**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 LIMITEDfor an Order

 or Orders approving or fixing just and reasonable

distribution rates and other charges, effective on June 1,

2012, May 1, 2013 and May 1, 2014.

**CUPE LOCAL ONE “CUPE” INTERVENOR INTERROGATORIES**

**Title of Proceeding:** An Application by TORONTO HYDRO-ELECTRIC SYSTEM LIMITED for an Order or Orders approving or fixing just and reasonable distribution rates and other charges, effective June 1, 2012, May 1, 2013 and May 1, 2014.

**Intervenor Name:** Canadian Union of Public Employees Local ONE (“CUPE”)

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**INTERROGATORIES**

**TAB 2 - Managers Summary**

**Page 9, Line 22 – Page 10, Line 13**

Please explain in detail the paragraphs in THESL’s application noted above (and included below for your convenience).

Please provide the following details:

1.2-CUPE-1A What percentage of THESL’s annual capital work program has, or will be completed by an eternal contractor/vendor for the years 2011, 2012, 2013 and 2014.

1.2-CUPE-1B What are the dollar values of THESL’s annual capital work program that have, or will be been completed by external contractors/vendors for the years 2011, 2012, 2013 and 2014.

1.2-CUPE-1C Please indicate how many external contracts/vendors THESL currently uses for the capital work program, and how many are planned for the years 2013, and 2014.

*It is not possible for THESL to conduct this overall process effectively and efficiently without a long term planning horizon of at least 24 to 36 months. Without assurance of funding, THESL cannot enter into stable arrangements with contractors or plan for the stability of its own workforce; it cannot plan customer engagement activities around its construction program; and it cannot obtain permits for or coordinate its construction programs with the municipality or other utilities.*

*It is also essential for the purpose of obtaining the most favourable terms from external contractors that THESL be able to offer those contractors the prospect of a predictable and preferably steady volume of work. As is the case 1 for contractors in any sector of* *the economy, THESL’s contractors cannot realize the lowest unit costs if labour and other resources are not fully deployed, because the fixed costs of those resources are not spread over the maximum possible number of units of work.*

 *The condition of having a stable volume of work is independent of the level of that work, provided that a sufficiently material volume of work is available to attract contractor commitment. While THESL has existing contracts with external contractors, those contracts do not oblige those contractors to accept the work that THESL has available. If the volume of work that THESL can offer is unpredictable, there is the prospect that its contractors would decline THESL’s work in favour of other opportunities where the work is predictable and offers a better prospect of recovering the contractor’s fixed costs. In that event THESL would be driven to short‐term contracts for specific jobs at significantly higher prices.”*

**TAB 2 – Manager’s Summary**

**Appendix 4, Pages 1 - 7**

2.2-CUPE-2 Please reconcile the Applicant’s reported good reliability results in its Annual Information Return with the statement within the application that reliability results are declining?

**TAB 2 – Manager’s Summary**

**Page 23, Line 18 – Page 24, Line 10**

2.2-CUPE-3 Explain whether any of the projects referenced in the Manager’s Summary that THESL plans not to complete are in any way related to the Ministry of Labour order requiring THESL to create an inventory of asbestos materials. In addition, explain how and when THESL plans to complete any projects that create safety risks to employees and/or the public. Please provide a copy of THESL’s asbestos inventory.

*THESL does not plan to execute projects such as Paper Insulated Lead Covered Cable Replacement, Asbestos Insulated Lead Covered Cable Replacement, Stations Infrastructure, Nomenclature, Grounding Compliance, Electric Vehicles and Modernization Initiatives in the next three years. In addition, for continuing project areas such as underground infrastructure, THESL now proposes further reductions in capital spending for the purposes of the submitted ICM projects relative to previous proposals.*

*Projects of this kind were proposed by THESL in the 1 EB‐2011‐0144 proceeding. THESL believes that the projects proposed there were prudent, necessary for the long term management and sustainment of the distribution system, and in the public interest.*

*THESL nevertheless accepts the facts that the Board dismissed that application and that THESL’s current proposals must meet the ICM criteria. THESL believes that the projects proposed in this Application are essential to the maintenance of system health and functionality. While there have been some changes relative to the work proposed in EB‐2011‐0144 which reflect the passage of time, the ICM projects now proposed substantially represent the subset of work previously proposed that THESL considers to be essential over the immediate term*.

**TAB 4 – ICM**

**Section C / Schedule C2 – 2011 Carryover Projects**

**Pages 4 and 5**

1.2-CUPE-5A Please provide the detail for how much of the 2011 Carryover projects value for 2012 is associated with Customer Care and Service Area Enhancements.

1.2-CUPE-5B Please provide specific details of the costs within that above-referenced total. Please identify if any of those projects include self-service enhancements to the call centre telephone system.

**Tab 4 - ICM Business Case**

**Schedule B4, Pages 1 - 180**

2.2-CUPE-6A The ICM Business Case section shown in Tab 4 of the application shows various references to the need to replace overhead infrastructure, such as wood poles, CSP transformers and porcelain switches on the basis that they pose safety and reliability risks. Please provide a detailed explanation as to how many failures in each of these areas have occurred in 2010, 2011, and year-to-date for 2012 and how many of those totals have resulted in safety incidents.

2.2-CUPE-6B If there is an impact on safety what have impacts on frequency and severity been with these three types of replacements? What are the anticipated improvements to the safety if they are replaced?

2.2-CUPE-6C Can you provide the risk assessments for these three types of replacements? Is there a deteriorating failure trend with these types of planned replacements?

2.2-CUPE-6D What are the anticipated improvements to SAIDI, SAIFI and CAIDI as a result of these proposed replacements?

2.2-CUPE-6E What is the industry standard for replacement of CSP transformers? Are other utilities initiating plans to replace all CSP transformers?

2.2-CUPE-6F What percentage of the switches in THESL’s overhead system are porcelain and what percentage are polymer? What are the failure rates of both types of switches?