



## Jay Shepherd

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### **BY EMAIL and RESS**

September 14<sup>th</sup>, 2012

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

### **Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

### **Re: EB-2012-0064 – THESL IRM – Interrogatories**

Please find attached the interrogatories of the School Energy Coalition (SEC) in the above-noted proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours very truly,

Mark Rubenstein

cc: Applicant and Intervenors (by email)

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**IN THE MATTER OF** the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

**AND IN THE MATTER OF** an Application by Toronto Hydro-Electric System Limited for an Order or Orders approving just and reasonable rates and other service charges for the transmission of electricity, effective June 1, 2012, May 1, 2013, and May 1, 2014.

**NOTICE OF INTERVENTION  
OF THE  
SCHOOL ENERGY COALITION**

*[Note: All interrogatories have been assigned to issues. However, please provide answers that respond to each question in full, without being restricted by the issue or category. Many interrogatories have application to multiple issues, but all have been asked only once to avoid duplication.]*

**1. Incentive Regulatory Mechanism (“IRM) Schedules and Models**

1.1 Are the IRM Model filings by THESL, including the tax sharing proposal for 2012, in accordance with the Board’s requirements and, if not, are any proposed departures adequately justified?

1.2 Is THESL’s proposal that the Board approve under the IRM framework separate and successive ICM revenue requirements and corresponding distinct electricity distribution rates and rate adders for each of the 2012, 2013 and 2014 rate years appropriate?

1.3 Is THESL’s proposal that the Board recognize in rates THESL’s approved 2011 year-end rate base appropriate?

**1.3-SEC-1**

Please provide a copy of the Applicant’s:

- a. Latest Annual Report
- b. 2012 Quarterly Financial Statements and MD&As
- c. All 2012 Rating Agency Reports

**1.3-SEC-2**

Please provide Fixed Asset Continuity Schedules for 2010 and 2011.

**1.3-SEC-3**

Please provide a variance analysis between the closing rate base derived from the Settlement Agreement in EB-2010-0142 and 2011 actuals.

1.4 What is the consequence of this application on any future application by THESL for rates for 2013 and/or 2014?

**1.4-SEC-4**

How has the Applicant's plans for the filing of any applications for rates for 2013 and 2014 changed as a result of the pending release of the report on the Board's *Renewed Regulatory Framework for Electricity*? If so, does the Applicant believe it requires a change to this application?

**2. Incremental Capital Module ("ICM")**

2.1 Is THESL's application of the ICM criteria appropriate?

**2.1-SEC-5**

Please provide a copy of all presentations and other documents provided to the Board of Directors and Senior Management supporting approval of this application and the associated budgets.

**2.1-SEC-6**

Please detail the process in which the Applicant, subsequent to the release of the Board's decision in EB-2012-0144, determined which capital projects for 2012, 2013 and 2014, met the criteria for an incremental capital module.

**2.1-SEC-7**

Please explain how the ICM projects fit into the Applicant's 10 Year Capital Plan.

**2.1-SEC-8**

For each project (and project segment), please detail how the Applicant believes the project meets the requirement for need, as defined in the *Report to the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors*, dated July 14, 2008.

**2.1-SEC-9** [Tab 2/p.16-17]

Please provide a chart that indicates, for each project category (and project segment), which categories of non-discretionary (a-e) need, the Applicant is relying on.

2.2 Has THESL provided sufficient evidence including consultant reports, business cases and consideration of alternatives, for the proposed capital projects to adequately justify them?

**2.2-SEC-10**

Please provide the Applicant's 2010, 2011 and 2012 SAIDI, SAIFI and CAIDI numbers.

**2.2-SEC-11** [EB-2010-0142 Ex. D/6/1/p.16]

With respect to the 2011 capital budget contained in Table 2, please expand the table to include the following columns:

- a. Revised 2011 Test Year budgeted amount incorporating the Settlement Agreement approved by the Board

b. 2011 actual year end actuals

**2.2-SEC-12**

Please confirm that Underground Infrastructure and Cable project category (Schedule B1-B3) are equivalent to the 'Underground Direct Buried' and 'Underground Rehabilitation' categories contained in Table 2, Ex. D1, Tab7, Schedule 1, Page 16 of pre-filled evidence in EB-2010-0142.

**2.2-SEC-13** [Tab 4/B]

How does the Applicant define and calculate projected 'risk cost'?

**2.2-SEC-14** [Tab 4/B]

Please provide and explain all assumptions required for the Applicant's calculations of Present Value of Project Net cost in 2015.

**2.2-SEC-15** [Tab 4/B]

For each project (and project segment), please provide a chart that shows from 2008 to 2014, how much has the Applicant has spent or is seeking to spend, on like or similar projects.

**2.2-SEC-16** [Tab 4/B1/p.2-3]

Please rank the jobs listed in Table 1 by priority. Please provide an explanation of the methodology the Applicant used to do.

**2.2-SEC-17** [Tab 4/B1/p.3]

Please expand Table 1 to include:

- a. Estimated cost per year
- b. Unplanned sustained outages for 2010
- c. Unplanned sustained outages for 2011
- d. Unplanned sustained outages year to date

**2.2-SEC-18** [Tab 4/B1/p.5]

Please provide the year-to-date number interruptions attributed to direct buried cable failures.

**2.2-SEC-19** [Tab 4/B1/p.5]

Please provide the year-to-date number of Air-Insulated failures of Pad-Mounted switches.

**2.2-SEC-20** [Tab 4/B6/p.37]

With respect to the Rear Lot Construction Segment:

- a. Please provide a projected cost of Option 3.
- b. Please provide the projected cost of each option over the life of asset.

**2.2-SEC-21** [Tab 4, B17] With respect to the Bremner TS project:

- a. What is the projected in-service date of the Bremner TS?

- b. The Applicant has asked a number of interrogatories regarding the Bremner TS station in HONI Transmission's 2013-2014 Rate Application (EB-2012-0031). Please place the answers to those interrogatories on the record in this proceeding when they become available.

**2.2-SEC-22** [Tab 4/B18]

At the current time, which projects are THESL legally required to pay a capital contribution to HONI for?

**2.2-SEC-23** [Tab 4/B21]

With respect to Externally – Initiated Plant Relocations and Expansions:

- a. [p.4] Please breakdown each job into a) relocation costs and b) expansion costs.
- b. Have any of the requesting Agencies/Governments made official requests to date? If so, for which projects?
- c. Between 2008 and 2010, how many externally – initiated plant relocations and expansions jobs (and there costs) were i) budgeted and ii) actual incurred in the year budgeted

**2.2-SEC-24** [Tab 4/B22]

Does the Applicant believe that any of its Grid Solutions projects could be considered Smart Grid in nature? If so, which ones?

**2.2-SEC-25** [Tab 4/B22/p.3]

With respect to the Community Energy Storage project:

- a. Please provide a copy of all contracts, MOUs and agreements between THESL and any consortium member individually, or as a group.
- b. Please detail all material differences between this project and the Community Energy Storage project proposed, and later withdrawn, in EB-2010-0142.

**2.2-SEC-26** [Tab 4/B5] With respect to the Power System Engineering, Inc. report, *ICM Businesses Cases – Summary Report*, dated May 8, 2012. Please provide the terms of reference and all instructions provided to Power Engineering, Inc. regarding the undertaking and preparation of their report.

**2.2-SEC-27** [Tab 4/D5]

With respect to the Navigant Report, *Independent Assessment of Toronto Hydro Business Cases*, dated May 8, 2012:

- a. Please provide the terms of reference and all instructions provided to Navigant Consulting Ltd. regarding the undertaking and preparation of their report.
- b. [p.7] Please confirm that that under the heading 'Project Need', Navigant is not using the term *need* as defined in the Board's Report on 3<sup>rd</sup> Generation IRM for project eligibility for an ICM.

*2.3 Is THESL's proposal that the Board consider ICM projects for a three-year period, severable into three successive one-year rate periods, each with its own ICM rate adder appropriate?*

**2.3-SEC-28**

Has the Applicant begun any of the projects to date? If so, please provide details.

**2.3-SEC-29**

How does an implementation date of January 1, 2013 affect the schedule of projects and the cost impacts for 2012, 2013 and 2014?

*2.4 Is THESL's proposal for an alternative to the standard treatment of the calculation of the ICM threshold together with the Board's practice of exempting certain ICM-approved capital expenditures from the application of the half year rule appropriate?*

**3. Deferral and Variance Accounts**

*3.1 Is the proposed final disposition of the PILs Deferral Account 1562 appropriate, including the proposed rate riders?*

*3.2 Is the proposed final disposition of all remaining Deferral and Variance Accounts (i.e. the Group 1 Accounts as well as the Special Purpose Charge Variance Account 1521) appropriate, including the proposed rate riders?*

**4. Implementation**

*4.1 Has THESL appropriately complied with the Final Order Regarding Suite Metering Issues dated April 26, 2012 in EB-2010-0142 including its use of the name "Competitive Sector Multi-Unit Residential" for the new Quadlogic class?*

*4.2 Are THESL's proposals relating to rate implementation appropriate for each of the years 2012, 2013 and 2014?*

**4.2-SEC-30**

Please revise all avoid estimated risk cost calculations to take into account any changes to the application and project schedule that arise due to the Applicant's evidence update referred to in its letter to the Board, dated September 14<sup>th</sup> 2012.

**Submitted by the School Energy Coalition on this 14<sup>th</sup> day of September, 2012.**

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Mark Rubenstein