

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES ON ISSUE 2.4

1 **INTERROGATORY 19:**

2 **Reference(s):** **Tab 2/p. 18**

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4 The evidence states that THESL has retained external consultants to provide independent
5 analysis and opinion on its Business cases for its proposed ICM projects and its AM
6 methodologies. Were the consulting contracts obtained through an RFP process? If not,
7 why not? If so, please provide the RFPs, the responses from those retained, and the
8 Terms of Reference for each study. What was the cost of each of the studies and how are
9 those costs to be recovered?

10

11 **RESPONSE:**

12 The consulting contracts were not obtained through an RFP process. As set out below,
13 the consultant retained in each case was uniquely qualified to provide the service
14 required:

- 15 1. Having conducted a full Asset Condition Assessment (“ACA”) of THESL in
16 2006, Kinectrics Inc. was uniquely qualified to audit changes in THESL’s
17 processes and procedures as well as its updated ACA results.
- 18 2. Having assisted THESL in developing its Feeder Investment Model methodology
19 in 2007, BIS Consulting, LLC was uniquely qualified to assess THESL’s current
20 practices in respect of this model.
- 21 3. Navigant Consulting, Inc. and Power System Engineering, Inc. are industry
22 leaders with distinct substantive experience and expertise in electricity
23 distribution and asset management. At the time these consultants were retained,
24 the only other comparable service provider, METSCO Inc., was unavailable to
25 assist THESL on this matter. Consequently, Navigant Consulting, Inc. and Power

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1 System Engineering, Inc. were uniquely qualified to perform the services
2 required.

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4 The approximate costs of the referenced studies were as follows:

| Consultant and Study | Approximate Cost |
|--|------------------|
| Kinectrics Inc.: <i>2012 Asset Condition Assessment Audit</i> | \$40,000 |
| BIS Consulting, LLC: <i>Toronto Hydro's current asset management practices related to aging infrastructure; comparison with industry</i> | \$29,000 |
| Navigant Consulting, Inc.: <i>Distribution Design Standards Independent Survey and Review</i> | \$28,000 |
| Navigant Consulting, Inc.: <i>Independent Assessment of Toronto Hydro Business Cases</i> | \$20,000 |
| Power System Engineering, Inc.: <i>ICM Business Cases - Summary Report</i> | \$18,000 |

5 The recovery of these costs, if any, would be through the general OM&A envelope
6 approved by the OEB at the time of THESL's 2011 rebasing.