130 Queens Quay East, Suite 902
Toronto, Ontario M5A 0P6
T 416.926.1907 F 416.926.1601
www.pollutionprobe.org

Ms. Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

May 16, 2024

EB-2023-0195 – Toronto Hydro-Electric System Limited (Toronto Hydro) 2025-2029 Custom Rate Application
Pollution Probe Interrogatories on M3 Evidence (PEG-Clearspring)

Dear Ms. Marconi:

In accordance with OEB direction for the above-noted proceeding, please find attached Pollution Probe Interrogatories on the M3 Evidence (PEG Clearspring).

Respectfully submitted on behalf of Pollution Probe.

Michael Brophy, P.Eng., M.Eng., MBA
Michael Brophy Consulting Inc.
Consultant to Pollution Probe
Phone: 647-330-1217
Email: Michael.brophy@rogers.com

Cc: Toronto Hydro (via email)
Charles Keizer Charles Keizer, Torys (via email)
Arlen Sternberg Torys (via email)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

EB-2023-0195

ONTARIO ENERGY BOARD

Toronto Hydro-Electric System Limited
2025-2029 Custom Rate Application

POLLUTION PROBE INTERROGATORIES
On M3 PEG-CLEARSPRING

May 16, 2024

Submitted by: **Michael Brophy**

Michael Brophy Consulting Inc.

Michael.brophy@rogers.com

Phone: 647-330-1217

28 Macnaughton Road

Toronto, Ontario M4G 3H4

Consultant for Pollution Probe

M3-PP-1

Reference: Clearspring developed an econometric model of total power distributor cost using operating data from 78 U.S. electric utilities, mostly over the 2007-2021 period. [M3 Evidence, Page 6]

a) Please explain what significance is of the 2007-2021 reference period and what data was outside that period.

b) Please explain if a more recent period interval would mitigate lower relevance of the older data.

c) If a more recent interval period was used (e.g. 2015-2021), please explain what the impacts would be.

M3-PP-2

Reference: The Company's forecasted/proposed capital cost is about 38% above our model's prediction on average during the five years of the proposed new CIR plan. [M3 Evidence, Page 8]

a) Please explain how the future model prediction over the 2025-2029 term was calibrated to include current/future impacts not fully reflected in historical data (e.g. acceleration of the energy transition, electrification and DERs).

b) Please explain if future costs should align with historical costs or if there are sufficient drivers to make adjustments to capital and/or O&M budgets for the future 2025-2029 term.

M3-PP-3

Toronto Hydro indicates that higher budgets in 2025-2029 should provide a basis for lower costs in future terms.

a) Is PEG aware of that being an argument used by other utilities?

b) What mechanisms are available (or used) to ensure that future costs are in fact reduced so the increased spending over the term does not just become a new baseline for future IRM terms?