand it, the Conference
14 Board of Canada forecast didn't go out for your entire test
15 period; it only covered a certain number of years. And the
16 balance of the forecast was based on a trend, if I
17 understand correctly.

18 MS. DOLZHENKOVA: Yes.

19 MR. HARPER: Could you tell me which of the years,
20 because it wasn't in the evidence, which of the years were
21 based on an actual Conference Board of Canada forecast and
22 which were based on your subsequent application of a trend?

23 MS. DOLZHENKOVA: So a part of the pre-filed, the
24 Conference Board of Canada forecast went up to 2027. So
25 the 2028 and 2029 was based on our simple trend.

26 MR. HARPER: Right.

27 MS. DOLZHENKOVA: And now, as we filed our application
28 update evidence, the Conference Board of Canada, we used

1 the latest information from Conference Board of Canada.
2 And, as part of that, now, we have the forecast going up to
3 2028.

4 MR. HARPER: To 2028. And so there is just one year
5 of trend, in the end?

6 MS. DOLZHENKOVA: That's correct.

7 MR. HARPER: Okay, fine. No, thank you very much.
8 That is what I was looking for.

9 And now we are going to get to what we were just
10 starting to talk about before, because if I look more
11 closely at the CDM values that were actually used in the
12 update as opposed to the original application of -- and
13 more specifically at the historical values from, say, 2016
14 up to 2022, I noticed there were some changes in the
15 actuals that took place over that period.

16 MS. DOLZHENKOVA: That's right.

17 MR. HARPER: Now the changes are pretty small in the
18 first few years. But as you get towards the later years,
19 they get quite large; one of them in the case is about 120
20 gigawatt-hours, which is a pretty big number. And I guess
21 I was wondering if you could just -- are those changes all
22 due to the revisions to the expectations and understanding
23 as to what you are gaining out of the post-CFF? Or were
24 there also changes made to what you thought you would get
25 under the 2021 to 2024 framework, because it is both of
26 those factors that impact that particular period.

27 MS. DOLZHENKOVA: So there are two updates. I think,
28 as I was starting earlier to talk about, those -- some of

1 the updates related to the historical periods as part of
2 the post-CFF wind-down. And, as you pointed out, those
3 updates are fairly small from the magnitude perspective.

4 But also, on top of that, we did have an update for
5 2021 and 2022 CDM, if -- which we have updated now, using
6 the evaluation measurement and verification reports posted
7 by the IESO for that period.

8 MR. HARPER: And those were savings related to the
9 2021 to 2024 CDM framework. Am I correct?

10 MS. DOLZHENKOVA: They are related to 2021 and 2022.
11 And from what I recall within that report, there were some
12 of the adjustments as part of that evaluation measurement,
13 a verification report to the 2019 and 2020 CDM actuals.

14 So what it does reflect now, it reflects instead of
15 the IESO 2021 to 2024 targets, they actually now reflect
16 the actual results from the report.

17 MR. HARPER: Okay. What you have is you have the
18 totals in there for each of those years. And particularly,
19 I think the large numbers are from 2018 onwards; that's
20 where they start to get in excess of one gigawatt-hour.

21 Would it be possible for you to provide a schedule for
22 me that, for each of those years, shows me how much of the
23 change between, you know, from the original appendix C and
24 the annual value showing there, to the updated one was due
25 to, one, change -- I guess there is really three things --
26 I understand there are two or three things here.

27 One is any changes that result because if you made
28 different assumptions as opposed to the savings that would

1 arise as a result of the 2021 to 2024 CDM framework?

2 The second one would be any changes you assumed
3 because of changes that were now expected to be the actual
4 results from the post-CFF savings? I think there are those
5 two. And if there's a third component, you can throw --
6 you can maybe leave that as an extra column. But if I have
7 caught -- if those are the two. Would it be possible to
8 give me something, so I can understand what the sources of
9 those changes are?

10 MS. DOLZHENKOVA: I think one way to compare the two
11 is also to look at our updates related to appendices D,
12 right? - and E.

13 MR. HARPER: Sorry, appendix...?

14 MS. DOLZHENKOVA: D and E.

15 MR. HARPER: And...?

16 MS. DOLZHENKOVA: E.

17 MR. HARPER: In exhibit 3?

18 MS. DOLZHENKOVA: It was also filed, I believe,
19 subject to check, as part of our update.

20 MR. HARPER: Okay. No, but when you say appendix D
21 and E, that's -- those are appendices to exhibit -- they
22 are updated exhibit --

23 MS. DOLZHENKOVA: Exhibit 3 -- 3, that's correct,
24 yeah, that's correct. Yeah.

25 MR. HARPER: -- to Exhibit 3.

26 MS. DOLZHENKOVA: That's correct. Yeah.

27 MR. HARPER: Okay. I will have to go away and look at
28 that. Okay.

1 MS. DOLZHENKOVA: Subject to check. And to the point,
2 again, if it doesn't reflect what's needed, then we can
3 provide a --

4 MR. HARPER: Okay. Fine, thank you. I may take you
5 up on that. Fine, thank you, very much.

6 Now could we go to exhibit 3, tab 1, schedule 1,
7 appendix I? And this is where you show -- and it is the
8 tab showing the customer account regression model for the
9 GS-less-than-50 class. It's an Excel spreadsheet; it is
10 one of the ones I flagged in the memo, in the email I sent
11 out earlier this week. The next one back; it is the GS
12 less than 50. Right.

13 Now, would I be fair to say that, you know, you've got
14 a number of variables here. But really the key external
15 variable going on here that's the underlying driver to the
16 customer account is the population forecast. Would that be
17 a fair observation?

18 MS. DOLZHENKOVA: That's correct.

19 MR. HARPER: Okay. Now, if I look at the population
20 forecast that was used to underlay the original application
21 -- and that's contained in Appendix H -- and I then compare
22 it with the one that was contained in the update, the
23 population forecast is now higher than it was in the
24 original, in the original application. Is that something
25 you can accept, or would you like to go back and look at it
26 and check, or can you accept it subject to check? Let's
27 put it that way.

28 MS. DOLZHENKOVA: Subject to check.

1 MR. HARPER: Okay. Because what I was struggling with
2 is the fact that, even though the population forecast is
3 higher, when I looked at the resulting GS customer account,
4 the GS less-than-50 customer account forecast for the
5 period is now less than what was in the original
6 application, and that seemed to be a little bit of a
7 disconnect for me. I was wondering if, at a high level,
8 you could explain that to me.

9 MS. DOLZHENKOVA: What I can just say, it is from the
10 perspective of the model output perspective. The driver
11 that might have cost for the variances could be related to
12 the latest historical information that we have.

13 MR. HARPER: Okay, so what you're saying is that, by
14 including the 2023 actual customer count, that could have
15 changed the form of the model, if I put it that way.

16 MS. DOLZHENKOVA: That's, that's -- sitting here now,
17 I think, without running the model --

18 MR. HARPER: Right.

19 MS. DOLZHENKOVA: -- I think that would be my
20 response.

21 MR. HARPER: Okay. And the other thing I was kind of
22 curious about was you have this -- and I think it's been
23 referred to as the CSMUR class, which is the suite metering
24 class, maybe is an easier way to understand what we're
25 talking about there. If I look at the customer count
26 there, I notice that the customer count there is now lower
27 in the updated forecast than it was in the original
28 forecast. Now, this isn't -- and this isn't something you

1 use -- you forecast by using a model. I understand you
2 forecast that based on your own market intelligence and
3 market knowledge, if I understand that correctly. Is that
4 correct?

5 MS. DOLZHENKOVA: That's correct.

6 MR. HARPER: So, but again, I was sort of struggling
7 with, if the population forecast is now higher, why am I
8 getting a lower forecast in the suite metering in terms of
9 the numbers if more people in the province? If I can put
10 it that -- excuse me, not in the province, in Toronto. I
11 was wondering, you know, and like I said, I can't go back
12 and look at the model to understand this, and I was
13 wondering if you could explain that to me.

14 MS. DOLZHENKOVA: I think the key driver of the change
15 there is actually the 2023 actual update for the CSMUR. It
16 was a bit lower than anticipated.

17 MR. HARPER: Oh, okay, and that sort of drove down the
18 base.

19 MS. DOLZHENKOVA: Exactly. That's correct.

20 MR. HARPER: Okay, fine. Now, for those customer
21 classes that use weather as one of the variables to explain
22 the kilowatt-hour change -- and that's residential and some
23 of the smaller GS classes -- what was the period that you
24 used in the original application in order to define
25 "weather normal"?

26 Like what were the years that you used to determine
27 weather-normal HDD and CDD values were?

28 MS. DOLZHENKOVA: I believe it would be 2013 to twenty

1 -- oh, sorry, 2013 to 2022.

2 MR. HARPER: And did you use the same period in the
3 update, or did you change the period in the update?

4 MS. DOLZHENKOVA: We, as part of the typical process,
5 we would change it to the latest period, which would be now
6 2014 to 2023.

7 MR. HARPER: And so, just in terms of changing, what's
8 the definition of "weather normal", do you have any general
9 sense as to whether that change in the definition of what's
10 "weather normal" led to a higher load forecast or a lower
11 load forecast overall? You know, and let's just look
12 without getting into individual customer classes. On an
13 aggregate basis sort of thing, is the forecast higher or
14 lower now as opposed to changing that definition of
15 "weather normal"?

16 MS. DOLZHENKOVA: I think I would have to take that
17 away, yes.

18 MR. HARPER: Can we have an undertaking for that?
19 That would be fine, thank you.

20 MR. MURRAY: That will be undertaking JT4.4.

21 **UNDERTAKING JT4.4: TO DESCRIBE THE IMPACT ON THE LOAD**
22 **FORECAST OF THE NEW DEFINITION OF "WEATHER NORMAL".**

23 MR. HARPER: Okay. Now, if we could go to the updated
24 revenue requirement work form that you filed on April 2nd,
25 and Exhibit 6, tab 1, schedule 2. If we could go to the
26 Tab 8, which is revenue deficiencies sufficiency, and,
27 actually, it's line 19, which is line 2 in -- which is
28 identified as -- no, excuse me, line 2. And I guess you

1 may have to scroll down so that we can see the headings on
2 the columns, as well, if you don't mind.

3 Because, if I look at the columns at current approved
4 rates and what the revenues were, there's no change here
5 between the revenues at current rates as filed in the
6 application and as filed with the update, and I was
7 wondering if I'm correct in that. Like, the numbers are
8 both the same, 870,169, and 61 dollars in both cases --
9 \$870 million, excuse me.

10 MS. DOLZHENKOVA: Yes, we have not updated the rates
11 at this time.

12 MR. HARPER: I guess, just in terms of understanding
13 what the implications are from the load forecast in terms
14 of revenues and overall average rate increase in the first
15 year, would it be possible for you to give me a calculation
16 of what the revenue at current rates would be, based on the
17 updated load forecast, and to provide that calculation on a
18 customer class basis?

19 MS. DOLZHENKOVA: Yes, we can do that.

20 MR. HARPER: Thank you.

21 MR. MURRAY: That will be undertaking JT4.5.

22 **UNDERTAKING JT4.5: TO PROVIDE, ON A CUSTOMER-CLASS**
23 **BASIS, A CALCULATION OF REVENUE AT CURRENT RATES**
24 **VERSUS THE UPDATED LOAD FORECAST.**

25 MR. HARPER: Now, can we go to -- and it's a, it's in
26 the IR series dealing with Exhibit 3, so it would be 3-SEC-
27 79, and it is the attached Excel spreadsheet, Appendix A.
28 Now, here, SEC had asked you to take the load forecast,

1 which I guess you filed the totals for each year as a part
2 of Appendix 2-IB, and basically break it down between what
3 was the base load forecast and what were the adjustments
4 made for EVs and DERs.

5 My problem was, when I added up the numbers here --
6 you could take residential for 2025. When I added up those
7 three numbers, I got a number that was different than what
8 was filed in the actual Appendix 2-IB with the original
9 application.

10 For example, for -- let's see. Yes. And so I was
11 wondering if there was an error here or whether there was
12 some reason sort of in terms of the definitions that were
13 used as to why -- and it isn't only for residential; it
14 applies to the other customer classes, as well. There's
15 inconsistency between the two, between the two, and I was
16 wondering if -- is this an error or some miscalculation, or
17 is there some reason for it?

18 MS. DOLZHENKOVA: There's probably a good reason for
19 that, but let me take that away.

20 MR. HARPER: Well, I just -- what I would ask is if
21 you could undertake to, one, explain what that reason is,
22 and then give me two, two schedules. One is, would be, a
23 version of this that actually aligns with the load, with
24 your original load forecast values, so that, when I add the
25 three columns up for each of the customer classes in any
26 year, it comes out and equals the load forecast as you
27 originally filed in the original application in Appendix 2-
28 IB, and then give me an updated schedule that does the same

1 thing for the load forecast update.

2 MS. DOLZHENKOVA: We can do that.

3 MR. HARPER: Okay. Thank you very much.

4 MR. MURRAY: That will be undertaking JT4.6.

5 **UNDERTAKING JT4.6: (A) TO EXPLAIN THE DIFFERENCE**
6 **BETWEEN 3-SEC-79 AND EVIDENCE APPENDIX 2-IB, THE**
7 **IMPACT OF EVS AND DERS ON THE LOAD FORECAST; (B) TO**
8 **PROVIDE TWO SCHEDULES: (1) SHOWING FIGURES THAT ALIGN**
9 **WITH THE ORIGINAL LOAD FORECAST VALUES; (2) SHOWING**
10 **FIGURES THAT ALIGN WITH THE UPDATED LOAD FORECAST.**

11 MR. HARPER: Okay. I also have some questions
12 regarding the change in the forecast for EVs in Appendix J
13 now, as between the original and the update. I'm not sure
14 if they should go to you or to panel 4 because, actually,
15 there were some IRs on this and the IRs were assigned to
16 your panel as opposed to panel 4. So maybe I can ask the
17 questions, and you can tell me whether I should be bringing
18 them up tomorrow or not.

19 And it really doesn't have to do with the forecast of
20 kilowatt hours. It has to do with the forecast for the
21 electric vehicles. And I notice that, in the updated
22 Appendix J, the number of light-duty electric vehicles by
23 rate class is higher in the early years, '22 to '27, but
24 lower in the later years than in the original forecast.

25 And I was wondering if you could explain that or
26 that's something I would have to -- because I understand,
27 to some extent, the EV forecast came from Toronto Hydro,
28 and then Clearspring used that in coming up with their

1 energy estimates.

2 MS. DOLZHENKOVA: Maybe just to clarify, when it comes
3 to the electrical vehicle forecast and DER forecast, the
4 electrical vehicle counts, they came from panel, essential,
5 panel 1.

6 MR. HARPER: Oh.

7 MS. DOLZHENKOVA: Same with the DER capacity, and then
8 we engage Clearspring to complete the transition to the
9 electricity consumption as well as the billing demand.

10 MR. HARPER: Because, like I said, there were -- it
11 was VECC-41 and 42 were dealing with electric vehicle
12 forecasts, and that was specifically assigned to this
13 panel, so that I'm not too sure where to go now because
14 that was the basis on which I formulated my assignment of
15 questions.

16 Because I had a similar one on the medium- and heavy-
17 duty electric vehicles, which the forecast is now
18 substantially lower in all years than it was in the
19 original application. I was just trying to understand the
20 reason why. And maybe you can help me as to where I should
21 go from here, Mr. Keizer?

22 MR. KEIZER: Well, I guess panel 1 is off, so best to
23 do is we would have to do it by way of undertaking.

24 MR. HARPER: If that would be okay with you, I would
25 appreciate that.

26 MR. KEIZER: Yes, that's fine.

27 MR. MURRAY: So perhaps if we could just reread the --
28 is it one undertaking or two undertakings you're seeking,

1 Mr. Harper?

2 MR. HARPER: Well, we can make it one undertaking with
3 two parts, if that's probably the easiest way to do it.

4 MR. KEIZER: That's fine. No, that's fine with us.

5 MR. HARPER: So, the undertaking would be to explain
6 the change in the light duty electric vehicle forecast, EV
7 forecast between the original application and the update;
8 and also to explain the change in the medium duty and heavy
9 duty electric vehicle forecast between the original
10 application and the update.

11 MR. MURRAY: That will be assigned undertaking JT4.7.

12 **UNDERTAKING JT4.7: (1) TO EXPLAIN THE CHANGE IN THE**
13 **LIGHT DUTY ELECTRIC VEHICLE FORECAST BETWEEN THE**
14 **ORIGINAL APPLICATION AND THE UPDATE; (2) TO EXPLAIN**
15 **THE CHANGE IN THE MEDIUM DUTY AND HEAVY DUTY ELECTRIC**
16 **VEHICLE FORECAST BETWEEN THE ORIGINAL APPLICATION AND**
17 **THE UPDATE.**

18 MR. HARPER: Thank you. Now, in looking at the
19 revenue requirement work forms that were filed with the
20 April 2nd update, I noticed that the forecasted other
21 revenue has been revised for each of the years in the test
22 period. Is that correct?

23 MR. ZENI: That is correct, yes.

24 MR. HARPER: Okay. However, what I didn't see was any
25 details regarding the update of the forecast. All there
26 was there was a total number for each year. And I was
27 wondering, is there underlying equivalent of what would be
28 appendix 2H showing the breakdown of that updated -- of the

1 revenue forecast for each of the four years as there was in
2 the original application?

3 MR. ZENI: I believe the difference you're referring
4 to is about \$300,000 change in 2025. Is that the
5 difference?

6 MR. HARPER: I don't have the specific numbers in
7 front of me now, I'm sorry.

8 MR. ZENI: There was a \$300,000 change in the revenue
9 offsets, in related to changes in the capital program
10 related to street lighting assets, so that resulted in a
11 change in the forecasted revenues for street lighting.
12 So --

13 MR. HARPER: And that was the only change -- that
14 accounts for all of the change in each of the four years
15 over the forecast period?

16 MR. ZENI: Subject to check, yes.

17 MR. HARPER: Well, then maybe -- that's fine. As long
18 as I understand where it's coming, what the change was, and
19 maybe -- you can advise if there were other reasons besides
20 that, that would be fine. Thank you very much. That's
21 great.

22 Can we go to -- it was 7-VECC-88B. Here we asked
23 about -- this has to do with the revenue to cost ratios
24 that are being proposed for each year during the test
25 period. And here we asked you for around how you sort of
26 determined or derived those. You give sort of an overview
27 or a general discussion of it, but the question I also
28 asked for an, I guess an Excel spreadsheet or a sort of a

1 showing setting out the actual calculation. And I must
2 admit, seeing the actual calculation helps me understand,
3 if I really understand how something is done.

4 So I was wondering, and just for 2025, and based on
5 the original application, if you could respond to the
6 second part of that question and provide sort of a
7 spreadsheet or sort of the calculation that shows exactly
8 how you went from the status quo ratios calculated for the
9 cost allocation model to the proposed revenue to cost
10 ratios in the original application, so I can understand
11 exactly how that methodology works.

12 MS. DOLZHENKOVA: Yes, we can do that.

13 MR. HARPER: Okay. Thank you very much.

14 MR. MURRAY: And that will be undertaking JT4.8.

15 **UNDERTAKING JT4.8: TO CLARIFY THE RESPONSE TO 7-VECC-**
16 **88B WITH A SPREADSHEET CALCULATION SHOWING THE CHANGE**
17 **FROM STATUS QUO RATIOS FOR THE COST ALLOCATION MODEL**
18 **TO THE REVENUE-TO-COST RATIOS IN THE ORIGINAL**
19 **APPLICATION.**

20 MR. HARPER: Now, actually, the discussion over today
21 and earlier in the week just twigged a couple of other
22 things for me, and I wanted to follow up on a conversation
23 you had with Mr. Ladanyi one late yesterday, I guess it was
24 at the end of the day and today.

25 As I understand it, and we can go maybe to -- as I
26 understand it for the purposes of the update, you did not
27 do an update to the cost allocation model or an update to
28 your proposed tariffs or an update to the estimated bill

1 impacts. You really stopped at an update to the revenue
2 requirement. Is that correct?

3 MS. DOLZHENKOVA: That's correct.

4 MR. HARPER: Okay, fine. So, to the extent we're
5 looking at bill impacts, as Mr. Ladanyi was discussing with
6 you in the updated evidence, sort of they really don't
7 display what the bill impacts would be based on a full run
8 through of your updated revenue requirement cost allocation
9 and all that other good stuff.

10 MS. DOLZHENKOVA: That's correct. And the main reason
11 that we have not filed it as part of April 2nd is just
12 because of the timing.

13 MR. HARPER: I understand. I just wanted to make sure
14 when we're looking at something we understand how we should
15 interpret it. Okay, fine.

16 The final question I had was something that twigged
17 me, I guess, when you were talking with -- when one of the
18 panels was talking with Ms. Defazio about sort of suite
19 metering and how it's metered and stuff. And I don't know
20 if you can help me out with this or not. But I think it's
21 probably more Toronto Hydro than a Clearspring issue. As I
22 understand it your suite metered customers are customers
23 typically in high-rises, mostly condominiums, and it's the
24 individual units that are being suite metered in the
25 building. Am I correct?

26 MS. DOLZHENKOVA: That's correct.

27 MR. HARPER: Okay. So, in the Clearspring report they
28 assign a portion of the EV load to the suite metering

1 class, and include in the suite metering class load. Now,
2 and I'm sort of just speculating this, but my understanding
3 is that probably if a suite metering customer had an EV
4 charger in the building, it would probably be located in
5 the parking garage, or -- it obviously isn't located in a
6 suite, somewhere else in the building, probably more in one
7 of the common areas of the building. Would that be your
8 understanding as well?

9 MS. DOLZHENKOVA: That's my understanding as well,
10 yes.

11 MR. HARPER: So, I guess I'm struggling with, would in
12 setting up the metering arrangements for those buildings,
13 and this is something Toronto Hydro would do for the -- for
14 its own suite metered customers, would those EV chargers be
15 linked back and included as part of the suite metered load,
16 or would they actually just show up as part of the common
17 load for the building, and therefore probably should be
18 more appropriately attributable to one of the GS classes?

19 MS. DOLZHENKOVA: It might be more applicable to
20 panel 2, so maybe if we can take that away and confirm
21 that.

22 MR. HARPER: If you could, that will be fine, because
23 this has an implication for -- as we know, suite metered
24 customers are billed entirely on a fixed charge, whereas GS
25 customers have a volumetric charge as well, so it has an
26 implication for load forecast and for revenue at current
27 rates as well. Okay. So, if you could do that, that would
28 be great. Can we please have an undertaking for that?

1 MR. MURRAY: Undertaking JT4. 9.

2 **UNDERTAKING JT4.9: TO DESCRIBE HOW EV CHARGES IN**
3 **PARKING GARAGES WOULD BE LINKED BACK AND INCLUDED AS**
4 **PART OF THE SUITE METERED LOAD, OR WHETHER CHARGES**
5 **WOULD SHOW UP AS PART OF THE COMMON LOAD FOR THE**
6 **BUILDING, MORE APPROPRIATELY ATTRIBUTABLE TO ONE OF**
7 **THE GS CLASSES.**

8 MR. HARPER: And those are the end of my questions. I
9 think Mr. Garner has a few he wants to follow-up on as
10 well.

11 **EXAMINATION BY MR. GARNER:**

12 MR. GARNER: Yes, Mark Garner, I'm also with VECC. My
13 questions I hope will be a little easier. But I would like
14 to just pursue what Mr. Harper was talking about, that was
15 actually where my first question was going to be, and I was
16 referring to 4-VECC -- sorry, I was referring to 1B-VECC-7.
17 And what I was interested in, and in fact also you have a
18 response of 4-VECC-71. You don't have to bring either of
19 them really up.

20 What I was trying to understand is, my own ignorance
21 too, the difference between a Toronto Hydro suite metered
22 customer and a competitive suite metered customer. So, how
23 do they differ?

24 MS. COBAN: One is a monopoly service; the rates are
25 regulated by the Board. The other is a competitive
26 service.

27 MR. GARNER: Well, that part I get. What I was really
28 trying to do is in my mind figure out the difference in

1 this way, if two buildings are sitting side by side, and
2 one is Toronto Hydro suite metered and one competitively
3 metered, from your perspective as the utility, is the
4 difference that in one you've set it up differently? For
5 instance, there's a bulk meter in both of them, or just one
6 of them, one of them has a bulk meter, the competitive
7 meter, where then behind that meter is all of the equipment
8 of the competitive party.

9 And in the other case you don't have a bulk meter and
10 what you're doing is flowing to all the meters inside the
11 suite metered places. Is that how it looks different to
12 Toronto Hydro?

13 MS. COBAN: Subject to check, and there may be
14 particular differences depending on the building, its
15 vintage, you know, how it's connected, that would be sort
16 of a general accurate understanding.

17 In the competitively sub-metered building, you would
18 have a bulk meter and then all the metering downstream of
19 that bulk meter would happen through one of the providers,
20 the metering providers.

21 If we are in the building doing the metering to the
22 units, there would probably be some common-elements
23 metering that happens, and then there would be the
24 individual units that are suite-metered.

25 But I will take that away, Mr. Garner, and confirm,
26 because this is not our area of expertise.

27 MR. GARNER: Right. Yeah, and it may be to the other
28 undertaking, because I think we are both -- for different

1 reasons, Mr. Harper and I are both trying to understand a
2 little bit about the suite-metering setup. And I am trying
3 to figure out from my end, simply for the customer service
4 end, what is the actual difference. Is Toronto Hydro
5 putting in bulk meters in both places or, to Mr. Harper's
6 point, how do common elements actually get done in that
7 sort of metering.

8 Would you know, and again this is sort of stepping
9 into Mr. Harper's area, but when I looked at the table --
10 you provide the table at 4-VECC-71, but it was referenced
11 to evidence you gave. And it basically just shows the
12 residential growth and the competitive sector multiunit
13 residential, or CSMUR growth.

14 And if you want to -- yeah, it's at 4-VECC-71. It is
15 a table, I believe, in that one. Or maybe I am giving you
16 the wrong reference. You can also find it -- there it is.
17 It is at the bottom, in B. It is also -- this is just out
18 of the evidence.

19 And you can see there, you have residential and then
20 you have the competitive sector forecast in both those
21 things.

22 I am just trying to understand, because there is a lot
23 of evidence in your case about the growth of high buildings
24 in Toronto, et cetera. And I am just trying to understand
25 from your perspective, is most of the growth in those
26 residences occurring at the competitive-metered end?

27 So is Toronto Hydro capturing only a very small
28 portion of the many multi-high-rises that are going around

1 us? And most of those are actually being competitively
2 metered, as opposed to Toronto Hydro-metered? Is that the
3 trend, right now?

4 MS. COBAN: That's my understanding, from looking at
5 new-market share. More of that new-market share is being
6 competitively sub-metered.

7 MR. GARNER: Right. And that's what I had assumed.
8 So that when you are looking at the growth that you have
9 spoken a lot about with Toronto, a large portion of that
10 growth is not being metered by Toronto at the customer-
11 metered end, but maybe the bulk-metered end?

12 MS. COBAN: I don't know if I can generalize in terms
13 of the overall growth. What we've seen is a trend within
14 this particular CSMUR class in terms of the number of
15 customers we are adding in this class. If you look at that
16 trend historically, we have seen that, you know, in the
17 early part of the 2010s, we were adding a lot more
18 customers as a percentage of that new-market share than we
19 are today, and that's because of the maturity of the sub-
20 metering market.

21 MR. GARNER: Yes. And as I understand it, and maybe
22 you can't comment on this is Ontario, and Toronto,
23 especially, is relatively unique in the idea that very
24 large high-rises are being metered by a competitive entity
25 and not a regulated utility. Is that your understanding,
26 too?

27 MS. COBAN: Whether we are unique or whether Ontario
28 is unique?

1 MR. GARNER: Whether Toronto and Ontario is unique in
2 this actual class of unit-metered, competitive unit-metered
3 entities?

4 MS. COBAN: I am not sure from a jurisdictional
5 perspective if we are unique; I haven't done that analysis.
6 Subject to check, I do believe we are unique in an Ontario
7 context in that we have a separate rate class, depending on
8 the type of metering arrangement.

9 MR. GARNER: Right. And do you have any idea, when a
10 building is built like the ones that are being built around
11 us, is it typical for Toronto Hydro to approach the
12 building and ask about metering a unit? Or does the
13 building developer come and tell you what they're doing in
14 the building? Like, how does that interaction generally
15 occur, do you know? Or is that a panel 2...

16 MS. COBAN: That would be Ms. Page, on panel 2.

17 MR. GARNER: And that is fair enough, and I don't
18 think I need to pursue it with an undertaking. So let me
19 move on from that area.

20 And I think my next question is kind of more detailed.
21 It's also at 4-VECC-71. And this interrogatory, I think
22 what we were trying to look at here was the customer
23 relationship management change. And there are two tables
24 in that interrogatory. And, after a bit of analysis, what I
25 figured to myself was that about 47-50 percent of the
26 increase that's happening in customer relation management
27 is happening through an increase in FTEs, more people in
28 that area. Does that seem reasonable to you?

1 MS. STULBERG: I cannot confirm the specifics of that;
2 that would have been a panel 2 question yesterday. But I
3 do understand there are workforce-related increases in that
4 program.

5 MR. GARNER: Maybe again it is the wrong panel; I am
6 just going by where the IR was listed. Would you know what
7 the other major driver would be, other than human
8 resources, to an area like customer relationship, like,
9 other than the actual labour that's changing?

10 What else drives costs in things like customer
11 relationships? Desks and office space? Is that the other
12 driver to things like that?

13 MS. COBAN: I don't think we are equipped to speak to
14 that on this panel, Mr. Garner. So we will offer an
15 undertaking to provide that information, if you would like.

16 MR. GARNER: Yeah, that would be helpful. And I think
17 if you are going to do that, and rather than go through
18 this again: On 4-VECC-72, which was also assigned to this
19 panel, I believe, I had basically the same issue with the
20 human resource and safety area, which is the proportion --
21 how much is being driven by the labour, how much of the
22 cost increase has been delivered by labour, and how much is
23 delivered by something else?

24 And can you identify not all the detail, but is there
25 a big driver in that "something else"? Is it related to
26 the people, is it related to something -- an allocation of
27 something, for instance, like computer software or
28 something that is being allocated? And it is for those,

1 both, I was just trying to find those two drivers.

2 MR. KEIZER: So that's for VECC-71 and -72?

3 MR. GARNER: And 72, yes.

4 MR. MURRAY: That will be undertaking JT4.10.

5 **UNDERTAKING JT4.10: REFERRING TO 4-VECC-71 AND 4-VECC**
6 **72, TO IDENTIFY DRIVERS OF INCREASE IN CUSTOMER**
7 **RELATIONSHIP COSTS.**

8 MR. GARNER: Thank you. Now the next area. I had
9 actually down -- the interrogatory I believe I was looking
10 at originally was 5-Staff-313, but actually, the better
11 interrogatory is the one I believe Mr. Rubenstein brought
12 you to yesterday, which is 5-VECC-77.

13 And in this interrogatory, we were asking about the
14 five basis points added-addition to the -- to debt rates?
15 And this is -- my question is a little bit different, and
16 it's maybe to your, what you do, and sort of how this stuff
17 gets allocated.

18 Here is what I was trying to figure out: As I
19 understand it, Toronto Hydro's parent, which is Toronto
20 Hydro Corporation, it's not clear to me that that parent
21 has employees. Maybe it does. Does it have actual,
22 hundred percent employees at that corporation?

23 MR. ZENI: Yes, it does. It has three employees.

24 MR. GARNER: It has three employees. So when you are
25 doing the administration of the debt, is that task being
26 carried out by those three employees? Is that what's
27 happening, why the five basis points happens? Because this
28 is an add-on for an administrative cost for the debt.

1 MR. ZENI: No, the costs are incurred by the -- mostly
2 by the treasury department in the regulated entity. But
3 then those costs are transferred through shared services to
4 the corporation.

5 MR. GARNER: Well, that's what I was wondering is, is
6 it -- would it be true or fair to say, if I were to get
7 into the bowels of the application somewhere, I should be
8 able to see five basis points worth of costs coming out
9 here? But then, inside the regulated utility, five basis
10 points-equivalents of costs being charged back to those
11 people saying as "Thank you. You charged us five basis
12 points on the debt, but we did all the work so we are
13 charging you back"? Is that how it works?

14 MR. ZENI: I believe that's the question that Mr.
15 Rubenstein asked yesterday, and that was being dealt with
16 as part of that undertaking.

17 MR. GARNER: Okay. I didn't realize that but, if it
18 is, then that's great. Thank you.

19 The next question I have is just something to help me
20 understand -- it's not an interrogatory we did, but just I
21 would like to try to understand what's being shown. And if
22 you go to 1B-Staff-3?

23 In that interrogatory are two tables. And as I
24 understand what's being asked is -- and I barely understand
25 it, so please help me with this. What is being asked is:
26 Can you show us what happens on a cost-of-service, and can
27 you show us what happens underneath your plan?

28 And so you make, you do, these two tables. I was

1 trying to interpret them, and I'm wondering if you can just
2 help me if I'm interpreting them correctly. So, when I
3 looked at the two tables and did the math and it goes to
4 where your math is, the difference is this 81.5 that is in
5 the very bottom right of the second table. So the first
6 thing I sort of, I concluded from it, and you can tell me
7 if I'm correct, is you're showing us that, had we done
8 cost-of-service each year versus what we did in our plan,
9 under certain assumptions, the difference would be
10 \$81.5 million. Is that, is that a proper way to -- is that
11 a proper conclusion to make from the two tables?

12 MS. COBAN: Yes.

13 MR. GARNER: And so, in the table that does the custom
14 end of it, you have to, I suppose, make a certain amount of
15 assumptions, right? And this is, the assumptions, I'm not
16 clear how that 81 impacts. You have to make an assumption
17 about the incentive, the PIM incentive, how much you get
18 back, you know? And you have to make assumptions, I think
19 -- and you can help me on this -- on the DRVA as to certain
20 amounts you recoup. Am I right about that; you had to make
21 a couple of assumptions about how that would work?

22 MS. COBAN: You're correct on the PIM and the X
23 factor, but not about the DRVA. There are no assumptions
24 built around --

25 MR. GARNER: You don't need to make an assumption
26 about --

27 MS. COBAN: No --

28 MR. GARNER: -- the DRVA?

1 MS. COBAN: -- those would be dealt with on the basis
2 of actuals.

3 MR. GARNER: Okay. Thank you. And so, for the PIM,
4 is this showing me that you get a hundred percent of your
5 recovery, like you make all the targets? Is that what it's
6 showing me?

7 MS. COBAN: No. What this is showing you is the
8 amount of revenue that is reduced as a result of the PIM.
9 The \$65.1 million is, when we looked at that overall
10 difference between the cost of service and the rate
11 framework that we have here, the \$81.5 million -- sorry.
12 I'm on Table 3 on the following page, just to look at that.

13 MR. GARNER: Thank you.

14 MS. COBAN: So, in this table here, it's -- you know,
15 we've got row A. That's your revenue requirement. That's
16 the investment plan, the cost to do the work. B was the
17 funded revenue and rates through the imposition of the
18 index that we've proposed. The revenue deficiency is
19 there, that we talked about previously, the \$81.5 million,
20 and then you can see the contribution of the PIM --

21 MR. GARNER: PIM.

22 MS. COBAN: -- and the efficiency component of the X
23 factor to that \$81.5 million deficiency.

24 MR. GARNER: So can I say it back --

25 MS. COBAN: Yes.

26 MR. GARNER: -- this way? Would it be correct for me
27 to say it back this way: It's \$65.1 million on the
28 assumption that you recover all the PIM amounts, you're

1 successful completely in that? Is that -- I read the
2 bottom 61.5, negative-65.1 I mean, or am I reading that
3 wrong?

4 MS. COBAN: That is the amount that is associated with
5 the PIM.

6 MR. GARNER: Right. And so, at the end of the day,
7 it's telling me the customers would be better off by
8 \$65 million under your plan, in essence. Is that what it's
9 trying to show me?

10 MS. COBAN: No. It's looking at the amount of risk
11 that the utility is taking on with respect to its earnings
12 that is tied to performance outcomes. If we want to
13 understand what the benefits are to customers of those
14 performance outcomes, we've led that evidence in the
15 underlying pre-filed evidence, you know, doing our best to
16 quantify, where possible, those economic benefits. As you
17 can appreciate, though, not all of the benefits can be
18 quantified. Things like customer satisfaction, it is
19 difficult to put a dollar figure to them.

20 MR. GARNER: Okay. One other question, then, about
21 this and what's this showing. So this shows me, though,
22 everything based on an assumption, the built-in assumption,
23 about the load forecast, right?

24 It doesn't make any, many, any changes to the load
25 forecast; it maintains, both tables maintain, the same
26 forecast in order to keep that variable outside of the
27 analysis?

28 MS. COBAN: I might be -- I will take this away and

1 confirm, but we're not looking at the implications of the
2 load forecast here. We're just looking at the revenue
3 requirement associated with the work. The load forecast
4 comes in, to my understanding --

5 MR. GARNER: Yes, sorry.

6 MS. COBAN: -- is in the rate-making process.

7 MR. GARNER: Yes. You're only looking at the revenue
8 needs here -- that's what you're driving at -- not any of
9 the actual revenues that you were going to come to.

10 MS. COBAN: That's right.

11 MR. GARNER: Sorry, my mistake. Thank you. Okay. I
12 think those are my questions. Thank you very much.

13 MR. MURRAY: Thank you very much, Mr. Garner. Next on
14 the list is AMPCO, Ms. Grice.

15 **EXAMINATION BY MS. GRICE:**

16 MS. GRICE: Thank you. Good morning, panel. Shelley
17 Grice for AMPCO. Okay. My first question is regarding 1B-
18 SEC-03, and in this interrogatory, you were asked to
19 provide a copy of Toronto Hydro's corporate scorecards for
20 each year between 2020 and 2024. And you provided those in
21 the tables in the response.

22 I just wanted to ask -- we will just look at Table 1.
23 You have on the scorecard SAIFI, which is a number, and
24 SAIDI, in minutes. Can you just confirm what is excluded
25 from SAIFI and SAIDI in terms of loss of supply, major
26 event days? I'm not sure if scheduled outages are included
27 in there. Can you just confirm what the definition of
28 those two are?

1 MR. CLARK: Yes. SAIDI and SAIFI in table 1 are under
2 the cause code of "defective equipment."

3 MS. GRICE: And so, under that cause code of
4 "defective equipment", are major event days excluded?

5 MR. CLARK: For that response, I think it would have
6 been more appropriate for a previous panel, but we can take
7 that as an undertaking.

8 MR. MURRAY: That will be undertaking JT4.11.

9 **UNDERTAKING JT4.11: TO CLARIFY WHETHER UNDER THE**
10 **CAUSE CODE OF "DEFECTIVE EQUIPMENT", MAJOR EVENT DAYS**
11 **ARE EXCLUDED.**

12 MS. GRICE: Okay. Thank you. Can we please to go to
13 AMPCO-07, so that's 1B-AMPCO-07? I just had a question.
14 This interrogatory asked for the calculation of the 2020 to
15 2024 efficiency achievements. If you just go down to table
16 2, just in the first one, it says that the savings were
17 multiplied by the standard labour rate, and, if you look at
18 further examples, it also says that the standard labour
19 rate was used as a multiplication factor.

20 I just want to confirm: Would that labour rate have
21 varied depending on the role, or was it the -- did you use
22 a standard labour rate across the organization?

23 MR. CLARK: For this, the standard labour rate was one
24 rate that we would use for across the projects.

25 MS. GRICE: Okay. Okay, thank you. Can we go to
26 AMPCO-70? Sorry, that's 4-AMPCO-70. We just asked you a
27 question with respect to a figure you provided in your
28 evidence, where you were showing that Toronto Hydro spends

1 considerably less OM&A relative to capital.

2 We asked you just to explain that a little further,
3 and, in the last sentence of the response, it says: "The
4 specific drivers of the variance noted will be a reflection
5 of each utility's investment needs and workforce
6 decisions."

7 I just wanted to ask about workforce decisions, what
8 you're referring to there and, like, whether it's referring
9 to your internal/external labour split. Is that what
10 you're referring to when you say "workforce decisions"?

11 MS. STULBERG: That's my understanding, yes.

12 MS. GRICE: Okay. Thank you. 4-AMPCO-80, please.
13 Okay. In part B of that question, we asked for a list of
14 any external audits that were undertaken over 2020 to 2024
15 with respect to Toronto Hydro. And in the response you
16 provide a table. And I sent just a note to your counsel
17 last night about some audits that we were hoping to get a
18 copy of. And with respect to this particular table, it's
19 the Comtech Group audit and the validation estimating
20 audit. Would you agree to provide copies of those two
21 audits?

22 MS. COBAN: Yes, that's fine.

23 MS. GRICE: Okay. And I'm just going to add one
24 little piece to that, because in the note I sent to
25 counsel, there were also audits attached to 1B-SEC-7. And
26 I just provided a list of I think there were four with
27 respect to that interrogatory too. Would you be able to
28 provide -- did you receive that list that I sent? Anyway,

1 I'm just wondering if we can wrap that up into the same
2 interrogatory, to provide --

3 MR. KEIZER: Why don't we just bring it up on the
4 screen anyway and then --

5 MS. GRICE: Okay.

6 MR. MURRAY: Or at least list the six audits just so
7 they're -- it's clear as to what the six audits are.

8 MS. GRICE: Sure.

9 MR. KEIZER: Sorry, that's SEC-7?

10 MS. GRICE: 1B-SEC-7. Okay. Just bear with me here,
11 I just need to bring up my document. Okay. So, the first
12 one is November 20th -- November 19th of 2020. So, I
13 believe that's partway down the second page. There it is.
14 Under engineering capital planning and execution phase 1,
15 reporting root causes for change requests. That was one of
16 them.

17 And then if we can go down to Feb 7, '23. There were
18 three in a row there related to capital planning and
19 execution. Another one related to capital planning and
20 execution, and the third one, capital planning and
21 execution, it was those three audits as well.

22 MR. KEIZER: Sorry, there's for with -- three, sorry,
23 there's four for Feb 7, sorry.

24 MS. GRICE: The first one is approval for changes to
25 capital projects. The second is reporting root causes for
26 change requests, and the third one, capital planning
27 process SOP documentation. So, it's the first three.

28 MS. COBAN: We'll have to take that away, Ms. Grice,

1 and consider that. I think what you see here are the
2 observations, and in many cases those observations were
3 completed and closed out. So, we'll have to take that back
4 and consider what is responsive to your request in terms of
5 what you're looking for here. So, I guess we'll set that
6 out in the undertaking if we can provide it we will. And
7 if there's more nuance or explanation here, I don't have
8 those details with me, but we'll set it out in the
9 undertaking.

10 MS. GRICE: Okay. Thank you.

11 MR. MURRAY: That will be undertaking JT4.12.

12 **UNDERTAKING JT4.12: TO CONSIDER WHETHER TO PROVIDE**
13 **THE REQUESTED AUDIT DOCUMENTS, AND/OR AUDITS ATTACHED**
14 **TO 1B-SEC-7.**

15 MS. GRICE: Okay. And the next question I have is
16 regarding 4-AMPCO-81. And what we asked about here was
17 what assumptions are in the 2025 to 2029 budget with
18 respect to placement in salary grades. And your response
19 was that your budget assumption for management and non-
20 management staff was that the placement was in salary
21 ranges as 90 percent. And then you provide some
22 information regarding what you do for unionized non-
23 management positions, and that you use the starting wage
24 rate.

25 So, does that mean, then, for all union positions,
26 you're using the lowest level of the band of salary of wage
27 rate for those positions?

28 MS. STULBERG: Yes, for the budget, we do use the

1 starting wage rate for unionized positions.

2 MS. GRICE: And so, is that something that can also be
3 converted into a percentage?

4 MS. STULBERG: I'm not sure I understand what you
5 mean.

6 MS. GRICE: Well, I'm just trying to understand in my
7 head, if I was to take the starting wage rate for a
8 position, and multiply it by available hours in a year, you
9 would get a salary. And then that would be comparable to
10 what you're doing for management and non-management in
11 terms of placement in the range represented as a
12 percentage. Is it possible to do it that way?

13 MS. STULBERG: These are two different types of
14 employees with two different compensation mechanisms, so we
15 use ranges for management roles, non-union roles, and for
16 unionized roles, it's a step mechanism that's bargained.

17 MS. GRICE: Okay. So, the lower and upper end are
18 actual wage amounts, not salary amounts, is that what
19 you're saying?

20 MS. STULBERG: Sorry, there are lower and upper ends
21 of the rates for union employees.

22 MS. GRICE: Okay. So, you can't provide a percentage?

23 MS. STULBERG: I cannot provide a percentage.

24 MS. GRICE: Okay. Okay. Thank you. 4-AMPCO-86,
25 please. We asked you about what your current number of
26 vacancies are, and you suggested that you could provide the
27 requested information at the technical conference, so is
28 that something you can provide?

1 MS. STULBERG: Yes, we currently have 85 vacancies.

2 MS. GRICE: Okay. Thank you. And now 4-AMPCO-87,
3 please. In part C of this question, we asked if there were
4 any changes in your incentive pay program since 2020, and
5 you mentioned that you recently implemented a long term
6 incentive plan for your executive leaders, and that it's a
7 three year based incentive plan that will commence
8 measurement in 2024. I just wanted to confirm that the
9 cost for this incentive plan is reflected in your budgets?

10 MR. CLARK: The LTIP is not included in the budget.

11 MS. GRICE: Okay. Thank you. And then in terms of
12 part D. We asked you about what your assumptions are in
13 terms of achievement of incentive payments, and you talked
14 about having incentive pay targets as a percentage of base
15 pay, and at 4 you gave an example of non-union, non-
16 management category that the incentive pay targets.
17 There's a range between 6 percent to 15 percent. And I
18 assume that's based on the type of position that would
19 attract the 6 or the 15 percent, is that correct?

20 MR. CLARK: That is correct. I'll take us to the
21 evidence that we can find on the non-executive compensation
22 study that we provided, Exhibit 4, Tab 4, schedule 5. And
23 for example, you can see that noted in the target STI
24 column within that. It's a little small on the screen
25 there. So the third column from the left, it's the "Target
26 STI" column; it notes those percentages.

27 MS. GRICE: Okay. Okay, great. Thank you.

28 So I guess what -- and the rest of your response is

1 that, for 2025 to 2029, you assumed that:

2 "The incentive pay targets and achievements for
3 each category will be consistent with historical
4 results and remain stable throughout the period."

5 So I guess what I was looking for here was what were
6 your historical results in terms of achievement of
7 incentive payments as a percentage? Is it a hundred
8 percent? Is it 80 percent? And if you could provide that?
9 And then, for 2020 to 2024, for each year, and then
10 what your assumptions are for 2025 to 2029?

11 MR. STERNBERG: We are just considering that. Perhaps
12 someone on the panel can assist, whether that request is
13 something that's reasonably possible to do or is something
14 that needs to be considered?

15 MR. CLARK: We can take that back as an undertaking
16 and provide what's relevant or reasonable.

17 MR. MURRAY: That will be undertaking JT4.13.

18 **UNDERTAKING JT4.13: TO PROVIDE HISTORICAL RESULTS IN**
19 **TERMS OF PERCENTAGE ACHIEVEMENT OF INCENTIVE PAY**
20 **TARGETS AND PAYMENTS FOR EACH YEAR 2020-2024, AND**
21 **ASSUMPTIONS FOR 2025-2029.**

22 MS. GRICE: Okay. Thank you. And I just have one
23 last question regarding 4-AMPCO-89.

24 And what we were asking for here was just on -- just a
25 list of expenditures, 2020 to 2024, that are one-time
26 expenditures compared to the same definition for 2025 to
27 2029. And essentially what the idea was so that we could
28 normalize OM&A between the two periods.

1 So will just give you an example: if you, say, had a
2 new maintenance program where you were washing insulators
3 over the previous period, and it was done in a year and a
4 half, that was the kind of thing I wanted to know, compared
5 to other similar types of -- like one-and-done expenditures
6 in the next period, just as a way that we can normalize the
7 work between the two periods.

8 And it may be that there isn't anything like that.
9 I'm not sure; I was just asking.

10 MR. ZENI: That is a very broad request. We would
11 have to look at program by program and assess what changed,
12 and if anything changed. I can tell you in advance that
13 the implications of COVID-19 are one of the things that we
14 will probably use to normalize 2020 to 2024, compared to
15 2025 to 2029.

16 But when it comes to other programs and segments, we
17 are going to have to take that back and assess and provide
18 that in terms of an undertaking.

19 MS. GRICE: Okay. And I am just looking for the big
20 stuff.

21 MR. ZENI: The big stuff will be COVID-19, for sure,
22 like we had, in 2020, \$17.2 million of incremental bad
23 debts. And then, over 2020 to 2022, about \$4 million every
24 year of incremental operating costs to continue to execute
25 our programs in a safe manner, providing safety equipment
26 and things like that.

27 So those will be, perhaps, the two bigger items that I
28 will identify that are very different between the two five-

1 year periods.

2 MS. GRICE: Okay. Maybe the undertaking though would
3 just be, in case there's anything else. And then, if
4 there's anything that you see in 2025 to 2029, that sort of
5 could be ring-fenced? That would be helpful. Thank you.

6 MR. ZENI: Okay.

7 MR. MURRAY: That will be undertaking JT4. 14.

8 **UNDERTAKING JT4.14: REGARDING 4-AMPCO-89, TO IDENTIFY**
9 **ANY OTHER ONE-TIME COSTS IN THE TWO PERIODS 2020-2024**
10 **AND 2025-2029 THAT COULD BE RING-FENCED.**

11 MS. GRICE: Okay. Thank you. Those are my questions.

12 **EXAMINATION BY MR. RUBENSTEIN (CONT'D.):**

13 MR. RUBENSTEIN: Sorry, I just had one follow-up
14 question. At the beginning of Ms. Grice's examination, she
15 brought you to -- I believe it was 1B-SEC-3; it was the
16 scorecards. And you were asked about the definition of the
17 SAIDI and SAIFI metrics.

18 And I took the answer is it is really SAIDI and SAIFI;
19 defective equipment is proper. I just wanted to know, is
20 it the SAIDI? So, for example, for 2020 scorecard, is that
21 the SAIDI and SAIFI defective equipment in 2020? Or is it
22 a rolling average, and then includes historic years as
23 well, much like the OEB scorecard and the scorecard you are
24 proposing for the purposes of the incentive mechanism?

25 MR. CLARK: Subject to check, the SAIDI and SAIFI
26 defective equipment would be for the year in which you are
27 measuring.

28 MR. RUBENSTEIN: Okay. Thank you, very much.

1 MR. MURRAY: Seeing that it's now almost 12:10, I
2 think it's time to take the lunch break. And I would ask
3 everyone to be back for one o'clock.

4 --- Luncheon recess at 12:10 p.m.

5 --- On resuming at 1:04 p.m.

6 MR. MURRAY: Welcome back to the technical conference.
7 I understand Mr. Keizer has an update with respect to a
8 potential undertaking.

9 **PRELIMINARY MATTERS:**

10 MR. KEIZER: Yes. Mr. Rubenstein -- I believe it was
11 yesterday; it's all melding together now, but -- had asked
12 the question in relation to Appendix 2-AA on an in-service
13 additions basis, and I have been informed by Toronto Hydro
14 that we can provide that.

15 MR. MURRAY: I don't believe -- I'm going from memory.
16 I don't believe an undertaking was --

17 MR. KEIZER: No, it was not.

18 MR. MURRAY: -- given yesterday, so I'll mark it as
19 JT4.15.

20 **UNDERTAKING JT4.15: TO PROVIDE DATA IN RELATION TO**
21 **APPENDIX 2-AA ON AN IN-SERVICE ADDITIONS BASIS.**

22 MR. KEIZER: Great, thank you.

23 MR. MURRAY: And, seeing no other preliminary matters,
24 I'm going to pass things over to Ms. Girvan.

25 **EXAMINATION BY MS. GIRVAN:**

26 MS. GIRVAN: Thank you. Good afternoon, panel. My
27 name is Julie Girvan, and I'm a consultant to the Consumers
28 Council of Canada. If we can just start first with 1A --

1 oh, and I just wanted to say I'll be less, probably half my
2 time. Mr. Rubenstein covered off a lot yesterday, so I
3 just wanted to get that out there.

4 If we could, turn to 1A-CCC-01. This sets out there's
5 a number of presentations, and, if we could go to Appendix
6 A [audio dropout].

7 MS. COBAN: Ms. Girvan, can I just kindly ask you to
8 speak into the mic? We're just having kind of a hard
9 time --

10 MS. GIRVAN: Sorry, I'm sort of right at it.

11 MS. COBAN: Thank you.

12 MS. GIRVAN: Sorry. So, if we go to Appendix A,
13 please, my first question is: What's the date of this
14 particular presentation? I don't see a date on it.

15 MS. COBAN: We don't have the precise date. It would
16 have been presented in November 2022.

17 MS. GIRVAN: Okay, great. Thank you. If you could,
18 turn to slide 12, please. I just had a question here.
19 This is your plan objectives and highlights, and it says
20 "improve reliability," and I see the goal with both, with
21 respect to SAIDI and SAIFI. Is it one of your objectives
22 to improve reliability in both those cases, with this plan?

23 MS. COBAN: This would have been a question for Mr.
24 Higgins, but my understanding from having worked with him
25 on the development of this plan, and -- is that the goal
26 was to maintain reliability with respect to our renewal
27 investments and to make investments in modernization that
28 are going to deliver longer term reliability benefits.

1 MS. GIRVAN: Okay, so that, this, is with respect to
2 longer term? Is that what you're saying?

3 MS. COBAN: Correct. So I think we see it up there,
4 at the top, "prioritize investments that will deliver
5 demonstrable benefits to customers, enhancements that will
6 provide value for money in the long term, efficiency --"
7 and that's just an example. Reliability would have been in
8 that.

9 MS. GIRVAN: Okay, so, during the course of your plan
10 to 2029, you're not trying to improve reliability?

11 MS. COBAN: We are seeing modest improvements in
12 reliability, but the goal of this plan has been to invest
13 the minimum amount necessary to maintain reliability,
14 particularly --

15 MS. GIRVAN: Okay.

16 MS. COBAN: -- with respect to our renewal programs.
17 Our modernization programs are where we're going to see a
18 bit of a pick-up in reliability.

19 MS. GIRVAN: Okay. All right, thank you. Could we
20 just turn to the next slide? It says here:

21 "Expand fleet electric vehicle charging
22 infrastructure and electrify 40 percent of fleet
23 by 2029."

24 Is that one of your objectives with this plan?

25 MS. COBAN: I can take that back and confirm with
26 panel 2.

27 MS. GIRVAN: Okay, and, if it's not 40 percent, could
28 you give me the number?

1 MS. COBAN: That's right.

2 MS. GIRVAN: Okay, great. Thank you. In addition to
3 that, does this -- oh, I need an undertaking. Sorry, I'm
4 just adding to it.

5 MR. MURRAY: Okay.

6 MS. GIRVAN: Does this include hybrid vehicles? Maybe
7 you could make a distinction.

8 MS. COBAN: We'll address that in the undertaking.

9 MS. GIRVAN: Thank you.

10 MR. MURRAY: That will be undertaking JT4.16.

11 **UNDERTAKING JT4.16: TO REVIEW APPENDIX A, SLIDE 13,**
12 **TO CONFIRM OBJECTIVES OF THIS PLAN; IF THE GOAL IS NOT**
13 **40 PERCENT, TO PROVIDE THE NUMBER; TO STATE WHETHER**
14 **THE PLAN INCLUDES HYBRID VEHICLES.**

15 MS. GIRVAN: Okay, and just one more questions on
16 this. If you could turn to page 16 -- sorry, it is slide
17 16. So I'm just trying to understand what this is saying,
18 and I think what it's saying is the increases going forward
19 are primarily related to workforce, the green workforce
20 strategy. Is that correct?

21 MR. ZENI: Yes, that is correct.

22 MS. GIRVAN: Okay. Thank you. If you could, turn now
23 to 1B-CCC-14. Great. And it's a long, sort of long,
24 interrogatory. It's about your workforce. If you could,
25 go to the page 4, which is the last page. And it says:

26 "The 2025 revenue requirement impact of
27 increasing the workforce by 68 FTEs relative to
28 2024 levels is approximately \$6.5 million."

1 And is that number, I would call it, relatively low
2 just because so much of the FTEs are going to be
3 capitalized?

4 MR. ZENI: Yes, that is correct.

5 MS. GIRVAN: Okay. Thank you. If you can turn to 4-
6 SEC-89, please, if you go down, there's a chart, and it's a
7 big chart. There we go. So, when I was looking at this, I
8 did notice in a number of categories significant increases
9 from 2024 to 2029, in corrective maintenance, energy
10 response, customer operations, asset and program
11 management, and work program execution. And, if you sort
12 of look at the numbers in those categories, relative 2024
13 to 2029, given the increases in these, what I would call,
14 sort of operational -- maintenance, really, mostly
15 maintenance, wouldn't -- would we see corresponding
16 decreases in your capital areas in these particular areas,
17 and, if not, why not?

18 MS. COBAN: That's a question that panel 1 could have
19 helped out with in terms of the trade-offs between capital
20 and OM&A with respect to our Distribution System Plan. But
21 we can take that.

22 MS. GIRVAN: Sure.

23 MS. COBAN: I believe we have it in evidence, so we
24 can provide you an evidence reference. If it's not in
25 evidence, then we'll explain it.

26 MS. GIRVAN: Okay. Thank you.

27 MR. MURRAY: That will be undertaking JT4.17.

28 **UNDERTAKING JT4.17: REFERRING TO THE CHART IN 4-SEC-**

1 **89, TO EXPLAIN THE LACK OF CORRESPONDING TRADE-OFFS**
2 **BETWEEN INCREASES OR DECREASES IN CAPITAL COSTS AND**
3 **OM&A WITH RESPECT TO THE DISTRIBUTION SYSTEM PLAN.**

4 MS. GIRVAN: So, if we look down at the line for
5 finance, finance goes from \$18.5 million in 2020 to 35.1,
6 almost doubling, in 2029. I would think that finance
7 wouldn't be an area that you would have such significant
8 increases. Can you explain that variance for me?

9 MR. ZENI: There are two main drivers for the
10 increases in the finance group, that are related to
11 workforce. In the first place, 2020, I wouldn't take 2020
12 as a benchmark because, during the pandemic years, the
13 finance program lost a number of resources. So we are --
14 during the 2022 to '24 period, we're catching up for the
15 resources that we lost, plus adding additional capacity to
16 support the execution and oversight of the capital program
17 over the 2025 to '29 period.

18 The other increase in finance is associated with
19 compensation cost. And the other driver is related to
20 insurance cost over the period we've seen insurance cost
21 increasing significantly, much more than average inflation.
22 So, over the historical years, insurance increased at the
23 rate of 11 percent every year. And we use that trend to
24 forecast the insurance increases in the future years as
25 well.

26 MS. GIRVAN: Could you provide for me a detailed
27 budget for the finance department for the years 2024 to
28 2029. Can you do that? Here we have a number and you've

1 just told me there's a number of drivers, I would just like
2 to see the details.

3 MR. KEIZER: Sorry, when you ask for the details, what
4 do you mean? I'm just trying to understand how you would
5 break that down.

6 MS. GIRVAN: Well, there's obviously components to the
7 finance budget that in 2024 is 25.7 million. I would like
8 to see the details.

9 MR. ZENI: Sorry, one second. If I can bring your
10 attention to Exhibit 4, Tab 2, schedule 16.

11 MS. GIRVAN: Okay. Is that where it's set out?

12 MR. ZENI: Starting on page 10, we break down the
13 finance program into the different segments and we provide
14 various analyses for the incremental costs over the period.

15 MS. GIRVAN: Okay, great. Thanks. I didn't get to
16 schedule 16, I guess, in my review. Okay. If we could now
17 go to 1B-CCC-19. So, this just sets out the distribution
18 rate impacts. And I'm just curious, if you didn't have the
19 X factor included in these -- in your overall revenue
20 requirement, what would the increases be? So, the point --
21 I guess the .6 percent? If you added that back in, instead
22 of -- what would -- so the 65 million, essentially, added
23 back in, what would be -- how would that impact the rate
24 increase? Do you have any sense of that?

25 MS. COBAN: We don't have that analysis on hand. It's
26 something we would have to run. And it may be quite an
27 undertaking, so we're just discussing whether that's
28 something that's possible to do within the timelines.

1 MS. GIRVAN: Okay.

2 MS. COBAN: As you can appreciate we have to run all
3 of the models.

4 MS. GIRVAN: Well, I'm looking at just the residential
5 rates.

6 MS. COBAN: Okay, we can take that way.

7 MS. GIRVAN: Thank you.

8 MR. MURRAY: That will be undertaking JT4. 18.

9 **UNDERTAKING JT4.18: REFERRING TO 1B-CCC-19, THE**
10 **DISCUSSION OF DISTRIBUTION RATE IMPACTS: TO CALCULATE**
11 **RESIDENTIAL RATE INCREASES WITHOUT THE X FACTOR IN THE**
12 **OVERALL REVENUE REQUIREMENT.**

13 MS. GIRVAN: Great. Thanks. If we could turn now to
14 1B-CCC-38. So, this talks about -- and I think you spoke
15 to Mr. Rubenstein about this, if you scroll down further,
16 down. Keep going. So, if you look at the response to
17 question E, and I'm really trying to get my head around
18 what you're proposing and in terms of potentially
19 finalizing the targets following the proceeding. And I
20 think I would like to have a better understanding of
21 exactly what you're proposing?

22 MS. COBAN: So, as we've set out here and in the
23 evidence, we propose that there be a Phase 2 process once
24 we have a decision and we understand the parameters we're
25 working within in terms of the capital and OM&A approvals,
26 as well as some of the flexibility mechanisms that we've
27 asked for. We envision that once those things are
28 understood, and we also understand what the value of the

1 incentive is, that we would go through a process to
2 evaluate the specific targets to the extent that there are
3 material changes to the plan coming out as a result of the
4 Board's decision.

5 It's difficult to sit here -- exactly specify how that
6 would unfold, because it does depend on the Board's
7 decision and what guidance we're going to get in that
8 decision with respect to the approvals that we've sought,
9 and other relief in this application, as well as guidance
10 with respect to the PIM itself.

11 So, at this stage, I wish we could have more clarity,
12 but I think the most we can say is that we envision this
13 being a Phase 2 process that's running in parallel with the
14 draft rate order, so that we could, you know, kind of
15 conclude the application shortly after we have a decision,
16 conclude both the rate setting process and the draft rate
17 order, as well as the PIM.

18 MS. GIRVAN: Okay. All right. Thank you. Could you
19 please turn to 1B-CCC number 47. Sorry, is that the one?
20 It's actually 46. I guess what I was looking at is I think
21 in one of these answers -- I'm getting them mixed up, and I
22 don't have them in front of me -- is I had asked whether
23 the Innovation Fund, the 16 million, is a cap? And the
24 answer was no. So, I'm wondering how it works. If you
25 spend more, does it go into the variance account? And then
26 -- yes, that's my question.

27 MS. COBAN: That's right. The variance account is
28 symmetrical.

1 MS. GIRVAN: What factors will contribute to, say,
2 potentially spending more? Can you spend -- I mean, will
3 you spend 16 million, will you spend, potentially,
4 20 million or 25? I guess I wondered why there isn't some
5 sort of cap.

6 MS. COBAN: The scenario where we would find ourselves
7 in a situation of potentially spending more than the
8 16 million is where something has changed around us that
9 makes the imperative for innovation even greater than it is
10 today.

11 Perhaps we're confronted with an acceleration with
12 respect to the uptake of heat pumps or an acceleration with
13 respect to DER technology and how it maybe leveraged. In
14 that scenario we want the flexibility to scale up our
15 innovation program, in order to be able to pilot additional
16 capabilities or conduct a larger pilot that we see having a
17 potential benefit. It would be done on a needs basis with
18 respect to, you know, the potential for us to drive further
19 benefit out of the innovation that we're doing, and address
20 an additional need that we see emerging over the period,
21 recognizing that this is, you know, a six year period that
22 we're looking down ahead.

23 MS. GIRVAN: But you don't really have -- you haven't
24 really set out specific criteria that's going to say yes,
25 this is applicable to be funded through the Innovation
26 Fund, and something else isn't. I mean, I'm just really
27 unclear as to why it should be open ended.

28 MS. COBAN: The criteria are set up in Exhibit 1B, tab

1 4, schedule 2, we've set out our governance framework, and
2 the considerations that will go into the selection of
3 projects in that appendix as well to that exhibit. We've
4 set out a number of pilot project areas that come out of
5 our grid modernization roadmap that Mr. Higgins talked
6 about on panel 1. So, there is specificity as with respect
7 to how we're going to go through the process of
8 administering this fund and selecting projects.

9 But at the same time we want to keep it flexible,
10 because the idea here is to innovate and pilot new
11 technologies, and sitting here today, we don't have all of
12 those. You know, we have to go through that process to
13 assess what the specific projects are going to be.

14 But in terms of the -- in terms of the excess spending
15 in terms of what we've set out here, it would be with
16 respect to some particular opportunity that we've seized,
17 that we can demonstrate provides value or where a
18 particular underlying distribution system need that, you
19 know, was as a result of changes that we are seeing in the
20 external environment, like the ones I mentioned earlier.

21 And when we look around and we look at what we are
22 doing on innovation relative to what other jurisdictions
23 are doing in innovation [audio dropout] I think filed this
24 response to DRC-6, there's an appendix where you could see
25 those comparables.

26 The amount we have proposed here for innovation is at
27 the low end of a range of what others are investing in
28 innovation. So that, you know, is another datapoint that

1 we were mindful of in creating that flexibility with this
2 account to, you know, to exceed the point 3, if there is a
3 basis for doing so, in terms of the technology or the needs
4 that we are trying to address.

5 MS. GIRVAN: I understand your position. If you could
6 turn to 1B-CCC-48, please, or maybe it's 47 -- 47, sorry.
7 And this refers to funding from NRCAN. And it says that:

8 "Toronto intends to apply for NRCAN funding to
9 support innovation and fund pilot projects if and
10 when they are eligible."

11 If you get funding from NRCAN, will that be credited
12 to the variance account? How will that be dealt with in
13 the variance account?

14 MS. COBAN: Yes. The variance account would capture
15 that.

16 MS. GIRVAN: Okay. All right, thank you. And just
17 one other question: When you were speaking to Mr.
18 Rubenstein earlier about the -- I think it was him -- the
19 DRVA, and the fact that you are not going to clear the
20 balances until, I think you said the 2030s. That's kind of
21 scary to think about that.

22 But what if the balances get significant to the extent
23 that when you clear it, there could be some rate shock?
24 Would you apply to come in earlier? Is there some sort of
25 mechanism for that?

26 MS. COBAN: I think it's hard to speculate on that
27 hypothetical. We would have to make that determination on
28 the basis of the facts that we are faced with. So

1 unfortunately, I am not able to say yes or no, sitting here
2 today, because I would be doing so kind of in a vacuum of
3 what the specifics are.

4 MS. GIRVAN: Okay. But I am assuming that if the
5 balances were significant, that there would be some form of
6 application to deal with it earlier, rather than later?

7 MS. COBAN: Perhaps. I mean, the balances do get
8 reported annually through the RRR, so there is visibility
9 as to what's happening in those accounts over the period.
10 So either if we determined that that needs to be brought,
11 or the Board did, obviously we would have that -- we would
12 cross that bridge if and when it comes.

13 MS. GIRVAN: Okay. All right, thank you. Those are
14 my questions. Thanks.

15 **EXAMINATION BY MR. RUBENSTEIN (CONT'D.):**

16 MR. RUBENSTEIN: Sorry, I just wondering if I could
17 just ask one follow-up question, Ms. Girvan's questions
18 about the criteria for the Innovation Fund. And you
19 pointed to a DRC 6.

20 One thing I was struck with when reviewing the DRC 6
21 and what other jurisdictions are doing in the underlying
22 documents is a number of those jurisdictions have what I
23 would say is hard criteria with respect to what projects
24 could be considered. Whereas my review, or at least how I
25 read Toronto Hydro's evidence, it talks about
26 considerations for pilots, or areas that you are going to
27 focus on.

28 If parties or the OEB wanted, you know, a simple set

1 of rules or criteria that they could then judge which
2 projects ultimately are done, and what the account
3 captures, what will they look at? Is that something you
4 could provide?

5 MS. COBAN: I'm just pulling up the prefiled here, so
6 we could look at that and get a bit more specific about
7 what's missing in the prefile that you are looking for
8 here, Mr. Rubenstein.

9 So if I could take us to exhibit 1B, tab 4, schedule 2
10 at page 7? These are the characteristics, yes, I guess you
11 could call them; you know, they are not quite criteria, but
12 they give you insight into these areas of innovation that
13 we are looking at, and what types of technologies and
14 capabilities we would be looking to pilot.

15 MR. RUBENSTEIN: But that's exactly how I read the
16 evidence. It talks about the types and considerations.
17 But there's no -- I don't see any hard criteria, what I
18 would call sort of the set of rules within the Board. I
19 know you have a governance framework, and I understand how
20 the selection process is. But is there a set of criteria,
21 ultimately?

22 MS. COBAN: Yeah. If you go further on to page 9 of
23 this exhibit where we talk about the pilot selection and
24 design phase of the process, where we would actually get
25 specific about what work we are going to do, you could see
26 there, again, an enumerated list of considerations that
27 would go into the selection of the pilot. So consideration
28 of business value in terms of the -- what else is happening

1 in the sector, consideration of the feasibility of that
2 particular technology. And the list goes on; I am not
3 going to read the list out to you.

4 So we have done our best to set out in the evidence
5 specifics in terms of how we see this account administers.
6 If there are other things you are looking for then, you
7 know, perhaps we can deal with that on the specifics of
8 what you are not seeing in here that you expected to see.

9 MR. RUBENSTEIN: Well, as the first part of that says,
10 you know, it talks about the considerations. But there's
11 no, you know, a project to be eligible has to meet XYZ or
12 one of ABC, where -- and I reference that only because my
13 review in other jurisdictions is OFGEM being an example,
14 there is more what I would call hard criteria. And there
15 isn't for Toronto Hydro, for this.

16 MS. COBAN: We see this as providing the inputs that
17 are going to go into the Innovation Fund in the selection
18 of the projects. I mean, it's difficult to have this
19 conversation on generalities. So again, if there's a
20 specific thing you were hoping to see in here, we could
21 talk about that. Otherwise, this is our proposal.

22 MR. RUBENSTEIN: In some sense, you don't know the
23 projects yet, so we have to talk at a level of
24 generalities. Okay. Thank you, very much.

25 MR. MURRAY: Just to give people an update on the
26 schedule: So what we have done is because one member of
27 OEB Staff isn't available tomorrow, we have moved that
28 person's questions up in the questioning, so he will go

1 next.

2 After that, the plan is to go to DRC, BOMA, and then
3 continue with OEB Staff later today.

4 I will pass things over to Mr. Bishop.

5 **EXAMINATION BY MS. GIRVAN (CONT'D.):**

6 MS. GIRVAN: Sorry, could I just have one -- I just
7 missed one question; is that okay? Sorry.

8 With respect to the Innovation Fund, I had asked if
9 you were intending to collaborate with other utilities.

10 And it says:

11 "Toronto Hydro would engage with external
12 stakeholders to inform the pilot project
13 selection process, including other utilities as
14 relevant."

15 I guess what I was looking for was in terms of
16 collaboration, or something like joint funding with other
17 utilities. Do you have any intent to do that? So two
18 utilities together, Toronto with say, Alectra, or
19 something?

20 MS. COBAN: We are not opposed to that, if that's one
21 of the inputs that comes out of the stakeholdering process,
22 is that there is that opportunity. That's something that
23 we would consider as part of looking at the pilot project
24 selection.

25 MS. GIRVAN: Okay. Thank you very much, for your
26 indulgence.

27 MR. MURRAY: Thank you, Ms. Girvan. Now, Mr. Bishop.

28 **EXAMINATION BY MR. BISHOP:**

1 MR. BISHOP: Thank you. Most of my questions are
2 about the performance incentive framework, in particular,
3 the baselines which you have proposed. My first question
4 pertains to 1B-Staff-47 and 1B-Staff-52.

5 For all of the service quality metrics, Toronto Hydro
6 proposes a target informed by its historical performance.
7 And, for service quality metrics related to timely
8 connections and resolution of escalated inquiries, you use
9 a historical target.

10 What period are you using for each of these? What
11 period of historical performance?

12 MS. COBAN: I think it varies, depending on the
13 metric. But that historical data is set out in the
14 underlying pre-filed evidence at exhibit 1B, tab 3,
15 schedule 1, where we go metric by metric, and provide the
16 historical data where it is available, and the rationale
17 for the target.

18 MR. BISHOP: Okay. Thank you. Can we have a look at
19 1B-Staff-52, Appendix A. I think that shows the historical
20 performance metrics. So there, under customer service and
21 experience, we've got new connections or timely sections at
22 99 percent, five-year average; customer escalations
23 resolution, also 98 percent, five-year average. Is that
24 correct?

25 MS. COBAN: That's correct with respect to the
26 target --

27 MR. BISHOP: Yes.

28 MS. COBAN: -- in terms of forecast. And perhaps I

1 misunderstood your earlier question, but what historical
2 information we looked at in setting out that target would
3 be in the pre-filed evidence that I referred you to.

4 MR. BISHOP: But there's a -- but your historical
5 performance informed the setting of those targets.
6 Correct?

7 MS. COBAN: That's correct.

8 MR. BISHOP: But is it mathematically equal to, or is
9 it something a little bit different?

10 MS. COBAN: We would have to go metric by metric and
11 look at it.

12 MR. BISHOP: Okay. We actually can go metric by
13 metric, so maybe let's have a look at 1B, tab 3, schedule
14 1, page 24. So, here, I think we have got the historical
15 performance of 98.7 percent and a target of 98 percent, and
16 then, on the next page, table -- page 25, figure 4, I think
17 you see clearly here that the new services connection on
18 time is all above 99 percent. Is that correct?

19 MS. COBAN: Yes, I see that.

20 MR. BISHOP: So I guess my question is: Why are your
21 targets for the upcoming period lower than your historical
22 five-year averages?

23 MS. COBAN: I think we set that out, the rationale,
24 just underneath the graph -- if we could scroll down a bit
25 -- is that, in setting this target and looking at both the
26 historical performance but, as well, what we expect to
27 happen over the forecast period, as we see a continued
28 trend of increase in connections and system peak, we're

1 really balancing both of those factors in the setting of
2 this target.

3 MR. BISHOP: So there's a little bit of buffer there
4 because of the uncertainty; your environment is going to be
5 a little bit more challenging. Is that fair to say?

6 MS. COBAN: Yes, that went into our thinking.

7 MR. BISHOP: Okay. Just -- I have a few more
8 questions about that, but, just before we leave this, are
9 your 2023 performance statistics available in each of these
10 two categories, escalations and connections?

11 MS. COBAN: I believe the connections one, subject to
12 check. We did -- there was an undertaking on IR response.
13 I don't have the -- I think it might have been SEC-26,
14 where we provided our 2023 performance results. It was
15 filed with the April 2nd update. So I just can't recall
16 off the top if the two that you're looking for are part of
17 that. I can take that away.

18 MR. BISHOP: Thank you, yes, I would appreciate that.

19 MR. MURRAY: Shall we give that a number, just so we
20 don't lose track? That will be JT4.19.

21 **UNDERTAKING JT4.19: TO FILE 2023 PERFORMANCE**
22 **STATISTICS FOR THE CATEGORIES ESCALATIONS AND**
23 **CONNECTIONS.**

24 MR. BISHOP: Just so I understand your proposal, for
25 either of these PIMs where performance history has informed
26 the target, will any target change once the results from
27 '23 and '24 are available?

28 MS. COBAN: Subject to check. We haven't contemplated

1 making a change on the basis of the '23 actuals.

2 MR. BISHOP: Okay. Thanks. Thanks. For those two,
3 okay. Now, I would like to take a little bit closer look
4 at customer, the customer connections target and
5 particularly the number of connections and the kinds of
6 connections you expect to deal with.

7 The examples at 1B, tab 3, schedule 1 suggest
8 connection volumes around 6,000 customers per year. That's
9 table 7, page 24. Now -- but if you contrast that to what
10 your customer growth is expected in other places, you look
11 around, you look to be adding about 3,000 customers on a
12 net basis annually. So can you explain the differences
13 between the 5,700 LV connections and the 3,000 customer
14 growth roughly, annually, each year? I have a reference
15 for the 3,000, if you'd like.

16 MS. COBAN: I don't have that information. Ms. Page
17 on Panel 2 is responsible for this area of our plan in
18 terms of the specific data, so we can take that away and
19 confirm or explain.

20 MR. BISHOP: Yes, that would be great. I mean, I
21 think it might be a case of connections of existing
22 customer premises, for example, but, anyway, if you could
23 explain the discrepancy, that would be great. Thank you.

24 MR. MURRAY: Mr. Bishop, perhaps you can just repeat
25 the undertaking with the references.

26 MR. BISHOP: Yes: To explain the differences between
27 customer additions over the period and the number of low-
28 volume customer -- low-voltage customer connections of

1 about 5,700 a year or more.

2 MR. MURRAY: That will be undertaking JT4.20.

3 **UNDERTAKING JT4.20: TO EXPLAIN THE DIFFERENCES**
4 **BETWEEN CUSTOMER ADDITIONS OVER THE PERIOD AND THE**
5 **NUMBER OF LOW-VOLTAGE CUSTOMER CONNECTIONS OF ABOUT**
6 **5,700 A YEAR OR MORE.**

7 MR. BISHOP: Now, to go back to the target, I think as
8 we sort of already talked about, your target selection is a
9 bit conservative, reflecting uncertainty. I think, if you
10 go to your evidence, you say that you're concerned about
11 higher volumes and increasing complexity of new
12 connections.

13 Can you explain what a complex connection is, give an
14 example?

15 MS. COBAN: I don't think we have anybody on this
16 panel that can speak to those technical details.

17 MR. BISHOP: I apologize. I misunderstood. If I
18 misunderstood which panel was able to speak to this, I
19 apologize. Is that something you could take -- I actually
20 have a bit more, a few more questions on this issue. Maybe
21 I can outline the questions, and then we can take an
22 undertaking?

23 MS. COBAN: I think that would be best, yes.

24 MR. BISHOP: Essentially what I would like to
25 understand is understand what a complex connection is, and
26 it may be perhaps by way of example; to explain whether
27 those are distinct from DER connections, which you forecast
28 to grow 56 percent over the period; and, if possible, it

1 would be good if Toronto Hydro could provide a count of the
2 number of complex connections it has experienced in the
3 last five years; its performance in timely -- in connecting
4 those, making those complex connections in a timely way;
5 and a forecast of the complex connections that Toronto
6 Hydro anticipates over the upcoming forecast period.

7 MS. COBAN: We'll take it away and consider what we
8 can do. The only reason I'm pausing is, in terms of
9 tracking this data, I don't necessarily know that we have a
10 way to extrapolate complex connections from low voltage and
11 high voltage. There would be -- you know. We would have
12 to provide, probably, a more qualitative example, based on
13 the experience of the folks who are managing that area of
14 the business. We'll take it away. If the data is
15 available, we will provide it.

16 MR. BISHOP: Thank you. It seems, it just seems, that
17 the complexity is an issue that you're raising, and a
18 performance target that is built around the complexity
19 might be a more effective way to address and motivate the
20 issue that you've raised.

21 MR. MURRAY: I will give that undertaking JT4.21.

22 **UNDERTAKING JT4.21: (A) TO EXPLAIN AND GIVE AN**
23 **EXAMPLE OF A COMPLEX CONNECTION; (B) TO EXPLAIN**
24 **WHETHER COMPLEX CONNECTIONS ARE DISTINCT FROM DER**
25 **CONNECTIONS; (C) TO PROVIDE THE NUMBER OF COMPLEX**
26 **CONNECTIONS TORONTO HYDRO HAS EXPERIENCED IN THE LAST**
27 **FIVE YEARS, AND TORONTO HYDRO'S TIMELINESS IN MAKING**
28 **THOSE CONNECTIONS; (D) TO PROVIDE A FORECAST OF**

1 **ANTICIPATED COMPLEX CONNECTIONS IN THE UPCOMING**
2 **FORECAST PERIOD.**

3 MR. BISHOP: Turning now to part G of 1B-Staff-47,
4 this is on customer satisfaction. Now, this relates more
5 to the establishment of baselines than to your discussion
6 on satisfaction. Toronto Hydro has proposed to develop
7 three-year baselines for customer satisfaction. Why is a
8 shorter baseline appropriate in this case?

9 MS. COBAN: In this metric, we are adding a number of
10 new areas of post-transactional customer satisfaction, the
11 key accounts area, the customer communications with respect
12 to outages and construction projects. So we're looking at
13 a shorter baseline just because we are developing the
14 surveys that are going to inform the baseline. We don't
15 have that data going back further, historically.

16 MR. BISHOP: And I think in your evidence you say that
17 you're not actually going to have this until 2026. Is that
18 correct?

19 MS. COBAN: That's right.

20 MR. BISHOP: So, if that's the case, what process will
21 you use to seek approval of these baselines if it's not
22 coming forward until 2026?

23 MS. COBAN: We're seeking approval here to establish
24 the target on the basis of the baseline that will be
25 established over 2024, '25, '26, that average, and then to
26 maintain relative to that average in the outer years of the
27 plan. And you will see that the metric is weighted
28 accordingly where in those first two years where we're

1 establishing the baseline, there's no weight attributed to
2 these new areas.

3 MR. BISHOP: And if you had to set a baselines now as
4 part of -- sorry, not -- as part of this proceeding in the
5 part 2 that's running in parallel to the rate order process
6 that you proposed, what method would you use to set the
7 baselines, or what would you do to adjust the target?

8 MS. COBAN: The only thing we can do is at this this
9 stage look at what data is available, but I caution that it
10 would be a very limited amount of data on the basis of
11 which to set a baseline, since we're actively developing
12 these surveys and this capability. So, in a scenario where
13 we had to, I think we would be forced with -- well, I'm not
14 going to speculate on what we're going to do, just we would
15 be very challenged to just pick a baseline, it would have a
16 very limited data set on the basis of which.

17 I think it's also just, zooming out a little bit,
18 important to remember that when looking at the CSAT
19 measure, these are not big contributors to the CSAT. The
20 biggest contributors are from the other areas, and I think
21 that that chart is in the pre-filed evidence, but we have
22 included them because we believe these are important areas
23 of customer satisfaction that we need to continue to
24 develop capabilities around and bring forward information
25 as to what is happening in terms of post-transactional
26 interaction with customers in those areas.

27 And so we've included it here to put that focus as
28 part of the scorecard and make sure that we're tracking and

1 measuring that as part of the scorecard. But we haven't
2 assigned a high weight to it because it is more nascent.

3 MR. BISHOP: Thank you. Turning now to 1B-Staff-86 on
4 reliability performance targets, in your evidence you state
5 that Toronto Hydro's investment plan is sufficient only to
6 maintain outage duration as measured by the custom SAIDI
7 metric over the '25 to '29 period. But in regarding the
8 SAIDI PIM, Toronto Hydro selected a target of 46.2 minutes,
9 2 minutes below its historical five-year average.

10 And in your response to a question, this is -- and
11 this is described as a modest improvement target, in its
12 reply to Staff-86, Toronto Hydro reported that its work
13 programs in the PIM will enable the utility to attain the
14 target.

15 So, how can both of these statements be true? If
16 you're plan is sufficient only to maintain the target, how
17 can the plan also be sufficient to attain an improvement?

18 MS. COBAN: I think this would have been best
19 addressed by Mr. Higgins on panel 1, in terms of what went
20 into the setting of the reliability target. What I do know
21 is that we are stretching ourselves with a harder target on
22 reliability to make that modest improvement, and that we
23 will be looking, as we scope out specific projects and
24 execute this plan, we will be doing so with a mind-set to
25 that stretch goal. Although the modelling right now
26 sitting here based on what I understand is showing us that
27 we can just expect reliability to be maintained, we've set
28 a stretch goal for ourselves and are going to be looking

1 to, through the execution of the plan, chase that goal.

2 MR. BISHOP: Thanks. Is there -- I'll move on to 3-
3 Staff-283. So, this question relates to the DRVA revenue
4 subaccount. And my understanding is that Toronto Hydro
5 proposes to create a variance account to record differences
6 in revenue relative to forecast, and these differences
7 exclude variances attributable to weather. Though the
8 sources of these differences are things like -- arising
9 from changes in customer account and from changes in
10 customer consumption. Is that correct?

11 MS. COBAN: That's correct.

12 MR. BISHOP: And the cause of these differences would
13 be things like delayed or accelerated construction of new
14 dwellings, which impact customer count, and changes in end
15 use which can impact overall consumption, those would be
16 the kind of primary drivers. Is that correct?

17 MS. DOLZHENKOVA: That's correct.

18 MR. BISHOP: In table 4 of the response, Toronto Hydro
19 identifies the variance in revenues associated with a range
20 of changes in customer account. And you will see that
21 right there in line 12, Toronto Hydro says that it has
22 provided the data, but the relevance of the data is
23 unclear.

24 So, our intent was to understand what variance and
25 revenues Toronto Hydro would record in the event that its
26 customer count deviated from its forecast, and we asked
27 provide these against different percentiles to provide sort
28 of a confidence interval across the probability

1 distribution. So, do the data in table 4 represent the
2 range of revenue impacts at a confidence interval of 90
3 percent as a result of deviations from the forecast
4 customer account? Is that correct?

5 MS. DOLZHENKOVA: I think what we meant to say is that
6 as we interpreted the question, we provided a response and
7 specifically look at the ten year average to determine what
8 those percentiles and what those ranges would look like at
9 the best ability and opportunity of what's outlined in the
10 question itself.

11 MR. BISHOP: Oh, so do you mean it's not that the
12 relevance, the data's relevance, isn't clear, but the
13 data's reliability or, you know, the data's predicted value
14 is unclear. Is that what you mean?

15 MS. DOLZHENKOVA: I think the methodology has been
16 outlined as to how we derived the customer variability, and
17 based on the question that we received, at our best
18 knowledge we were able to provide those ranges.

19 MR. BISHOP: Okay. So, it seems -- is it fair to
20 conclude that the range of revenue impact at this 90
21 percent confidence interval is around \$30 million to
22 \$40 million annually? And in 2029, for instance, as much
23 as \$21.6 million less in revenue of customer count
24 significantly lower the forecast, and about \$16.6 million
25 more in revenue if customer count grows significantly more
26 than forecast. Is that correct?

27 MS. DOLZHENKOVA: I think what we also stated in our
28 response, but even if those are mathematically accurate

1 calculations, they might not necessarily representative of
2 what the variance would look like.

3 MR. BISHOP: Oh, yes. But at a sort of at a 90
4 percent confidence interval. That range is accurate,
5 correct?

6 MS. DOLZHENKOVA: I think what would help is to
7 clarify exactly what was meant by the initial question, and
8 then that would help us to maybe re-quantify those variance
9 as would be expected. What you see here in the table is
10 the result of our own interpretation, and then the related
11 calculations of what those variances on the customer look
12 like going back to the ten-year historicals information,
13 and then layering that on, and reflecting those variances
14 into the future outlook. So, I would not necessarily say
15 that those variances are representative of the future.
16 Those are just a mathematical exercise to showcase of what
17 it might look like.

18 MR. BISHOP: Right, right. I don't think we're
19 looking for predictive value, but this is simply to
20 illustrate the range of value that could be captured in
21 your DRVA revenue sub account, on the basis of variance in
22 customer count. Correct?

23 MS. DOLZHENKOVA: I think they just might not be
24 specifically representative of what that variances are
25 actually going to look like sitting here today.

26 MR. BISHOP: Right. Right. So, I think if we think
27 about what's going to be tracked in the DRVA, it's changes
28 both in customer count and changes in customer consumption

1 behaviour. So, there seem to be kind of three main sources
2 of variance that the account would track. Changes in
3 customer count, which we kind of have just canvassed here,
4 changes in the consumption of existing customers being more
5 or less than forecast. And then the third category would
6 be whether your new customers that you add have an average
7 consumption level significantly different from your
8 existing customers. Those would sort of tend to be the
9 three general buckets you could cast this into. Is that
10 correct?

11 MS. DOLZHENKOVA: I understand the first and second
12 category; can you repeat the third category again?

13 MR. BISHOP: The third thing is that if you have new
14 customers, this, another source of variance would be that
15 new customers might have a distinctly different kind of
16 consumption level than your average -- than your existing
17 customers. So that you could have two -- they may -- new
18 customers might consume wholly different amounts than a
19 typical average customer today, because of their technology
20 choices and living in new dwellings, et cetera?

21 MS. DOLZHENKOVA: I think so, yes. I mean...

22 MR. BISHOP: Would you be able to rank? Of those
23 three things, which of those three do you think is most
24 likely to contribute to variances and which one do you
25 think is least likely to contribute to variances in your --
26 in the DRVA?

27 MS. DOLZHENKOVA: I don't think, sitting here, we are
28 in the position to speculate what the future is going to

1 look like. You know, the basis for our current load
2 forecast is -- the base is based on the credible
3 information, and the data sources.

4 But in regards to the actuals, we don't know what the
5 actuals are going to look like at this point, on stage 2 --
6 define any type of percentiles or any type of ranges
7 related to those variances, or putting any weighting
8 towards what type of variances are going to take place.

9 MR. BISHOP: Okay. Thank you. I have just a couple
10 more questions. I would like to go to 1B-Staff-48.

11 So the proposed set of performance measures includes a
12 \$9.75 million payment for the achievement of efficiency
13 measures of \$6.9 million a year by 2029. And, in total,
14 those efficiency gains are valued at \$16.4 million over the
15 term of the -- over the rate term.

16 In its response to this question, Toronto Hydro states
17 that "The stretch factor is not and will not be net of any
18 PIM achievement."

19 Now, given that ratepayers going to pay the
20 \$9.75 million if in fact you achieve this efficiency
21 target, how can that be the case?

22 MS. COBAN: We are not earning back the amount of
23 efficiency that the X-factor, that component of the X-
24 factor imposes on us. The only way to mitigate that
25 revenue risk is to realize that efficiency.

26 What we are looking at here is what happens in the
27 2030 period as a result of the actions that we are taking
28 today. Are we able to make progress on the initiatives

1 that will deliver sustained benefits to customers in that
2 next rate period?

3 And, if we are able to do that and we are able to
4 convince the Board and the parties in the application
5 through evidence that we have in fact done that, and the
6 revenue requirement in the next period is lower than it
7 would otherwise be if we didn't achieve those things, then
8 there is a benefit that's flowing to customers in that next
9 rate period. And it's that benefit that the incentive is
10 related to; it's not the benefit that's flowing to
11 customers in the current period. That benefit is imposed
12 through the stretch factor, and we are never earning that
13 back.

14 So it is really creating a bridge with respect to the
15 efficiency between the two rate periods. That's why we
16 didn't agree with the premise of the question.

17 MR. BISHOP: Thank you. At 1B-Staff-45, I have a
18 question on efficiencies.

19 Efficiency in the form of cost avoidances and
20 reductions from 2020 to 2024 total \$23 million. And your
21 projections for savings for the upcoming period are
22 \$16.9 million, about 50 percent less.

23 Why is it that Toronto Hydro is unable to find more
24 efficiencies, even as your spending grows?

25 MS. COBAN: The way that we set the target is informed
26 by the total-cost benchmarking, and it is related to that
27 study and what that study supports in terms of empirical
28 evidence of our cost performance. So it wasn't set with

1 respect to this particular target. So I caution, in terms
2 of the comparability.

3 But I think zooming out and thinking about this a bit
4 more holistically, what we heard from panel 1 earlier this
5 week is that we are moving out of a period of time in which
6 we've been operating with top-down constraints on our
7 funding.

8 We heard about some of the workforce things that we've
9 done to harvest those efficiencies. We are moving out of
10 that period and into a period where we are growing and
11 building new capabilities for the future.

12 So we expect that as we go through that capability
13 building, there's going to be a period of time where we are
14 investing upfront in new people, new skill sets, new
15 software systems, so we have the capabilities to then
16 realize long-term efficiencies in the 2030s as the pace of
17 the transition intensifies.

18 So that is part of what you're -- you know, part of
19 what we are seeing here in terms of the -- why, though, the
20 comparability that I think you are looking for isn't -- I
21 wouldn't agree with it, because I think we are looking at a
22 different set of conditions that we faced historically, and
23 different objectives that we are working towards over the
24 forecast period as a result of transition, as a result of
25 changes in customer demand and technology that we are
26 contending with.

27 MR. BISHOP: Thank you. I understand that your
28 proposal is related to your benchmarking.

1 Is it your position that Toronto Hydro has no more
2 efficiencies to find? Or that its benchmarking suggested
3 it need not find any more efficiencies in order to have an
4 appropriate opportunity to earn its return?

5 MS. COBAN: Our position is that we have harvested a
6 lot of the low-hanging fruit in terms of efficiency over
7 the last 12 years under our current framework and that,
8 going forward, there are efficiencies. But we are looking
9 at longer term efficiency road maps in terms of building
10 new capabilities, introducing new technology into our
11 operations. And we may not see those benefits materialize
12 right away.

13 So I think it's just a different way to think about
14 efficiency, whether we are looking at short-term cost
15 control or we are looking at longer term capabilities that
16 will deliver value in the next decade, things like the
17 modernization strategy that Mr. Higgins talked about.

18 MR. BISHOP: Thank you. I have just one last question
19 -- Staff-47, again.

20 Regarding grid automation -- I think it's there; here
21 it is, in B.

22 Regarding grid automation, Toronto Hydro claims that
23 readiness is a desired outcome. Can you explain the
24 benefit -- which benefits will accrue to customers in the
25 current rate term as a result of readiness?

26 MS. COBAN: I would have to take this back again, for
27 panel 1, since it is dealing with the technical details of
28 the grid automation work plan. But my understanding is

1 that some of the investments that are being made, which are
2 part of the readiness that is being tracked here, are also
3 supporting our reliability objectives over the period. So
4 those would be the shorter term benefits.

5 But really what we are looking at here with this
6 readiness metric is that longer term efficiency road map
7 that I talked about, and that's why you see this particular
8 KPI being mapped under that outcome pillar of efficiency.

9 MR. BISHOP: Thank you, very much. Those are my
10 questions.

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

12 **EXAMINATION BY MR. RUBENSTEIN (CONT'D.):**

13 MR. RUBENSTEIN: Sorry, if I could just follow up.
14 Just on the efficiency, the calculation of the efficiency
15 achievement metric within the panel [audio dropout].

16 Just so I am understanding, it's reflective of the
17 efficiency stretch factor on the approved revenue
18 requirement? Or, sorry, on the proposed revenue
19 requirement?

20 MS. COBAN: The target is set that way.

21 MR. RUBENSTEIN: So just so I understand -- and the
22 target is a number. So I just want to understand how this
23 one may be impacted by an ultimate Board decision. So if
24 the Board reduces the revenue requirement is your
25 expectation, then, it's the stretch factor against the new
26 revenue requirement -- the approved revenue requirement or
27 just the \$6.9 million stays?

28 And then, similarly, if the Board approves a different

1 stretch factor, X factor, efficiency component of the X
2 factor, is it your expectation it gets flown through to
3 this target?

4 MS. COBAN: Right now, the target is set on the basis
5 of the proposal that we have here, before the Board, so
6 that is what we've brought forward, and that proposal is
7 supported by the custom benchmarking by the investment
8 plan. It's a complete package.

9 To the extent that we're looking at approvals that are
10 different than that, that is why we need a Phase 2 process,
11 where we can understand what the implications of those
12 approvals would be. I'm not able to speculate on that
13 today because it's hypothetical and we really do have to
14 make that decision on the basis of what the approvals are,
15 and not in isolation, but what the approvals are in terms
16 of this whole framework that we have put forward and the
17 plan that it's meant to deliver.

18 MR. RUBENSTEIN: Okay. Thank you.

19 MR. MURRAY: Next, just in terms of timing in the
20 afternoon, I thought I would let the parties know that I
21 think the plan would be go to DRC, then take our first
22 afternoon break, and then come back with BOMA, and then
23 continue with OEB Staff. So I would ask, Mr. Daube, are
24 you on the line?

25 **EXAMINATION BY MR. DAUBE:**

26 MR. DAUBE: Yes. Hi, everyone. Nice to see you. I'm
27 Nick Daube for the Distributed Resource Coalition. Thanks
28 in advance for your time and your answers. I'm looking to

1 take you through four main categories here.

2 The first thing I'm going to talk to you about is
3 customer preferences regarding DERs and EVs; the second
4 thing, what Toronto Hydro was doing to change -- or to
5 track changes on those preferences. The third topic is
6 going to be the Innovation Fund and how it works. And then
7 the fourth brief category is just some miscellaneous
8 questions. I'll be asking for a couple of undertakings
9 regarding recent provincial government announcements.

10 Could we please start with 1B-DRC-01, and I think the
11 best place to go is the third page, the response to E and F
12 from Innovative.

13 This answer makes clear that the engagement was to
14 understand the current preferences of Toronto Hydro. So my
15 question is: Is it fair to say that the awareness of
16 options relating to electric vehicles, heat pumps, and
17 solar is increasing amongst your customers?

18 MS. COBAN: Generally, I think it's fair to say that,
19 yes.

20 MR. DAUBE: And the next question was going to be
21 across all categories of customers, so it sounded like
22 there was a slight qualification in your last answer.
23 Maybe you could just expand what you mean by "generally"
24 and whether there are any variations across categories of
25 customer.

26 MS. COBAN: The reason for the general answer, Mr.
27 Daube, is that, as you noted here, in Innovative's
28 response, is that we didn't do a time study on that so that

1 I could provide you the specifics. But, further on in the
2 response, we do talk about how we see this particular trend
3 in terms of awareness and, even more than awareness, plans
4 to decarbonization and advance environmental and social ESG
5 objectives around our key account customers.

6 So I think that is where we are seeing the greatest
7 shift in terms of customer preferences and awareness, is in
8 that particular sector, and then the response goes on to
9 provide a bit more detail as to what we're seeing there.

10 MR. DAUBE: Just at a very high level, how do you see
11 customer preferences and awareness of options when it comes
12 to DERs developing over the next five years?

13 MS. COBAN: That would have been a question that Ms.
14 Page would have been able to help you with, on panel 2, in
15 terms of what she is seeing in her area of the portfolio.

16 What I can comment on is that, within the public,
17 legal and regulatory affairs portfolio that I'm here to
18 speak to, there's a segment in that portfolio that's
19 looking at understanding broader sector trends in terms of
20 what customers are looking for with respect to emerging
21 technologies, and so that is an important area of our
22 business, where we will be studying those evolutions in
23 customer requirements and really doing so in a more
24 analytical way, so that we understand what's happening in
25 our service territory and are able to feed that
26 intelligence back into our planning and execution.

27 MR. DAUBE: Do you want to give an undertaking for --
28 I apologize. I'm trying to be efficient and track the

1 lists for which answers were assigned to which panels. So,
2 obviously, I [audio dropout] a mistake on that.

3 Would you like to give an undertaking for anything
4 that you missed in your answer that panel 2 can speak to?
5 And I can repeat the question, if it's helpful.

6 MR. KEIZER: It would be helpful to repeat the
7 question. That would be good.

8 MR. DAUBE: Yes. So I'm just looking for -- and this
9 is on the basis of the previous answers -- at a high level,
10 Toronto Hydro's position on what it thinks, how it thinks
11 that current awareness of DER options and customer
12 preferences concerning DER options are going to develop
13 over the next five years.

14 MR. KEIZER: I think that might be kind of hard to
15 predict because it's a pretty broad question, and there are
16 lots of views about what energy transition will be and the
17 pace at which it will happen. This is one of the reasons
18 why we have a DRVA, is because it's not clear, necessarily,
19 how transition will necessarily happen. And I'm not quite
20 sure how that fits into what we're here, you know, before
21 the Board on with respect to Toronto Hydro's plan.

22 MR. DAUBE: Well, maybe we can circle back to that
23 because it might be helpful for you to see where I'm going
24 on this. I guess what I'm mainly concerned about here is
25 whether Toronto Hydro -- appreciating what Mr. Keizer just
26 offered, the difficulty in providing predictions that
27 approach any level of certainty, just given that challenge
28 in a rapidly evolving landscape, how do you see the risk

1 that your DER forecasts, your DER demand forecasts, are at
2 risk of underestimating demand, particularly as awareness
3 increases with respect to these relatively new
4 technologies?

5 MR. KEIZER: I think that would have been a question
6 related to the DER forecast that Mr. Huntley could have
7 addressed in panel 1, where we did talk about demand
8 response and DERs in the context of the plan. So is your
9 question, then, you know, what -- how have we dealt with
10 that uncertainty within the forecast, related to DERs? Is
11 that what your question is?

12 MR. DAUBE: No. I think I'm actually trying to flesh
13 out the point that you made, that this is far from an exact
14 science.

15 So I would like to know Toronto Hydro's position on
16 just how inexact it is, specifically with reference to
17 factors like building awareness, and building awareness of
18 access to options, how Toronto Hydro views that in general.

19 MR. KEIZER: Yes, I think that's a difficult
20 proposition to undertake, necessarily. But I will look to
21 Ms. Coban if she has anything to address with respect to
22 Toronto Hydro's knowledge.

23 MS. COBAN: Our position, Mr. Daube -- and you would
24 have heard from the experts on the previous panels -- is
25 that we have taken into account drivers and considerations
26 around changing customer preferences, where we have a
27 reasonable basis to factor that into our forecast. Whether
28 that be project pipelines like Mr. Huntley talked about and

1 the increase we're seeing in the project pipeline with
2 respect to DER, or other, you know, customer intelligence
3 that's coming from our key accounts area, that information
4 has been built into the forecast where we can have a
5 reasonable degree of certainty about those things. And in
6 addition to that, what we've proposed in this application
7 is a flexibility mechanism that will allow us to adapt if
8 we see additional changes over this period as a result of
9 increasing awareness, technology evolution that maybe we
10 didn't predict sitting here today, various other drivers
11 that we talked about in the everyday where we set out the
12 rationale for the DRVA.

13 MR. DAUBE: Okay. I'll move on. Is there anything in
14 the record where Toronto Hydro evaluates how customer
15 preferences relating to DER and EV options may develop over
16 the coming years, as opposed to how they exist today?

17 MR. KEIZER: Are you talking about, you know,
18 contemplated technological change in DERs? Is that what
19 you're asking?

20 MR. DAUBE: No, I'm asking specifically about customer
21 preferences.

22 MR. KEIZER: You need to restate your question. I
23 didn't understand your question. I'm not sure if Ms. Coban
24 did, either.

25 MR. DAUBE: So, if we go to Innovative's response to E
26 and F, in the very first sentence, we see that Innovative's
27 focus in its engagement was to understand Toronto Hydro
28 customers' current preferences. So, I'm asking, given that

1 they're focused on current preferences, whether there's
2 anything that looks forward in the record to fill out that
3 picture on the themes that Innovative is examining as part
4 of this answer?

5 MR. KEIZER: You mean future preferences?

6 MR. DAUBE: Yes, exactly.

7 MS. COBAN: We can canvass the record and provide you
8 a summary of that information and point you to where that
9 information may exist. I don't have that on hand here, but
10 we can take that back and look at what we might be able to
11 point you to on the record that's already been provided.

12 MR. DAUBE: Okay. That's exactly what I'm looking
13 for, thank you. And if the answer is, for the reasons that
14 Mr. Keizer has mainly given, that it's not in the record,
15 then, you know, a short and sweet answer like that more
16 than serves my purposes.

17 MR. KEIZER: I just -- the only thing I'm struggling
18 with, and maybe I shouldn't ask this question, is I'm not
19 sure I understand what you mean by a future preference, if
20 a preference hasn't yet been created and it's in the
21 future, I'm not sure it exists today, so that's why I'm not
22 clear as to what you mean by future preference.

23 MR. DAUBE: Yes. And if Toronto Hydro takes that
24 position that anything short of certainty isn't worth
25 examining, then I think that's an answer worth hearing.

26 MR. MURRAY: We'll give that undertaking the number
27 JT4.22.

28 **UNDERTAKING JT4.22: TO CANVASS THE RECORD AND PROVIDE**

1 **A SUMMARY OF INFORMATION ON FUTURE CUSTOMER**
2 **PREFERENCES FOR EVS AND DVRS, AND TO POINT TO WHERE**
3 **THE INFORMATION MAY EXIST ON THE RECORD.**

4 MR. DAUBE: Can we go to 1B-DRC-2, question C, please.
5 Under environmental and social, you say a growing awareness
6 of climate change, peer influence and community norms could
7 drive more customers to choose DERs. And then under
8 government incentives and business models, you use the
9 example that new business models can provide new options
10 and incentives for adopting DERs.

11 My question first on environmental and social factors,
12 is it safe for me to assume that the environmental and
13 social factors are likely to play out in different ways in
14 different neighbourhoods, or in different parts of your
15 system?

16 MS. COBAN: I don't think it would be unfair to say
17 that there could be that more regional variability with
18 respect to those factors.

19 MR. DAUBE: Can you, at a high level, provide some
20 description about how you see that as likely taking place?
21 Like, is it -- are the factors that you're watching for,
22 assuming you are watching this, is it socioeconomic, is it
23 the types of buildings, is it some other factor along those
24 lines?

25 MS. COBAN: The factors that you see here, Mr. Daube,
26 are in fact a watch list, that's a good way to think about
27 it, and within them there is a range of different things we
28 are looking at and are continuing to study. I don't have

1 that list with me, but we are looking at it both from a top
2 level perspective, in terms of what we're seeing as market
3 trends with respect to technology or things are happening
4 at the macro policy levels. And we're also looking at it
5 in a very granular way in terms of what's happening with
6 our customers getting data through the contact centre and
7 the various touch points that we have with our customers.
8 So, we're triangulating all of those data points to keep an
9 eye on these factors that you see here.

10 And as you may have also heard from panel 1, we've
11 also got an additional focus in our unregulated business
12 around understanding and supporting customers through
13 climate action and there's a fair bit of intelligence as
14 well that we're building through that other arm of the
15 company.

16 MR. DAUBE: So, I guess part of what I'm getting at is
17 this: I would assume, and you can tell me if I'm wrong on
18 this, but as a general proposition, an affluent
19 neighbourhood, for example, is going to have greater
20 resources to dedicate to initial investments when it comes
21 to certain things under energy transition. So, I'm
22 wondering if there are indicators like that that provide
23 insight into likely trends that are at all on your radar
24 when you're thinking about the things that you describe in
25 this answer?

26 MR. KEIZER: I guess I'm struggling to understand
27 where this is going with respect to the rate application
28 itself. That's what I would like to understand.

1 MR. DAUBE: Demand trends and necessary investment to
2 respond to those trends. We're already heard evidence that
3 investments, in part, respond to demand on more localized
4 bases.

5 MR. KEIZER: Yes, I guess I'm -- I guess if you're
6 asking about what the forecast factors are and whether or
7 not this factors into the forecast, and how it could factor
8 into the forecast, that's something that I think Mr.
9 Huntley would have been able to address with respect to at
10 least the peak demand forecast, as well as what they
11 contemplate with respect to the DERs. So, I guess I'm
12 trying to see how necessarily this, you know, connects with
13 this panel that we have before us today.

14 MR. DAUBE: Okay. Well, I'm going by your list of
15 which questions are -- which questions each panel was
16 responsible for, so I'm happy to have it redirected. But
17 I'm asking specifically about environmental and social
18 factor, the answer under there. And I think really zeroing
19 in, but trying not to confine the panel to it, the
20 statement regarding community norms, and trying to get a
21 better sense of, you know, what they're saying when they
22 say community norms.

23 MR. KEIZER: Well, I guess to the extent this panel
24 can't respond, I mean, put it in the form of an undertaking
25 if you have a specific question that you want to ask.

26 I mean, if you're linking it to the forecast, I think
27 the witness has already indicated that these are factors.
28 They are the watch list; this is what they are looking at

1 and they are monitoring.

2 With respect to what they are going to do with it or
3 not, I mean, I think that's -- I don't think that's
4 necessarily clear. So...

5 MR. DAUBE: Okay. Well, I mean, I know that's what
6 you think. If that's what the panel thinks, as well, I'm
7 at a slight disadvantage here, that you have a better,
8 well, insight on that.

9 MR. KEIZER: But you can put the question to the panel
10 if you would like. I mean, I am -- just based upon what
11 the witness has already said.

12 MR. DAUBE: Okay. Well, let me ask, specifically the
13 panel, whether there is anything, when you are talking
14 about peer influence and community norms, and when we talk
15 about those factors playing out in different neighbourhoods
16 in different ways, whether there are specific attributes or
17 indicators that you are aware of, at this stage, that you
18 are watching for?

19 And the one possibility that I raised would be -- I
20 guess I raised two, the socioeconomic status of a
21 neighbourhood, or types of buildings, things along those
22 lines.

23 MS. COBAN: I don't have the specifics of how we would
24 be tracking these areas, Mr. Daube. That's something that
25 I don't have with me.

26 What I do understand is that through both our planning
27 and our customer operations, there is a lot of intelligence
28 that we collect about what's happening with our customers

1 on the ground. And increasingly so, we will be doing more
2 of that through the climate work that we are doing on the
3 unregulated side, to understand what's happening at that
4 more granular level. And the idea is to factor that
5 intelligence back into our planning, so that we can stay
6 proactive in terms of understanding where we might be
7 seeing neighbourhoods that are acting quicker with respect
8 to transition.

9 And Mr. Huntley talked about how all of that is part
10 of an ongoing annual planning process that we go through,
11 to look at demand and understand those demand drivers in a
12 more granular way, and feed that back into project creation
13 for the upcoming years.

14 MR. DAUBE: Thank you. Under government incentives
15 and new business models, you say:

16 "Community-based energy projects can provide
17 customers with new options and incentives for
18 adopting DER."

19 I am just looking for a clarification here: What are
20 you describing when you say community-based energy
21 projects?

22 MS. COBAN: Generally, we understand from market
23 research and industry research that there are different
24 innovations with respect to how communities might be
25 looking at their energy needs and thinking about those
26 energy needs in a local community fashion.

27 So this is broadly referring to those types of
28 solutions and those types of projects that have been

1 explored in other jurisdictions, and could be explored
2 here.

3 MR. DAUBE: Do you have any examples of what you are
4 talking about there?

5 MS. COBAN: Not on me.

6 MR. DAUBE: Okay. Just before I move on, I am sorry,
7 did we get an undertaking number for the undertaking to
8 reference any examples in the record of forward -- or
9 examination of forward trends? Just on the last chapter?
10 I forgot to write it down.

11 MR. MURRAY: Is that the future preferences?

12 MR. DAUBE: Yes.

13 MR. MURRAY: There was an undertaking for future
14 preferences, JT4.22.

15 MR. DAUBE: We've got that. Okay. Great. Can we --

16 MR. KEIZER: Just to be clear on that undertaking,
17 that was to review the record as we currently have it, and
18 to see whether there was anything pointing to it with
19 respect to future preferences. Correct?

20 MR. DAUBE: Yeah.

21 Can we go to 1B-DRC-6, please, and question C? This
22 is the Innovation fund.

23 You provide details here regarding the types of
24 projects that will receive funding under the Innovation
25 fund, and how the fund will be overseen. So the first
26 sentence, this is -- your first sentence here is "The
27 Innovation Fund" -- sorry, I have lost the reference here.
28 My understanding is that the Innovation Fund will not be

1 dedicated solely to DER-related projects.

2 So the question is whether, at this stage, you have
3 any expectation as to what share of the Innovation Fund
4 spending will go to DER-related projects?

5 MS. COBAN: No, I don't have that. It would be
6 something we need to determine through the pilot scoping
7 work that we describe in the evidence.

8 MR. DAUBE: On the Innovation Fund steering committee,
9 I understand that will be composed of senior utility
10 leaders. I am looking for your current thinking, given
11 that thinking hasn't been finalized.

12 What's your process going to be for determining who
13 these senior utility leaders will be?

14 MR. CLARK: When thinking about these senior leaders,
15 typically we would look at areas of responsibility within
16 the business. So, you know, looking to support the
17 innovation would relate to a functional area within
18 someone's portfolio, and usually it would be coupled with
19 that senior leadership in that area for the Innovation
20 initiative.

21 MR. DAUBE: So, from that answer, are they coming from
22 within the company, or external to the company?

23 MR. CLARK: Yes, they would be coming from within the
24 company, internally.

25 MR. DAUBE: Exclusively?

26 MR. CLARK: Yes.

27 MR. DAUBE: Okay. But where are you in the process of
28 determining who they are going to be, if approved?

1 MR. CLARK: The Innovation Fund that we are looking at
2 here is forward looking. It usually would not revolve
3 around any particular individual, but would align with the
4 portfolio of work that these senior leaders would take.

5 So, for example, if it would be an engineering
6 innovation, within a specific area of innovation, it would
7 land within that senior leader's portfolio of work in the
8 engineering -- or part of the organization.

9 MR. DAUBE: Got it. So I am wrong to think of it as
10 sort of an established community or a committee? By the
11 sounds of it, it will almost be a rotating membership? Or
12 maybe ad hoc membership is the better way to put it?

13 MR. CLARK: I wouldn't necessarily put it as ad hoc.
14 But I think, you know, the needs of the steering committee
15 would reflect the areas of innovation that we would be
16 going through.

17 MR. DAUBE: Okay. Can we go to your response to
18 question G, please? And Ms. Girvan may have covered at
19 least some of this; so let me know if that's the case.

20 So you talk here about the relevance of innovation
21 projects that take place outside Toronto Hydro, so two
22 hopefully easy technical questions: You reference section
23 4.2 here. Am I right or am I wrong that that's exhibit 1B,
24 tab 4, schedule 2, that you mean? Or where --

25 MS. COBAN: That's right.

26 MR. DAUBE: That's right? Now, you reference a list
27 of external stakeholders in your answer. Is there actually
28 a list, or what do you mean by that? This is in the last

1 sentence.

2 MS. COBAN: Sorry, where is that list that you're
3 looking at, just so we're looking at the same thing?

4 MR. DAUBE: In your -- this is small on my screen. So
5 the second-last line of response G starts with the words,
6 "The list of external stakeholders." So I'm wondering if
7 there is in fact a list and, if so, where I can find it
8 and, if there isn't a list, whether that was shorthand for
9 something else.

10 MS. COBAN: Thank you for the clarification. Sorry,
11 it's late in the day, and --

12 MR. DAUBE: No worries.

13 MS. COBAN: -- caffeine.

14 MR. DAUBE: No worries at all.

15 MS. COBAN: In the pre-filed evidence, if I can take
16 you there, at Exhibit 1B, Tab 4, schedule 2, bottom of page
17 10 onto page 11, we provide a list of the types of industry
18 stakeholders that we would be looking to engage with as
19 part of this process.

20 MR. DAUBE: Thank you. A few substantive questions
21 here. You make the general point, I think it's fair to
22 say, that Toronto Hydro, with respect to innovation
23 projects, faces unique factors or characteristics in a
24 variety of aspects. So I will give you my three written
25 questions here, and then maybe we can take them one at a
26 time, but I just want to give you a sense of the general
27 thinking here.

28 So number one is going to be whether you agree that,

1 when it comes to DERs and EVs, opportunity and innovation
2 is something that jurisdictions around the world are
3 responding to. I assume that's an easy yes.

4 And then number two is -- I assume this is an easy
5 yes, as well, but, again, we can take them one by one, and
6 you can slow me down if you want to. Number two is: Does
7 Toronto Hydro accept that there are helpful lessons
8 potentially or helpful information potentially from these
9 ongoing efforts around the world?

10 And then the real question in here is: If you agree
11 with all that, what efforts is Toronto Hydro making to best
12 position itself so that it can access that information?

13 So let's -- I can give them to you, unless you tell me
14 otherwise, I can cut to the chase and just ask you that
15 third one, unless there's something in the there, in the
16 first two, that you disagree with.

17 MS. COBAN: No, I don't disagree, from our research,
18 and that's why we've informed the proposal by what we're
19 seeing happening in other jurisdictions, in terms of level
20 of funding, but also the types of things driving
21 innovation. We see that this is something that other
22 jurisdictions, particularly ones that are focusing on
23 transition, are accelerating efforts in and around
24 innovation. We see it here, in Ontario, as well, in terms
25 of the OEB's statutory mandate around innovation and
26 various policies that are unfolding around innovation.

27 I would say, in terms of what we're doing to stay
28 plugged into that space, we're doing a number of things,

1 many of which Mr. Higgins on panel 1 would have been able
2 to speak to you in more detail in terms of the work that
3 his team is doing, responsible for grid modernization. He
4 did speak about some of the work that we're doing in grid
5 readiness, which is all of our DER capability, work that
6 we're -- the road map that we have in terms of building
7 those capabilities.

8 So really I think, in terms of staying plugged into
9 the space, Mr. Daube, it really comes down to our people
10 and the capabilities that they're building, the networks
11 that they're building in the sector and with their
12 professional colleagues in other jurisdictions, that that
13 is how we're getting that intelligence, through
14 participation in those forums and those professional
15 communities. And some of that work you see reflected here,
16 in the application.

17 Mr. Rubenstein and I talked about an Accenture grid
18 modernization benchmarking study that we did in 2021 to
19 understand where others are at in their modernization
20 journey, would be one example of a product that's coming
21 out of the work that we're doing to understand that space.

22 MR. DAUBE: Okay. Okay. You may or may not be aware,
23 just turning to the final set of questions here -- well, I
24 guess, first: Are you aware of a release from the Ministry
25 of Energy from today? It's entitled "Ontario and Toronto
26 Planning for the City's Growing Electricity Needs." I'm
27 expecting the answer is no.

28 MS. COBAN: No.

1 MR. DAUBE: Okay. Can we please get an undertaking
2 for a few things? This is probably directed to Mr. Keizer.
3 There's a press release from the Ministry of Energy, I
4 believe from this morning, yes, this morning, that talks
5 about Toronto's growth. It talks about efforts to inform
6 the new integrated regional resource plan and a public
7 engagement process and support of that.

8 I'm springing this on you, obviously, so, if you need
9 time to consider it, I'll totally understand. What I'm
10 looking for is an undertaking to hear from Toronto Hydro
11 on, number one, the basic question of whether today's
12 announcement carries any significance for the application,
13 including with respect to -- I have three things here --
14 demand forecasts, public advocacy or approach to
15 consultations, or, number three, the need for any
16 infrastructure investment generally covered in the current
17 application.

18 MR. KEIZER: Well, you do have us at a bit of a
19 disadvantage. We haven't got the context for it, and I
20 think it's -- typically, we have a 24-hour rule that would
21 apply if we're going to have things come to the witnesses
22 or the company to comment on. So it's a little bit flying
23 blind in terms of giving an undertaking. I think the most
24 that we can do is say that we will take it away, and have a
25 look at it to see whether or not it appropriately falls
26 within the context of this proceeding or not and can
27 comment from that perspective.

28 MR. DAUBE: Okay. Thank you. And that's definitely

1 the most that I would expect from you. Thank you.

2 MR. MURRAY: Let's give that a number so we don't lose
3 track of it. It's JT4.23.

4 **UNDERTAKING JT4.23: THESL TO REVIEW TODAY'S**
5 **ANNOUNCEMENT FROM THE MINISTER OF ENERGY REGARDING THE**
6 **INTEGRATED REGIONAL RESOURCE PLAN AND A PUBLIC**
7 **ENGAGEMENT PROCESS AND ADVISE WHETHER IT APPROPRIATELY**
8 **FALLS WITHIN THE CONTEXT OF THIS PROCEEDING AND**
9 **WHETHER IT CAN COMMENT.**

10 MR. DAUBE: Do you need me to go through the details
11 or the particulars again, or do we have it?

12 MR. KEIZER: Well, the details, could you just maybe
13 run through them one more time to make sure we've got it?

14 MR. DAUBE: Yes. So the release is from the Ministry
15 of Energy. It's from this morning. It's entitled "Ontario
16 and Toronto Planning for the City's Growing Electricity
17 Needs." The central question is whether any of the matters
18 raised in the release carry any significant impact or, I
19 guess, not insignificant impact on the proposals contained
20 in the application. And I said including with respect to
21 demand forecasts; number two, public advocacy or approach
22 to public consultations; or, number three, the need for
23 infrastructure investment generally covered in the
24 application.

25 MR. KEIZER: That's fine.

26 MR. DAUBE: And what I didn't say, that I would add
27 just as a final point if you're willing to consider it,
28 whether Toronto Hydro will participate in the announced

1 consultation, and what are the central points that Toronto
2 Hydro will advance in the consultation, to the extent that
3 any of those points are relevant to this application?

4 MR. KEIZER: I don't know if we can do that at this
5 point, given the nature of the time of the press
6 conference. So I wouldn't be inclined to do the latter.

7 MR. DAUBE: Sorry, can you just -- I'm not sure I
8 understand the timing point.

9 MR. KEIZER: Well, I mean, we just got the press
10 conference this morning, you have decided to drop it in the
11 middle of a technical conference today with no advance
12 warning.

13 You're now asking for a series of undertakings around
14 this mystery document, at least mystery to all of us, and
15 you're now asking for the position of the company with
16 respect to a consultation process that we have no idea what
17 the consultation process actually is.

18 So, in terms of being able to say, yes, I'm going to
19 undertake to do that without having any knowledge to do it,
20 I think is a bit unfair, so I think we are looking at this
21 document in the context of this proceeding, based upon the
22 questions you've asked, which I think is within the
23 relevance of it, what consultation Toronto Hydro will do or
24 not do outside of this proceeding once we've already
25 determined relevance I don't think has any relevance on the
26 end result of which the Board is going to rule. So, that's
27 the reason for not going the last measure.

28 MR. DAUBE: Okay. Well, I respectfully ask you to

1 consider it overnight. I appreciate that it's been sprung
2 on you, but I'm sure you're conscious of the fact that it
3 only came out this morning. I'm happy to ask it again
4 tomorrow, if that makes you more comfortable.

5 But I would note in arguing for you to consider it,
6 that if it gets refused, then it's the kind of thing that
7 comes up at the final proceeding, you know, what positions
8 Toronto Hydro is advancing outside of these proceedings,
9 and whether they're inconsistent with what we're hearing
10 here. So, anyway, that's my argument for it. I appreciate
11 your considering the undertakings.

12 MR. MURRAY: Mr. Daube, I just-- I'm mindful that
13 we've been here almost two hours straight. So, if you're
14 on the cusp of being finished, it might be good to finish
15 you off, but if it looks like another 10 or 15 or more
16 minutes, it might make sense to take our first afternoon
17 break now.

18 MR. DAUBE: That's actually it. So, do we mark that
19 last one as a refusal or, you know, effectively the same
20 under advisement or...

21 MR. MURRAY: That's more of like the civil process.
22 Usually we just give undertakings. Refusals we will say on
23 the record that they've refused. But we don't mark
24 refusals in the same way we mark undertakings.

25 MR. DAUBE: All right. Thank you. Okay, thank you
26 very much to the panel. Thank you, Mr. Keizer, for the
27 back and forth, and those are my questions.

28 MR. MURRAY: Thank you Mr. Daube, a little bit late,

1 but let's take our first afternoon break. I would ask
2 everyone to come back at three.

3 --- Recess at 2:47 p.m.

4 --- Resuming at 3:04 p.m.

5 MR. MURRAY: Next? Yes? Does anyone have any
6 preliminary matters before I go over to Mr. Li?

7 **PRELIMINARY MATTERS:**

8 MR. RUBENSTEIN: Yes. Sorry, I just have two quick
9 preliminary matters.

10 First, I just wanted to confirm with Toronto Hydro
11 that they will be providing updates to the evidentiary
12 record with respect to the impacts -- I mean, there have
13 been revenue requirement and load forecast impacts, but
14 they will flow those, the cost allocation, the rate design,
15 the bill impacts and update the evidentiary record, and
16 when we could expect to see that?

17 MS. COBAN: We can do that shortly after filing
18 undertakings. I think the volume of undertakings we have
19 seen is a bit higher than what we planned for. So we need
20 a bit more time to finish that work. But it would be
21 shortly after undertakings.

22 So I can consider a specific date. If you would like
23 one, I can take that back. But that's the general time
24 frame.

25 MR. RUBENSTEIN: No, no, that's fine. The second
26 thing, I just wanted to clarify an undertaking you gave or
27 a question I asked yesterday. In JT3.44, I had asked for
28 an update or a revised version of 6-SEC-120, showing the

1 deficiency as compared to the 2024 rates at the forecast
2 load.

3 I just want to clarify that, for the forecast load, I
4 would request that it's the updated forecast load, not the
5 one that's included in the application.

6 MS. DOLZHENKOVA: That sounds good.

7 MR. MURRAY: Mr. Li, over to you.

8 **EXAMINATION BY MR. LI:**

9 MR. LI: Good afternoon. My name is Clement Li,
10 representing BOMA. My questions are all follow-up
11 questions on Toronto Hydro's IR responses.

12 So the very first one is the follow-up questions on
13 the IR, 2B-BOMA-1. You don't have to turn to that,
14 actually. As a matter of fact, can you please turn to
15 exhibit 2B, E2, page 4 of 52? There's a figure 5 there
16 that shows the hyper-scale data centres. Okay. So here it
17 is, there. Okay.

18 So, in here, you indicated that between 2020 and 2024
19 you added about 102 megawatts of load. And then you are
20 also forecasting another 198 megawatts of demand in your
21 test period. That's a lot of load, right?

22 And then can I assume that these data centres, they
23 are the big customers that they will go on either over a
24 thousand-kilowatt class, or even the large-user class? Is
25 that correct?

26 MS. DOLZHENKOVA: Subject to check, yes.

27 MR. LI: Okay. So the next question is do you have --
28 can I ask you to give me the split between -- if what I

1 assume is correct, that they either go to a large-user
2 class, or the thousand to 4,999-kilowatt class, can you
3 give me the split in terms of, like, how many roughly will
4 go to a large user and how many will go to the other class?

5 In terms of demand, I am sorry -- in terms of demand
6 kilowatt.

7 MS. COBAN: The reason we are pausing here is you are
8 referencing evidence that was mapped to panel 1, so we are
9 just considering the evidence that's here before us in
10 terms of the question that you are asking, so just getting
11 a moment to orient ourselves in the evidence.

12 MR. LI: Sure, of course.

13 MS. COBAN: Apologies for the delay.

14 MR. LI: No, no, it's okay.

15 MS. COBAN: Maybe you can rephrase your question, if
16 you don't mind, now that we are oriented in this evidence?

17 MR. LI: Sure. So in your evidence, 2B, D2, you
18 mention that you are going to be -- you are forecasting
19 there will be 198 megawatts of demand that is going to come
20 into your system from these hyper-scale data centres.

21 I assume that, because they are big customers, they
22 will either go to the large-user class or they will go to
23 the GS-over-a-thousand-kilowatt class. So I am asking for
24 a split, roughly a split -- it's a forecast. Is it going
25 to be 50/50, 20/80, between the two classes in terms of
26 demand?

27 MS. DOLZHENKOVA: It is my understanding that the
28 system peak demand forecast you are pointing at in the

1 evidence does not look at the breakdown on per class level.
2 So that's why we have been pausing, because I don't think
3 that the information, we would be able actually to present.

4 MR. LI: Okay. So you cannot give me the split.
5 Correct?

6 MS. DOLZHENKOVA: Subject to check, correct.

7 MR. LI: Okay. Okay. That's okay. I'll let it go.

8 And then another question that I have is if I go to
9 your evidence, exhibit 3, tab 1, schedule 2, the appendix,
10 the spreadsheet, the Excel file, the 2I-B.

11 And there, you show the by-class demand growth, year
12 over year, in your forecast period. And for both classes,
13 I see negative, year after year; on average it's about
14 minus 2 percent or minus one and a half percent, subject to
15 check because I think I was looking at your pre-filed
16 evidence, not the updated. But they are roughly the same.

17 So I am curious just to confirm, like, given that on
18 one hand you are telling me that you are expecting 200
19 megawatts of growth. But if you look at the by-class
20 growth, I see minus 2, and minus one and a half percent in
21 terms of demand.

22 Is that included in this forecast, like, the growth of
23 200 megawatts? Can you confirm that?

24 MS. DOLZHENKOVA: Just to confirm, what you are
25 looking at here is not a system peak demand forecast. This
26 is the forecast related to the electricity consumption and
27 the billing-related demand.

28 MR. LI: Right. But still -- I understand, but you

1 are expecting -- so that is included. Right? You are
2 saying the data centre load will -- are included in this
3 forecast that I am looking at right now?

4 MS. DOLZHENKOVA: So what we have done for the
5 specific rate classes, there were two considerations. One
6 of it is the consideration for the large-connection
7 additions that are coming. And also, we have incorporated
8 reclassifications that we have been seeing over the
9 historical period of time.

10 MR. LI: Right. But maybe I didn't make myself clear,
11 then. So can you confirm that whether the -- in your
12 forecast, you have included these data centre connections?
13 Is it correct?

14 MS. DOLZHENKOVA: What we have included as part of our
15 forecast --

16 MR. LI: Right.

17 MR. DOLZHENKOVA: -- is confirmed feeder requests, at
18 our best knowledge.

19 MR. LI: Right.

20 MS. DOLZHENKOVA: So there might be, within those
21 confirmed feeder requests, something that would fall within
22 the category of data centres.

23 MR. LI: Okay, okay. And even with that inclusion,
24 you are still expecting minus two or minus -- right.

25 MS. DOLZHENKOVA: So when you look at the system peak
26 demand forecast, right? - it represents the capacity needs.

27 What we are looking at here is the actual electricity
28 consumption. But I think in that case, also there is the

1 difference between the two and the natural lag between when
2 the expected, to, let's say, those customer classes, when
3 the expected load will actually materialize.

4 MR. LI: Okay. Okay. Thank you. I have another
5 follow-up question when it comes to these data centres.
6 Given the size of these data centres, it's a tremendous
7 amount of heat generated by these servers. In your
8 forecast, do you expect that these data centres will have
9 some kind of heat recovery or even connection with the
10 Enwave district heating or cooling so that the waste heat
11 can be reclaimed and be used to replace natural gas
12 emissions?

13 MS. DOLZHENKOVA: As outlined in our evidence, Exhibit
14 3, Tab 1, schedule 1, section 11, we have looked at the
15 heat pumps in general; we have done the qualitative
16 analysis, and, sitting here today, we have not found any
17 specific targets to take into consideration the uptake
18 related to that specific technology.

19 MR. LI: Okay. So the one that I just talked about,
20 the heat recovery chiller and connection with Enwave, you
21 did not, that did not --

22 MS. DOLZHENKOVA: It has not been considered as --

23 MR. LI: Okay.

24 MS. DOLZHENKOVA: -- part of this.

25 MR. LI: Thank you. Just one more question on these
26 data centres. Are they in general in, like, downtown core,
27 or are they outskirts of Toronto? Just in general, where
28 are they coming in?

1 MS. DOLZHENKOVA: I think that would be best addressed
2 for another panel. I would not be in a position to talk
3 about the geo locations of those customers.

4 MR. KEIZER: That would be best addressed by panel 1.
5 So, if it is critically important for you, I guess we could
6 take it away.

7 MR. LI: Would you mind asking panel 1 as --

8 MR. KEIZER: So the --

9 MR. LI: -- an undertaking?

10 MR. KEIZER: -- undertaking is the general location of
11 the data centres?

12 MR. LI: Yes. Are they in general, like, very
13 downtown core, or are they really, like, spread out? Are
14 they more -- because they're so big that I see it then
15 affects the local constraint, I guess, right, if they're
16 really right downtown. I just want to understand where
17 they're coming from.

18 MR. KEIZER: So we can undertake to clarify the
19 general locations, not specific locations --

20 MR. LI: Of course, of course. Yes.

21 MR. KEIZER: -- but the general distribution of the
22 data centres throughout the territory.

23 MR. LI: Thank you.

24 MR. MURRAY: That will be undertaking JT4.24.

25 **UNDERTAKING JT4.24: TO CLARIFY THE GENERAL LOCATIONS,**
26 **THE GENERAL DISTRIBUTION OF THE DATA CENTRES**
27 **THROUGHOUT THE TERRITORY.**

28 MR. LI: Okay. The next one, I have a couple of

1 follow-up questions on 2B-BOMA-02. Again, you don't have
2 to turn to that. So in that, that specific IR is about the
3 City of Toronto's Toronto Green Standard, and there were
4 discussions already, I think -- I can't remember who now,
5 but I remember seeing that. So I understand the process,
6 like, because that is a parallel exercise and there's no
7 direct link between that policy with the load forecast. I
8 think I understand that.

9 But what I'm asking is, it's more like I want to make
10 sure that I understand your evidence, make sure it's
11 correct. So, when I look at Exhibit 3, tab 1, schedule 1,
12 so in general, at a very high level, so you have your
13 historical load and you have your economics and
14 demographics and weather normalization, and then you have
15 energy, conservation activity, both program and natural.
16 So you put all of that in a multivariant regression
17 analysis, so that's your forecast. And then, on top of
18 that, you have EV and DER impact, and they add to on top of
19 that, and that's your forecast.

20 In general, is that, at the high level, is it correct?

21 MS. DOLZHENKOVA: Yes, that's correct.

22 MR. LI: Okay. Thank you. So my question again is --
23 actually, you know what, to be very specific, if I go to
24 the same exhibit, page 27, there's a paragraph that I just
25 can read it, that you're assuming that the load impact of
26 additional heat pump installation in the forecast horizon
27 is immaterial. Maybe I didn't read it. That's my own
28 interpretation. There we go, yes.

1 So can you confirm that, in your load forecast, you do
2 not have any assumption when it comes to additional
3 building electrification, such as switching from natural
4 gas space heating to electric heat pumps to heat the
5 building? Is it correct? Because I don't see it.

6 MS. DOLZHENKOVA: Yes, that's correct, as described
7 here.

8 MR. LI: Okay. Okay. Now, the fact that you can make
9 the conclusion that heat pump impact is immaterial, so you
10 must have done some market research or market penetration
11 of air-source heat pumps or maybe you talked to school
12 board or building owners.

13 What kind of market research have you done when it
14 comes to air-source heat pumps, that led to that
15 conclusion? Actually, more than air-source heat pumps,
16 even geothermal heat pumps; what kind of market research
17 have you done so that you can make -- you're confident that
18 the impact is immaterial?

19 MS. DOLZHENKOVA: I think, if I can take you to
20 response 3-EP-30C, the response there describes the
21 qualitative analysis that we have done and some of the
22 sources that we have looked. One second. Yes, that's
23 here. I think if you can move to the response for C
24 section, so we have looked at the different sources that
25 are currently or were available at the time when we came
26 up, when we were developing the forecast. So, at the time,
27 we didn't have any specific targets that we could
28 incorporate reasonably to determine what the outlook would

1 look like.

2 MR. LI: Right, so I -- thank you. I guess I missed
3 this one. I didn't see that. Okay. Thank you. So, going
4 back to the heat recovery or Enwave, just to confirm that,
5 you have not been doing any market research on that
6 technology?

7 MS. DOLZHENKOVA: I can only speak on from perspective
8 of the electricity consumption --

9 MR. LI: Right.

10 MS. DOLZHENKOVA: -- and the forecasting that we have
11 done, so I think what's outlined in the answer is the type
12 of analysis that we have done.

13 MR. LI: Okay. Thank you. If you can go to Exhibit
14 2B, section E5.1, there are a couple of spots -- one is on
15 page 5. If you go to line 16, then we talk about heat
16 pumps there. Electric -- including heating cooling system
17 heat pump, and, if you go to page 22, you also mention
18 electric heat pumps. So that drives your demand, and it's
19 part of your capital plan, I think, rationale there.

20 Now, I'm a little bit confused here, though, because
21 in here, both places, you talk about your demand is driven
22 by the penetration of heat pumps. But is it in, though; is
23 it in your forecast? But you keep saying it is not. So
24 can you clarify? It's not, right? I just want to make
25 sure that I understand that because, in here, it says you
26 do consider heat pumps.

27 MR. KEIZER: Can we just be sure the witnesses have
28 seen the two references that you've identified? Can you

1 take them there so they just have the proper context before
2 they answer?

3 MR. LI: If you go to Exhibit 2B, section E5.1, page 5
4 of 30, lines 16 to 17, there's mentioning of heat pumps.
5 And then the other one is the same section, E5.1, but page
6 22, and, if you go to line 12, again it mentions electric
7 heat pumps. Take your time. I'm sorry, it's my first
8 time, right.

9 MS. DOLZHENKOVA: Yes, we can see that. Sorry, can
10 you repeat the question?

11 MR. LI: My question is, is in here it does say that
12 your demand is driven by additional heat pumps, so there is
13 some assumptions here that about that these electric heat
14 pumps are driving your demand higher, and that's why you
15 need to have capital investment, right? But in your load
16 forecast, you just told me that it's immaterial in the rate
17 period, is it because of timing? I just want to understand
18 why.

19 MS. DOLZHENKOVA: I'm not in the position to talk
20 about the system peak demand forecast and what are the
21 assumptions that are incorporated from the electricity
22 consumption and the billing demand. As I described when we
23 did review the information, we identified that there's no
24 specific targets that are outlined for us to use in order
25 to capture accurately of what the load is going to be.
26 Being said that for that specific reason, as part of the
27 DRVA mechanism that's been proposed, and to the point the
28 heat pumps, and this is an energy transition technology

1 that might evolve a little bit further, there might be a
2 certain variance that would potentially arise.

3 But sitting here today, we don't think that from the
4 electricity consumption, it will -- we don't have a
5 specific information of what that outlook is actually going
6 to look like.

7 MR. LI: Okay. All right. Well, thank you, thank
8 you. So, I'll move.

9 The next question I have is on 3-BOMA-3, so it's
10 part B. In part B BOMA was asking Toronto Hydro to give --
11 to provide forecast total distribution system load shapes
12 on both winter peak day and summer peak day in '25 and '29.
13 And in your response you said you do not have the detailed
14 load information to perform this analysis.

15 But looking at your evidence, if I go to Exhibit 7,
16 Tab 1, schedule 3, that's your cost allocation model, your
17 CAM, tab I8, demand data, and there you have your, like,
18 1CP, and 4CP, and 10CP, all the information by class. It
19 appears that you do have some peak information, right?

20 So, is it -- you must have some monthly peak
21 information to come up with those 1CP, 4CP, 12CP
22 information. Can I -- instead of having the peak day
23 shape, can you provide the monthly peak information by rate
24 class you used to derive the CP and NCP figures?

25 MS. DOLZHENKOVA: And you want it for 2025?

26 MR. LI: 2025 would be helpful, yes.

27 MS. DOLZHENKOVA: Yes, I think we can do that. I just
28 want to clarify, we were not able to provide the

1 information, we don't have the details on the sector level
2 basis.

3 MR. LI: Right, okay. But by class you're okay?

4 MS. DOLZHENKOVA: By rate class from the forecasting
5 perspective.

6 MR. LI: Yes, that would be very helpful.

7 MR. MURRAY: We'll give that a number, that will be
8 JT4.25.

9 **UNDERTAKING JT1.25: TO PROVIDE THE MONTHLY PEAK**
10 **INFORMATION BY RATE CLASS FROM THE FORECASTING**
11 **PERSPECTIVE USED TO DERIVE THE CP AND NCP FIGURES FOR**
12 **2025.**

13 MR. LI: Just a follow-up question on that. In your
14 response you mention that your current AMI data does not
15 have the capability to do -- to identify patterns and
16 forecast peak demand, and then you're going to have -- in
17 this application, you're proposing further AMI investment
18 to enable this kind of additional capability. Can you --
19 at a high level, can you tell me, what additional
20 capability do you have in the next phase of AMI to allow
21 this kind of analysis, and why the current AMI data can not
22 do this? Because, if I understand correctly, every meter,
23 excepting a meter class, they're all either smart or
24 interval, and you have hourly data for every single
25 customers, right? So, I just want to understand what is
26 the issue.

27 MR. KEIZER: I just wonder, we did have panel 2 which,
28 you know, talked about the AMI program, and the capability

1 that the AMI meters would have. We had also the same
2 individual, the customer care and the operations folks on
3 panel 2, I think could address the issue of what the
4 current meters actually record and provide, and what the
5 future meters would record and provide. I'm not sure that
6 there's anyone on this panel, necessarily, that has the
7 expertise to -- just to detail that.

8 MR. LI: Can I find it in an undertaking or do I just
9 have to go and read the transcript?

10 MR. KEIZER: No. I don't know if those specific
11 questions were asked, Mr. Li, so we can consider an
12 undertaking.

13 MR. LI: Just at a very high level, like, I don't need
14 a report, right? It's just high level, can you do that?

15 MR. KEIZER: So, the question -- the scope of the question.
16 So, the question would be that you want to understand the
17 data information that you're able to obtain on the current
18 smart meters relative to those in the new AMI program that
19 would be able to give you the load information and
20 categorization that would be required for you to perform
21 the analysis you referred to in this IR. But you don't
22 want the analysis now, because we can't do it. But you
23 want to understand what the meters are capable of
24 providing?

25 MR. LI: Yes, that would be...

26 MR. KEIZER: At a high level?

27 MR. LI: Yes.

28 MS. COBAN: Just to simplify, we're looking at a

1 comparison of capabilities of the AMI 1.0 and 2.0?

2 MR. LI: A little bit more specific when it comes to
3 why you cannot answer this IR.

4 MS. COBAN: With respect to the data that's being
5 asked for here?

6 MR. LI: Yes. Correct.

7 MS. COBAN: Yes, we can do that.

8 MR. MURRAY: That will be undertaking JT4.26.

9 **UNDERTAKING JT4.26: TO PROVIDE A COMPARISON OF**
10 **CAPABILITIES OF THE AMI 1.0 AND 2.0, WITH RESPECT TO**
11 **THE REQUESTED DATA.**

12 MR. LI: Thank you. Thank you. I actually -- I have
13 one question that I -- you know what, I'm sorry, I'll pass
14 and go to the next one. Sorry. This is a follow-up
15 question on 3-BOMA-4 part A. So, in part 8 we asked
16 Toronto Hydro to split the GS 50 to 999 and GS 1,000 to
17 5,000, and the large user class into sector. I'm talking
18 about number of customers in kilowatt and kilowatt hours.

19 And your response said that you don't have the
20 information, right, to split by sector, I get it. I just
21 want to explore that in your building system, do you have
22 any information such as NAICS code, the North American
23 industry classification system, or even the old SIC, the
24 standard industrial classification code map to your GS
25 customers. Do you have anything like that in your system?

26 MS. DOLZHENKOVA: I think it would be best addressed
27 by operations team, panel 2.

28 MR. LI: Okay. Because my way of -- the way I'm

1 thinking is that you deploy CDM programs, right? -- I mean,
2 for your GS customers. But you have industrial programs,
3 you have commercial programs, you have residential
4 programs. I mean, to a certain extent, you must have some
5 information when it comes to how do you target these
6 customers, right?

7 So, like, I am representing BOMA, and obviously our
8 primary interest is commercial buildings. And it would be
9 really helpful if you can help me out and give me any kind
10 of information when it comes to breaking the GS classes
11 into commercial, industrial and I guess, in some cases,
12 there's some multi-residential customers there, too.

13 Is there any information that you can help me out to
14 provide, to do that rough, high-level split when you look
15 at those GS classes, that how much is commercial, how much
16 is industrial?

17 MR. KEIZER: When you say how much, what do you mean?
18 You mean --

19 MR. LI: I am sorry, kilowatt-hours or kilowatt -- the
20 number of customers is a little bit irrelevant, because it
21 is all driven by floor space. And so I care more about the
22 kilowatts, and kilowatt-hours.

23 MS. DOLZHENKOVA: I mean, you look at the load
24 profiles that were developed for the cost-allocation model
25 purposes. And, as part of that, we have extracted the data
26 looking on the rate-class basis, as you rightfully pointed
27 to the exhibit 7, schedule 1, tab 1.

28 So we do not have the underpinning data related to

1 those customers. It's not something that we would be able
2 to derive and easily pull, at all.

3 MR. LI: The sector, the sector breakdown?

4 MS. DOLZHENKOVA: That's correct.

5 MR. LI: Right. So when you do your load forecast,
6 you don't look at it by sector?

7 MS. DOLZHENKOVA: I think we follow the OEB policies
8 and the cost-allocation design. And as part of that, our
9 focus is looking at the data on the rate class.

10 MR. LI: Rate-class level, only? Yeah, okay. Okay.
11 All right.

12 I was going to ask you, like, where do I get this
13 information? Like, would it be City of Toronto? But you
14 are saying you don't use that information at all, when you
15 do your forecast, when it comes to sector-sector breakdown.
16 Is that correct? No?

17 MS. DOLZHENKOVA: No.

18 MR. LI: Okay. All right, I will move on. It's okay.

19 So the next question I have is the same IR, but this
20 is response E. This is about class A and class B. So if
21 you go to that response, table 1, I just -- can you confirm
22 that the numbers that we are looking at in table 1, is it
23 for GS over 50? Like, does it include all the three
24 classes, the three GS classes? Or is it just GS over
25 50 kW?

26 MS. DOLZHENKOVA: Rightfully pointed out, I think as
27 we had a huge number of IRs to deal with, I think there
28 might be an oversight on gigawatt-hours that were presented

1 as part of the class B section. So I think the numbers
2 that we have presented there are related to all of the rate
3 classes. And...

4 MR. LI: I am sorry, which classes? Are you talking
5 about the two classes or three classes?

6 MS. DOLZHENKOVA: I think it represents the -- for
7 gigawatt-hours-related data, it represents the Toronto
8 Hydro population, essentially.

9 MR. LI: Oh, the entire Toronto Hydro. I see, I see.
10 Can you provide -- well, forget about residential,
11 right? There is no class A, so it's only applicable to GS
12 50-1,000, and GS 1,000-5,000, and large user, really,
13 right? This is the three classes.

14 So, when it comes to the three, can you do a breakdown
15 of this table into the three classes for me?

16 MS. DOLZHENKOVA: Yes. Certainly, we can do that.

17 MR. LI: Okay. Thank you. Thank you. So same table,
18 it just further broken into three classes. Yes, thank you.

19 MR. MURRAY: That will be undertaking JT4.27.

20 **UNDERTAKING JT4.27: TO PROVIDE A BREAKDOWN OF THE**
21 **TABLE AT 3-BOMA-4 INTO THE THREE GS CLASSES.**

22 MR. LI: This is not particularly related to -- well,
23 it is actually, it is. It's related to part F. It is the
24 same 3-BOMA-4, part F.

25 So in this question, we are asking for square footage
26 or floor space information, and you are saying that you
27 don't have anything. Again, you know, it is the same line,
28 that do you have -- can you confirm that in your load

1 forecast, when you do your -- you do not have any floor
2 space or square footage information when it comes to the
3 commercial buildings?

4 MS. DOLZHENKOVA: As far as I am aware, we don't have
5 that information.

6 MR. LI: You don't use it as one of your regression
7 variables?

8 MS. DOLZHENKOVA: I think as you can see, exhibit 3,
9 tab 1, schedule 1, it is our --

10 MR. LI: Yeah. Okay. All right, all right. So,
11 thank you, thank you. So the next one, I think I can skip.

12 Finally, this is actually my last question. When it
13 comes to the CSMUR class, there was a discussion this
14 morning, I think with Mr. Garner, about CSMUR, like, the
15 competitive sector versus the non-competitive sector.

16 Can you clarify that obviously the CSMUR has all the
17 competitive customer sector. So can I assume that the
18 other non-competitive sector, that is going to be embedded
19 in your GS over 1,000, or between 50 to 1,000? Is that
20 true? Like the kilowatt and the kilowatt-hour will be part
21 of the other class, the GS class?

22 MS. DOLZHENKOVA: Yeah, I think that's right.

23 MR. LI: Yeah? Can you give me a rough split? Like,
24 if you look at all the multi-residential customers -- let's
25 forget about competitive or non-competitive. Like, can you
26 break it into competitive and non-competitive in terms of
27 either number of customers or kilowatt-hours? Can you
28 provide that split for me?

1 MS. DOLZHENKOVA: It's not the information that we
2 have as part of the load profile data that we have
3 analyzed.

4 MR. LI: Just at a very high level, is it a majority
5 of them would be in the CSMUR class? Or you really have no
6 idea? It could 50-50, or 90-10? Like, that kind of
7 precision? Would you have anything like that?

8 MS. DOLZHENKOVA: Sorry. The reason we pause here is
9 it's because it might be more appropriate, again, for panel
10 2 to answer. But what we can do is maybe take an
11 undertaking and check if there are any splits like that,
12 that's available.

13 MR. LI: That would be very helpful, that would be
14 very helpful. Thank you.

15 MR. MURRAY: That will be undertaking JT4.28.

16 **UNDERTAKING JT4.28: TO DETERMINE WHETHER THE LOAD**
17 **PROFILE INFORMATION OF THE MULTI-RESIDENTIAL CLASS**
18 **INCLUDES A BREAKDOWN BASED ON NUMBER OF CUSTOMERS, OR**
19 **BASED ON KILOWATT-HOURS, AND IF SO, TO PROVIDE THE**
20 **INFORMATION.**

21 MR. LI: One final question when it comes to the
22 CSMUR. Given in your evidence, you -- and then I think we
23 talked about it today, too, it is a high-growth sector, the
24 CSMUR, like, if you look at the load.

25 Given that it's such a high-growth segment, did you do
26 any analysis when it comes to the new connection versus the
27 existing customers? Is it a -- like, do you know that is
28 this a significant difference when it comes to kW or kWh

1 or, you know, the type of space heating that they use? Is
2 it the new one? Do they tend to you air-source heat pump
3 or gas? Like, do you have any information, like the new
4 connection versus the existing stock? If you do, can I get
5 some information on that, comparison between new connection
6 versus existing stock when it comes to KW and KWH and the
7 type of fuel they use to heat the building?

8 MR. KEIZER: Sorry. You're referring to this in what
9 regards? Sorry, I missed this point. In terms of just
10 generally or what context?

11 MR. LI: Given that it's such a high-growth segment,
12 because I would like to know if there is a significant
13 difference between the new customer versus the existing
14 customers when it comes to the CSMUR segment.

15 MS. DOLZHENKOVA: No, we don't have this analysis.

16 MR. LI: Hmm. Okay, okay. I'm just checking, did I
17 miss anything. I think I'm done, but I just -- if you can
18 give me about 15 seconds, just to make sure I didn't miss
19 any questions?

20 MR. MURRAY: Mr. Li, why don't we give you a couple of
21 minutes. We'll take our second afternoon short break and
22 come back at 3:57.

23 MR. LI: I think I'm done. I'm sorry. I think that's
24 my last question.

25 MR. MURRAY: Oh.

26 MR. LI: I'm done. Thank you.

27 MR. MURRAY: Okay.

28 MR. LI: Thank you very much. I appreciate it.

1 MR. MURRAY: Thanks. We'll take a break. We will
2 come back at 3:57.

3 --- Recess taken at 3:47 p.m.

4 --- On resuming at 4:03 p.m.

5 MR. MURRAY: Welcome back, everyone, to day 4 of the
6 technical conference. Next on the list is OEB Staff. I
7 will turn it over to Mr. Eminowicz.

8 **EXAMINATION BY MR. EMINOWICZ:**

9 MR. EMINOWICZ: Good afternoon, panel. Thomas
10 Eminowicz. I'm senior advisor at the OEB. Can we please
11 start with 1B-SEC-19. I would just like to start off with
12 a bit of a preamble, and maybe a glimpse at the table here
13 to pick up on some of the conversations with Mr. Ladanyi
14 earlier today about attrition relief mechanisms. Just to
15 help me calibrate, I would just like to understand, can
16 Toronto Hydro confirm whether in its view the I minus X
17 framework is an attrition relief mechanism?

18 MS. COBAN: Yes.

19 MR. EMINOWICZ: Thank you. Picking up on the
20 undertaking for Mr. Rubenstein, based on my notes, I think
21 it's JT3.35, where Mr. Rubenstein requested an update from
22 Scott Madden for this table with respect to the frameworks.
23 And I just got a little bit lost in the exchange, so I just
24 wanted to ask: In terms of the attrition relief mechanisms
25 listed here for each utility, in some cases it states
26 there's a formulaic approach. Could Scott Madden please
27 provide the formulas as applicable, and as necessary define
28 the parameters?

1 MR. KEIZER: We can ask him to make reference to what
2 they meant by that, and if there was a formula that they
3 were referencing, to provide it.

4 MR. EMINOWICZ: I think I would like to ask in terms
5 of a framework, like I think the custom price cap index
6 that we have now for Toronto Hydro, and the proposed custom
7 revenue cap index, I think those are frameworks that are
8 formulaic in nature. So, I think for the purposes of
9 understanding comparisons to the peer group that Scott
10 Madden considered, it would be helpful to understand how
11 the frameworks in their formulaic structure kind of
12 compare.

13 MR. KEIZER: Well, as I said, we can ask them what
14 they meant by that, and if it, you know, makes a
15 representation of what the formula was, they would provide
16 it. But we can ask them to endeavour to do that.

17 MR. EMINOWICZ: Thank you.

18 MR. MURRAY: Okay. And I realize this sort of relates
19 to SEC undertaking from yesterday, but just to make sure it
20 doesn't get lost, and we'll give it a new number today,
21 it's undertaking JT4.29. And if you want to, in answering
22 this, you could just refer back to the earlier SEC if it's
23 already going to be included in that answer. But we'll
24 mark this for today's purposes as JT4.29.

25 **UNDERTAKING JT4.29: TO INQUIRE OF SCOTT MADDEN TO**
26 **PROVIDE THE FORMULAS AS APPLICABLE, AND AS NECESSARY**
27 **DEFINE THE PARAMETERS FOR THE ATTRITION RELIEF**
28 **MECHANISMS.**

1 MR. EMINOWICZ: The other follow-up, coincidentally
2 also to an exchange with Mr. Ladanyi from today, my notes
3 indicate JT4.1. Mr. Ladanyi had requested a demonstration
4 of how Toronto Hydro applies the contribution cost, I think
5 it was, under the distribution system code.

6 And I would like to understand Toronto Hydro's view of
7 how a total revenue cap model would fit under this context,
8 where, you know, costs and revenues are modeled for a
9 horizon. They're used to determine a capital contribution,
10 and now Toronto Hydro is proposing some variance accounts
11 that could have expenses, you know, within the horizon,
12 potential rate riders either on the expense or revenue
13 side. Could Toronto Hydro just give a little bit of a
14 sense of how those two things fit together?

15 MS. COBAN: I just want to make sure I understand what
16 we're looking for, is an explanation of the interaction of
17 the revenue cap and the economic evaluation model?

18 MR. EMINOWICZ: Yes. If Toronto Hydro thinks that
19 there is an interaction, just any kind of spillover or kind
20 of corresponding effect due to this concept of a total
21 revenue cap model that's presented.

22 MS. COBAN: We can take a shot at that, yes.

23 MR. EMINOWICZ: Thank you.

24 MR. MURRAY: So, we'll give that an undertaking, that
25 will be undertaking JT4.30.

26 **UNDERTAKING JT4.30: TO EXPLAIN THE INTERACTION OF THE**
27 **REVENUE CAP AND THE ECONOMIC EVALUATION MODEL.**

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

1 12. We can start just here. By way of context, I presume
2 the panel is quite familiar with where this figure is
3 coming from, and the narrative support that it supports.
4 And so, I guess as confirmation for a starting point, this
5 figure supports narrative that focuses on funding gaps
6 between the proposed investment plan and two frameworks.
7 So, the existing price cap index and the kind of more
8 vanilla price cap IRM. Do I have that correct?

9 MS. COBAN: Yes.

10 MR. EMINOWICZ: Thank you. If we could please go to
11 the response to part C. So, this is focusing on the price
12 cap IRM scenario. And so, in part C here, Toronto Hydro is
13 confirming that it considered the capital modules that
14 would be available to a utility under the price cap IRM
15 framework. Do I have that, correct?

16 MS. COBAN: Yes.

17 MR. EMINOWICZ: And then in part D, Toronto Hydro
18 confirms that the funding that would be available through
19 the advanced capital module, that would fall under the
20 price cap IRM framework, is not part of the narrative or
21 the figure, is that correct? That's in part D.

22 MS. COBAN: Yes.

23 MR. EMINOWICZ: Would Toronto Hydro be able to update
24 what is, I guess, this figure and the table in part A for
25 the IRM scenario to illustrate the funding that would be
26 available under the capital module?

27 MS. COBAN: Yes, I think we can do that with respect
28 to the projects that are identified in part D.

1 MR. EMINOWICZ: Thank you. And this is kind of the
2 beginning of a little journey through this IR response, so
3 I don't know if I should just continue and see what we can
4 build ourselves up to, or do we want individual
5 undertakings for each request.

6 MR. MURRAY: Why don't we give this one a number now
7 and we can maybe add to it or create new undertakings
8 depending on how much they overlap. So we'll call this one
9 JT4.31.

10 **UNDERTAKING JT4.31: FOR THE PROJECTS IDENTIFIED IN**
11 **PART D, TO UPDATE THE FIGURE AND THE TABLE IN PART A**
12 **FOR THE IRM SCENARIO TO ILLUSTRATE THE FUNDING THAT**
13 **WOULD BE AVAILABLE UNDER THE CAPITAL MODULE.**

14 MR. KEIZER: Sorry. Just before we just get off that,
15 sorry, when you talk about the capital module, and I think
16 the witness, Ms. Coban, said with respect to the projects,
17 but not the programs, obviously, because ICM doesn't cover
18 programs.

19 MR. EMINOWICZ: Yes. Part C identifies some specific
20 projects that would be -- that are acknowledged as
21 applicable under a price cap IRM and advanced capital
22 module, so that's what I'm referring to, thank you.

23 And in preparing this response, I guess the inference
24 is that -- like, was the OEB advanced capital module, like,
25 the module, like, the OEB spreadsheet, was that used to
26 kind of come up with the general values that are in part C,
27 I think it is, or D?

28 MR. KEIZER: Sorry, can we just go to part C?

1 That's...

2 MS. COBAN: Are you referring to -- maybe you could be
3 specific as to what part of part C, just make sure we're
4 looking at the same information.

5 MR. EMINOWICZ: Yes. There's a section where Toronto
6 Hydro identifies what the incremental funding would be
7 through the ACM, in a general kind of five year term sense.
8 And so, the undertaking that I requested was to take that
9 general number and add it to the IRM scenario that we have.

10 And I'm just wondering, since there's information
11 that's already here, was the OEB ACM model used to derive
12 that? Because I would like to have that filed if it was
13 used, or just whatever calculations Toronto Hydro used to
14 come up with those numbers?

15 MS. COBAN: I mean, I think what you see here on the
16 table is just a simple calculation of the total capital
17 that we believe would be eligible under ACM for the
18 specific projects noted. It's not a reflection of
19 inputting that capital revenue requirement into the ACM
20 model. That's not what this is.

21 MR. EMINOWICZ: Okay. Thank you. The other thing
22 that appears to be missing from the price cap IRM scenario
23 is growth. So I would like to ask for Toronto Hydro to
24 update this price cap IRM scenario to reflect the growth
25 that underlies this application.

26 MS. COBAN: We can do that.

27 MR. EMINOWICZ: Thank you.

28 MR. MURRAY: And will that be part of the previous

1 undertaking?

2 MS. COBAN: I think that would be most efficient, so
3 we are able to do it within the same table.

4 MR. MURRAY: Okay. So the 4.31, we will update both
5 for the ACMs and also for growth.

6 UNDERTAKING 4.31: TO PROVIDE AN UPDATED TABLE WITH ONE
7 LINE INCLUSIVE OF BOTH ACM AND GROWTH.

8 MS. COBAN: We will show one line that's inclusive of
9 the ACM and the growth. We will roll it all together.

10 MR. MURRAY: Okay. Excellent.

11 MR. EMINOWICZ: Thank you.

12 If we could please look at question B, just starting
13 off with how it was posed. So I would like to start off by
14 confirming that the table that was provided in the question
15 captures all of the parameters of the price cap index, like
16 the formula?

17 MS. COBAN: Subject to check, yes.

18 MR. EMINOWICZ: Thank you. And so Staff had asked for
19 this table to be populated in accordance with the scenario
20 that was provided in the evidence, and it was provided in
21 the response to part B. It was provided in the two tables,
22 but I think we can just focus on the first table.

23 And I would just like to start by confirming that all
24 of the parameters, the CPCI parameters that underlie the
25 scenario, were they calculated based on the investment
26 plan? Or were there any kind of, you know, just
27 carryovers?

28 For example, the inflation factor is 2 percent, just

1 like is proposed in this application. The X factor is 0.6
2 percent, because that would be a carryover to provide this
3 counterfactual. The stretch factor on capital, while not
4 identified in the table, is 0.3; you would need that.

5 But what about the other three, the capital factor,
6 the scaling factor and the growth factor. Are they
7 calculated using the information in this application?

8 MS. COBAN: Subject to check, I believe so. It's
9 comparable.

10 MR. EMINOWICZ: Would Toronto Hydro be able to provide
11 the tables that illustrate the derivation of the capital,
12 scaling and growth factors in the same way that they were
13 provided in the previous rebasing application?

14 MS. COBAN: Do you have a reference that we could look
15 at?

16 MR. EMINOWICZ: Yes. So, from what I have is EB-2018-
17 0165, in exhibit 1B, tab 4, schedule 1. We had table 2,
18 that showed the capital factor on page 9. The scaling
19 factor was in table 3 on the following page. And then the
20 growth factor was in table 4.

21 So I would just like to see how those three factors
22 would be applied to this application.

23 MS. COBAN: Yes, we can do that as part of the
24 undertaking.

25 MR. EMINOWICZ: Thank you.

26 MR. MURRAY: That will be undertaking JT4.32.

27 **UNDERTAKING JT4.32: TO CONSIDER AND ADVISE HOW THE**
28 **THREE FACTORS, THE CAPITAL FACTOR, AND THE SCALING**

1 **FACTOR, AS SHOW IN EB-2018-0165, EXHIBIT 1B, TAB 4,**
2 **SCHEDULE 1, MIGHT APPLY TO THIS APPLICATION; TO**
3 **PROVIDE AN UPDATED COPY OF THE TABLE REFERRED TO, IF**
4 **REVISION IS NECESSARY; IF NOT TO EXPLAIN WHETHER THERE**
5 **IS A DIFFERENCE.**

6 MR. EMINOWICZ: The next thing I would like to look at
7 on this table, and this might just be my confusion about
8 how it is presented, but I see the scaling factor is
9 presented as the product, in two different lines.

10 And my understanding is that both of the corresponding
11 items are constant. So, for example, in the first line on
12 page 3, we have the scaling factor times the X capital
13 factor. The X capital factor is constant at 0.3 percent.
14 So it makes sense that the product of those two parameters
15 would be the same in all four years. The inflation factor
16 is equally constant at 2 percent for all four years. But
17 in the table, the product of the inflation and the scaling
18 factor changes from 2027 to 2028.

19 I presume it's some sort of a typo. If we could
20 please have the table updated?

21 MS. COBAN: Yes, we will take that back and confirm.
22 If it's a typo, we'll correct it. If not, we will explain
23 whether there's a difference.

24 MR. EMINOWICZ: Thank you. And if Toronto Hydro is
25 kind of rewriting this table, can you please do it in the
26 format that was requested?

27 MS. COBAN: Yes. As part of the previous undertaking?

28 MR. EMINOWICZ: Yes, please.

1 MS. COBAN: Sure.

2 MR. MURRAY: The same one.

3 MR. EMINOWICZ: The last question I think that I have
4 on this undertaking requires looking at kind of two tables.
5 So for this table, if we can just note, for example, in
6 2026, the custom price cap index is 3.76 percent.

7 If we could please go up to the response to part A,
8 where there are values under this scenario? So in row C,
9 there are the actual values. When I take \$972 million and
10 escalate it by 3.76 percent, I get a number slightly
11 smaller than \$1,011,000,000.

12 So, as part of this undertaking, can Toronto Hydro
13 please provide the calculation of one year of escalation,
14 with unrounded numbers?

15 MS. COBAN: Yes, although I think it might be best for
16 us to do another undertaking on this one, just to keep it
17 clean.

18 MR. EMINOWICZ: Thank you.

19 MR. MURRAY: So this new undertaking will be JT4.33.

20 **UNDERTAKING JT4.33: TO PROVIDE THE CALCULATION OF ONE**
21 **YEAR OF ESCALATION, WITH UNROUNDED NUMBERS.**

22 MR. EMINOWICZ: If we could please go to part C, the
23 second paragraph of the response? So it's just at the
24 beginning of -- yeah, thank you.

25 So we have heard throughout the technical conference,
26 and it's well documented throughout the application, how
27 Toronto Hydro's Distribution System Plan is program based,
28 as opposed to project based.

1 Are these projects the only ones within the
2 Distribution System Plan that are currently budgeted as
3 projects?

4 MS. COBAN: Yes, I believe so.

5 MR. EMINOWICZ: Thank you.

6 Moving on, I think a good place to start looking is
7 1B-Staff-19. I have in my notes here on page 2 at line 8,
8 Toronto Hydro was asked to confirm the degree to which the
9 revenue growth factor replaces OM&A and capital. And it's
10 kind of partially confirmed.

11 I would like to understand how the RGF, the revenue
12 growth factor, captures the growth in OM&A costs due to the
13 growth of billing determinants.

14 MS. COBAN: It is my understanding that the RGF is
15 looking at things from a revenue requirement perspective in
16 terms of the cost associated with the work that we are
17 doing. The growth in billing determinants happens if I can
18 call it downstream of the RGF, in terms of how those
19 revenues are then allocated to determine the rates.

20 So I am not sure that we can provide that explanation,
21 because it's not applied at that -- in the derivation of
22 the RGF.

23 MR. EMINOWICZ: Yeah. I think I would be satisfied
24 with kind of a conceptual explanation. So maybe I can say,
25 like, how I understand it. You can confirm if I am on the
26 right track, or kind of correct me.

27 So earlier today, we had a bit of a confirmation that
28 the revenue growth factor in isolation, so absent of the

1 other parameters in the CRCI, would be like a revenue
2 requirement growth factor. So, when I try to take that
3 kind of like an omnibus factor and partition it, the first
4 cut would be between capital and OM&A, and then, for the
5 OM&A component, is it trying to emulate kind of the
6 components of OM&A and their growth?

7 I know that we had been looking at -- I think it was
8 in Exhibit 4-1-1. There was Figure 14 for the causal
9 factors of OM&A growth over the historic period, and I
10 understand Figure 15 to show the same concept for the
11 future period. So I just want to confirm from a conceptual
12 perspective -- I think it's towards the end of the exhibit.
13 It's Figure 15, yes. So I understand Figure 15 to be
14 showing conceptually kind of like what's making OM&A
15 escalate from 2025 to 2029 over the rate term.

16 My question is conceptual. Is the OM&A portion of the
17 revenue growth factor basically trying to emulate these
18 components as they are budgeted in the investment plan?

19 MR. ZENI: The RGF calculation is agnostic of what are
20 the drivers behind the increases. It's just a mathematical
21 calculation of the year-over-year increase in OM&A and the
22 other component of the revenue requirement.

23 MR. EMINOWICZ: Perfect. Thank you. The next place I
24 would like to go is 9-Staff-341. Thank you. If we can
25 scroll just a little bit in the preamble, the materiality
26 eligibility criteria, so, for a new deferral or variance
27 account, the OEB has a two-pronged approach for the
28 materiality criteria. One is the actual materiality

1 threshold, which throughout the evidence Toronto Hydro
2 notes is \$1 million. But the other one is a significant
3 influence on the operation of the distributor.

4 So, if we could, please scroll down to the response,
5 and this is in the context of the performance incentive
6 mechanism deferral account. So Toronto Hydro has responded
7 to this interrogatory at line 19 and carrying over to 20
8 there, "and has a significant influence on the operation of
9 the distributor."

10 Could you please elaborate and provide some basis for
11 that statement?

12 MS. COBAN: Sure. The way that we think about that
13 particular statement is: The \$65 million amount that's
14 associated with the PIM, if we were to look at that amount
15 in the context of the work that it funds, whether it be
16 capital work or operational work, and for whatever reason
17 we didn't have the opportunity to earn back and thus we
18 were forced to adjust our plan downwards to absorb the
19 impact, that would have a significant impact on our
20 operations.

21 Whether -- you know, I can't sit here today and
22 necessarily say which area of the plan would get impacted,
23 but things like grid modernization that we talked about,
24 that deliver those longer term benefits that we're working
25 towards, those are the types of things that, if we were
26 forced to live with this amount of an X factor without the
27 opportunity to earn back, those are the kinds of things
28 that we would be looking at potentially not having

1 sufficient funding for.

2 So, in that sense, that is what we're thinking of when
3 we're looking at a significant influence on our operations.
4 We're thinking of those trade-offs relative to the
5 underlying work that needs to be executed and funded
6 through rates.

7 MR. EMINOWICZ: Thank you. Just because I'm trying to
8 complete the record, I think this is going to sound a
9 little funny because this next one is going to be obvious,
10 but it's just not really written down. Can you please
11 speak to the same influence and operations for the DRVA and
12 its two sub accounts?

13 Or, if it actually is written down specifically for
14 the influence on the operations to the distributor, you can
15 point me to it. But I didn't see it in the evidence, where
16 the other criteria for the DRVA are explained. It only
17 speaks to the \$1 million materiality on a dollar sense.

18 MS. COBAN: I do think we have that set out in
19 evidence. I'm questioning whether I have the ability to
20 pull it up quickly.

21 MR. EMINOWICZ: I would gladly take it as an
22 undertaking, to point me to where specifically the
23 influence and operations is described or just as a part of
24 the undertaking.

25 MS. COBAN: That's fine. We can do that.

26 MR. MURRAY: That will be undertaking JT4.34.

27 **UNDERTAKING JT4.34: TO PROVIDE EVIDENCE REFERENCES**
28 **FOR A DISCUSSION OF THE INFLUENCE AND OPERATIONS FOR**

1 **THE DRVA AND ITS TWO SUB ACCOUNTS, AND THE INNOVATION**
2 **FUND VARIANCE ACCOUNT.**

3 MR. EMINOWICZ: And, if I could, please tack on the
4 Innovation Fund variance account similarly. In the part of
5 the evidence that I read on the eligibility criteria, I
6 only saw the \$1 million. I didn't see a specific
7 explanation on how that variance account would have a
8 significant influence on the operations of Toronto Hydro.

9 MS. COBAN: We can do that as part of the same
10 undertaking.

11 MR. EMINOWICZ: Thank you very much. The next place I
12 would like to go, please, is to 1B-Staff-41, part E. So,
13 here, Staff asked to have a demonstration of how the
14 revenue sub account of the DRVA would function, with some
15 examples, and we also requested Toronto Hydro to provide
16 the underlying calculations or modelling that would be
17 required to perform the normalization.

18 We were pointed to 1B-SEC-16, and it's just a table.
19 It shows the results, but it doesn't speak to how the
20 normalization actually takes place. So can Toronto Hydro
21 please provide a demonstration of the calculations? It
22 could be this table. I'm agnostic as to which years.
23 We're just interested in how the proposed sub account would
24 function.

25 MS. DOLZHENKOVA: Yes, we can do that.

26 MR. EMINOWICZ: Thank you.

27 MR. MURRAY: That will be undertaking JT4.35.

28 **UNDERTAKING JT4.35: TO PROVIDE A DEMONSTRATION OF THE**

1 **CALCULATIONS THAT CREATED THE TABLE AT 1B-SEC-16.**

2 MR. EMINOWICZ: Those are all my questions. Thank you
3 very much, panel.

4 MR. MURRAY: Next up, I believe, is Ms. Defazio.

5 **EXAMINATION BY MS. DEFAZIO:**

6 MS. DEFAZIO: Hello, panel. Thank you. My first
7 question is around -- and please don't pull this file up,
8 but I'm assuming you're familiar with or I'd like to
9 confirm you're familiar with OEB Chapter 2, Appendix 2-JA
10 and 2-JC. That is the Chapter 2 appendices for the OM&A
11 programs, so there's a JA, JB, JC, and JD filed.

12 MR. ZENI: Yes.

13 MS. DEFAZIO: Thank you. Could I get a version of
14 this that shows the actuals for 2018 and 2019, please?

15 MR. ZENI: I believe the 2018 data is available and we
16 can produce that. I'm not sure if we have available 2019
17 mapped at the program and segment level the way it's
18 presented in those exhibits. I need to check in terms of
19 how much time it will take to do that mapping, because it's
20 time consuming to do it.

21 MS. DEFAZIO: And to confirm, I'm only looking for JA
22 and JC, not the other ones as part of this undertaking.

23 MR. KEIZER: I think the issue is it was a bridge year
24 in that rate proceeding, so it wasn't on an actual basis,
25 whereas 2018 was on an actual basis.

26 MS. DEFAZIO: That's correct, we have the forecast but
27 not the actuals.

28 MR. KEIZER: Yes. And the point is I think once the

1 decision -- once the case was completed, no one went back
2 and remapped the actuals to the -- as far as I'm aware.
3 So, I think we would have to leave it as to the extent that
4 if it's something that can be done on a reasonable basis,
5 but if it's not otherwise available, I don't -- you know,
6 to take undertake the whole mapping exercise.

7 MS. DEFAZIO: Okay. If I could be more specific,
8 then. In response to IR 4-Staff-306, part of the reason
9 for the increases was to return the budget to pre-pandemic
10 levels. Pre-pandemic levels are 2018 and 2019. So, that
11 is the reason I'm looking for the actuals by the programs,
12 so that I can see what those pre-pandemic levels were, and
13 I would like to see that for some more programs as well,
14 please.

15 MS. COBAN: We can do it for that particular IR, I do
16 have that information for that particular IR, because we
17 looked at it in the context of providing the response, but
18 I defer to Mr. Zeni in terms of the broader effort.

19 MS. DEFAZIO: Okay. Thank you. Could we please
20 pull --

21 MR. MURRAY: We'll give that an undertaking number,
22 JT4.36.

23 **UNDERTAKING JT4.36: TO PROVIDE ACTUALS BY PROGRAM FOR**
24 **THE DATA IN THE RESPONSE TO 4-STAFF-306.**

25 MR. KEIZER: And that's to provide it with respect to
26 the IR that Staff took us to. I can't see it, is that
27 Staff 306? Is that what you were --

28 MS. DEFAZIO: I would really like the table if it can

1 be produced. A lot of these are departmental budgets, so
2 I'm certain you will have a lot of them, but best efforts.

3 MR. KEIZER: Yes. I guess all I'm saying is if it's
4 an inordinate amount of work, no, and if we can, we provide
5 you the information in reference to Staff-306 that you took
6 us to with respect to that particular program that we've
7 looked at for answering this particular IR.

8 MS. DEFAZIO: Did you give that a number, Lawren?

9 MR. MURRAY: We'll give that a separate number just so
10 the two are separated. This will be JT4.37.

11 **UNDERTAKING JT4.37: TO PROVIDE FURTHER INFORMATION ON**
12 **DEPARTMENTAL BUDGETS, BEYOND JT4.36, IF POSSIBLE.**

13 MS. DEFAZIO: From the April 2nd update, could you
14 please pull up -- this is the revenue requirement work
15 form, and the name of the file is "THESL_6_T01_S02 revenue
16 requirement work form." Okay. And Tab 3, please, data
17 input sheet. Thank you. Could you also open a second
18 file, and it's called OEB appendix 2-BA, the actual Excel
19 name is "THESL_2A_T01_S02, OEB appendix 2-BA."

20 And please go to the tab 2-BA, 2025. Okay. Can you
21 scroll down, please. Thank you. Just to the bottom a
22 little more. Perfect. Okay.

23 So in this sheet, we have the opening fixed assets,
24 additions, removals, deletions. Sorry, closing fixed
25 assets, as well as opening depreciation additions,
26 removals, and closing fixed assets, and total depreciation.

27 If we can flip back the screen to the revenue
28 requirement work form. On rows 16 and 17, under column M,

1 we have the grossed fixed assets average and then
2 cumulative depreciation average. And those numbers,
3 unfortunately, do not match what is in the 2-BA appendix.

4 And there's a second thing that doesn't completely
5 reconcile, which is row 37, the depreciation amortization
6 expense in column M does not match what is on in 2-BA. I
7 was hoping you would be able to explain or reconcile the
8 discrepancy for us?

9 MR. ZENI: Unfortunately, I will have to confirm with
10 panel 1, but looking at -- if we can go back to the other
11 template, I think the schedule will show in its fixed
12 assets. If you go to the top, this is a fixed assets --
13 continuity, just go to the right.

14 MS. DEFAZIO: Yes?

15 MR. ZENI: Yes, while on the revenue work form we show
16 the rate base. And as you can see in the title -- sorry,
17 we can go back now to the other one. It applies a factor
18 to convert it into an average. So, it's not the ending
19 balance at the end of the year, it's an average through the
20 year, so that's going to and explain the variance.

21 MS. DEFAZIO: And yes, I understand that. And the
22 average, if we were -- if you go back to that sheet and you
23 click on -- I'm not going to ask him to do it because we'll
24 be messing around in Excel a bit much. But the average of
25 the opening and the closing does not match the average in
26 the revenue requirement work form.

27 MR. ZENI: The reason for that is, again, I haven't
28 done the math on this, but the reason for that is that I'm

1 guessing that the average you're calculating is the math
2 between the opening and the closing balances, so it's a
3 straight average, versus I think out of the last rate
4 application we changed the methodology to do an annualized
5 average, so it's doing month by month.

6 MS. DEFAZIO: Right.

7 MR. ZENI: So, if you are using the schedule that we
8 are referring from before, you're not going to be able to
9 get the math.

10 MS. DEFAZIO: Sorry, you're right, you're doing the
11 monthly averages. Can you just do one year to show us, and
12 not by each asset class, just show us a couple of monthly
13 averages to how came to this number so we can see the
14 calculation?

15 MR. ZENI: Yes, we can.

16 MR. MURRAY: That will be undertaking JT4.38.

17 **UNDERTAKING JT4.38: IN THE FILE THESL_2A_T01_S02, OEB**
18 **APPENDIX 2-BA, TAB 2-BA, 2025, TO SHOW THE**
19 **CALCULATIONS OF MONTHLY AVERAGES FOR ONE YEAR.**

20 MS. DEFAZIO: And this is a very generic information
21 request, and I understand it will require an undertaking as
22 well. But for each of the OEB capital categories, that's
23 system access, system renewal, system service, and general
24 plant, could you provide a very high level average of what
25 the depreciation in each of those categories might be? And
26 it's just to help with some analysis, it's -- sorry, for
27 what you ISA each year, like, on average, an average mix of
28 assets for the ISAs in those categories each year.

1 MR. ZENI: Again, this will be more a panel 1
2 question, but I believe in evidence there is a template
3 that is immediate what it shows the depreciation by asset
4 type.

5 MS. DEFAZIO: Yes.

6 MR. ZENI: I don't know if that helps with what you're
7 looking for. If not, we can take that undertaking. We can
8 provide the reference or we can take that undertaking.

9 MS. DEFAZIO: If you could try to take the undertaking
10 and try to do it just by what type of equipment typically
11 goes into those four categories, that would be appreciated.
12 Thank you.

13 MR. ZENI: Okay.

14 MR. MURRAY: That will be undertaking JT4.39.

15 **UNDERTAKING JT4.39: FOR EACH OF THE OEB CAPITAL**
16 **CATEGORIES, SYSTEM ACCESS, SYSTEM RENEWAL, SYSTEM**
17 **SERVICE, AND GENERAL PLANT, TO PROVIDE A HIGH LEVEL**
18 **AVERAGE OF DEPRECIATION; TO INCLUDE THE TYPES OF**
19 **EQUIPMENT THAT TYPICALLY GO INTO THE FOUR CATEGORIES.**

20 MS. DEFAZIO: If we could close these Excel files for
21 your computer memory's sake, please? And go back to the
22 IRs -- sorry, the evidence. Okay. Sorry. So IR 4-SEC-92,
23 table 1. Okay, thank you.

24 So this table shows employee numbers or FTE, by year.
25 And looking at supply chain services in 2020 is 29
26 employees. And in 2025, it is 37 employees.

27 My recollection is supply chain services consist of
28 demand acquisition services and warehouse and logistics.

1 Would that be correct?

2 MS. COBAN: This particular supply chain program was
3 mapped to panel 1. So I don't think we're in a position to
4 get into details as to what's contained within this
5 program.

6 MS. DEFAZIO: Okay. Would you know if these employees
7 are Toronto Hydro employees? Or part of the 3PP contract
8 employees are included in the FTEs?

9 MS. STULBERG: So I can speak to this at a high level,
10 and just to say that the mix is changing. So there is a
11 mix of outsourced and in-sourced employees in this segment,
12 and it is changing over this period.

13 MS. DEFAZIO: Okay. Thank you. Can you give us the
14 breakdown of the number of internal and external employees
15 for this segment?

16 MS. STULBERG: So subject to a check of the program
17 evidence, we can provide more specific details of that
18 segment for the internal resources. But, from an external
19 services perspective, we don't track the resources that
20 way. It doesn't work like that; we purchase a service.

21 MS. DEFAZIO: Then are those FTEs then all Toronto
22 Hydro employees?

23 MS. STULBERG: These resources in the table would be
24 all Toronto Hydro employees.

25 MS. DEFAZIO: So if we go to exhibit 4, tab 2, section
26 13, page 7? And in this, you may need to take this back to
27 the people in panel 1, then. I apologize. Line 6 states
28 that:

1 "Since 2015, Toronto Hydro has been using a
2 third-party procurement provider to complement
3 internal resources."

4 And then down at page 17, it talks about the third-
5 party provider managing, and it's over -- it's 96 percent
6 of inventory codes, 97 percent of purchase orders, and 97
7 and 79 solicitations, annually.

8 So I just wanted to confirm what those FTEs were,
9 what the internal Toronto FTEs were doing, if the external
10 contractor was doing over 90 percent of the work? Or if
11 those FTEs included the 3PP. So, if you can just undertake
12 to have them explain the employee numbers in light of the
13 contracting of the work.

14 MR. STERNBERG: I may have missed that. Can you just
15 help us with which -- I am looking at the screen. Where on
16 page 17 you are referring, in the figures you gave?

17 MS. DEFAZIO: Sorry, page 7.

18 MR. STERNBERG: I think you said 17.

19 MS. DEFAZIO: I am sorry about that.

20 MR. STERNBERG: So maybe we can go back to 7, and you
21 can just show the panel what you were referring to.

22 MS. DEFAZIO: I can take you through that again, yeah.
23 On page 7, yeah. And then it is line 17:

24 "In 2022, the third-party provider was
25 responsible for managing..."

26 And it goes on to describe the volume of work the
27 third-party provider is managing.

28 It's my understanding from the evidence that the

1 third-party provider is integrated in with the Toronto
2 Hydro workforce, and working together. So it's possible
3 those FTEs may include them. I would just like
4 clarification of that fact, and some description of the
5 breakdown.

6 MS. STULBERG: We can take that away and provide an
7 answer on a best-efforts basis.

8 MS. DEFAZIO: Thank you.

9 MR. MURRAY: That will be undertaking JT4.40.

10 **UNDERTAKING JT4.40: TO CLARIFY SERVICES PROVIDED BY A**
11 **THIRD-PARTY PROVIDER INTEGRATED WITH THE TORONTO HYDRO**
12 **WORKFORCE, AND WORKING TOGETHER; TO DESCRIBE THE**
13 **BREAKDOWN, ON A BEST-EFFORTS BASIS.**

14 MS. DEFAZIO: If we can please go to Exhibit 4, tab 2,
15 section 15, and page 20. So in explaining the 2020 to 2025
16 variance, this is for human resources, services and
17 systems, organizational effectiveness and employee labour
18 relations segment. From 2022 to 2025, it is expected to
19 increase \$4.1 million due to a reorganization.

20 And I am just looking for some more details of how
21 the reorganization is resulting in this increase? Is there
22 a resulting decrease, elsewhere?

23 MR. CLARK: For that response, I would look to the IR,
24 4-Staff-300, if we can bring that up?

25 MS. DEFAZIO: Can you scroll down, please?

26 MR. CLARK [inaudible] a decrease in that section that
27 is similar to the 4.1, understanding there is some
28 inflation in there, as well?

1 [no audio]

2 MR. CLARK: My apologies. Sorry, sorry, I am going
3 to take us back to exhibit 4, tab 2, schedule 15.

4 And you will see in table 3, on the talent management
5 change leadership and sustainability side, from 2022 to
6 2023, you will see an actual decrease there. And that was a
7 result of the move. Obviously, there are other factors
8 going in in budgeting, but that was the net result of a
9 move of employees going from that category up into the
10 human resource services systems, organizational
11 effectiveness, and employee labour relations line item.

12 MS. DEFAZIO: Okay, and then the HR services division,
13 then, between 2023 and '25, there's a 2-million-dollar
14 increase. What could that be attributed to?

15 MR. CLARK: For that we have, you know, as you've seen
16 with my colleague, Ms. Stulberg, a large increase in the
17 head count or FTE count in those periods. You will notice
18 here, in 4.1, just below that table for cost drivers, one
19 of the key drivers is increasing capacity to support the
20 investment plan, and that's looking at everything from
21 upskilling, you know, bringing on these resources, and that
22 would be the main factor, alongside the legal- and
23 arbitration-related expenses that are explained in the
24 evidence, as well, to be able to keep up with the demands.

25 MS. DEFAZIO: So that's a million dollars a year for
26 supporting growth and the capital plan and dealing with the
27 labour issues that arise?

28 MR. CLARK: I think that's a -- it's really more

1 thoroughly explained in 4.1, under the "increasing capacity
2 to support investment plan." So, you know, it's everything
3 around attraction, recruitment, training the talent; and
4 then technology modernization efforts; environment, social,
5 governance and compliance activities. So, you know, it's a
6 very fulsome portfolio of things that need to occur to
7 support this plan.

8 MS. DEFAZIO: Okay. Thank you. One question about
9 the SAP project: Staff and HR working on the SAP project
10 or in other departments of the company working on the SAP
11 project, are they charged to the SAP project or to their
12 home unit?

13 MR. CLARK: I will speak subject to check on that,
14 that staff time would be charged to the SAP initiative.
15 But I think, you know, that may be better served by panel 2
16 if we want to go any further, with my colleague, Ms. Woo.

17 MS. DEFAZIO: Okay. If you could, just confirm that,
18 please. Thank you.

19 MR. MURRAY: Do we want to mark that as an
20 undertaking, or are we going to say it's charged to the
21 project subject to check? Okay, we won't take an
22 undertaking.

23 MR. CLARK: Charged to the project subject to check.

24 MS. DEFAZIO: Okay. Thank you. If we could now go to
25 4-Staff-303, down to page 2, line 1, so here we're talking
26 about increases in the legal department costs due to the
27 volume of customer connections and capital work. I was
28 just wondering how much templated documents that the legal

1 department would have for things like Offer to Connect
2 versus customization. Do you have templated, templated
3 forms that can be used by staff, or does each one require a
4 complete legal review?

5 MS. COBAN: There are, of course, forms and standard
6 templates, but one of the things that we've seen in this
7 portfolio, that we've noted in the evidence and talked
8 about with Mr. Bishop early today, is increasing complexity
9 in terms of those connections, which may drive deviations
10 from our standard forms and may require more back and forth
11 with the business unit to understand, you know, how those
12 complex factors around the connection might need to be
13 reflected in the standard form.

14 So part of what we're seeing here is that
15 consideration and the expectation that that consideration
16 will continue to be one of the drivers of work in this
17 portfolio, along with many other types of transactional
18 work that the legal services department supports, which is
19 detailed in the pre-filed evidence.

20 MS. DEFAZIO: And did we get a definition or an
21 explanation of a "complex service" in terms of an Offer to
22 Connect? Like, it's an electrical service with a
23 demarcation point and a service date?

24 MS. COBAN: I can't recall where we ended on the
25 undertaking.

26 MR. KEIZER: I think it was included in one of the
27 undertakings.

28 MS. DEFAZIO: Thank you. I have the same question

1 when it comes to relocation requests. Does the -- do you
2 have standard forms and documents, or does each one require
3 a review?

4 MS. COBAN: Again, similar to connections, there are
5 certain relocation projects that are more standard, and
6 then what we're looking at there is just volume, and then
7 there are more sophisticated projects, like the work that's
8 happening to support transit and major infrastructure
9 projects in the city, that do require, you know,
10 customization and legal support in terms of enabling those
11 relocation projects.

12 MS. DEFAZIO: Thank you. If we go to line 6, it
13 mentions another driver for increased costs is increase in
14 procurement and properly related matters. So, with the
15 large amount of work being done by the third-party
16 provider, I was wondering, do they rely on your internal
17 legal department or do they have their own legal
18 department?

19 MS. COBAN: No, we work with them on the legal matters
20 related to procurement.

21 MS. DEFAZIO: Thank you. That's all my questions for
22 this panel. Thank you.

23 MR. MURRAY: I'm looking to make sure no one has any
24 follow-up. I don't see any, so, Ms. Defazio, thank you
25 very much. You finished just on time, perfectly at 5:00,
26 so that's all for today, and I will see everyone tomorrow
27 at 9:30.

28 --- Whereupon the conference adjourned at 5:00 p.m.