

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA

FOR TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

RE: 2014 INCREMENTAL CAPITAL MODULE – EB-2012-0064

ISSUE 1 – Is THESL’s interpretation of the Phase 1 Partial Decision and Order of April 2, 2013 appropriate as it relates to Phase 2 of the is proceeding?

1. (Exhibit T9/S1/p. 1)

With respect to the 2014 capital plan please explain, specifically, what steps THESL took to develop the new 2014 budget upon receiving the Board’s Phase I Decision. The evidence states that the information regarding the 2014 work program was refreshed to account for developments and the passage of time. Please explain how the information was “refreshed”.

2. (Exhibit T9/S1/p. 1)

Please provide copies of all correspondence (memos, letters, presentations, e-mails etc.) provided to THESL’s managers and other employees regarding the Phase 1 Decision. Please provide all correspondence provided to THESL’s staff regarding directions to update the 2014 capital plan.

3. (Exhibit T9/S1/p. 1)

Please provide a complete list of projects that comprise THESL’s “Normal Capital Budget”. Please define “Normal Capital Budget”. Is THESL undertaking any capital expenditures in 2014 that are “discretionary”? If so, please provide a list of those projects. If not, why not?

4. (Exhibit T9/S1/p. 16)

In the Phase 1 Decision the Board was not satisfied that the work within the Continuing Projects and Emerging Issues subcategory was non-discretionary. Have the nature of these projects changed since the last proceeding?

5. For the period 2008-2012 has THESL undertaken any capital expenditure work that was “discretionary”. If so, please describe those projects.

ISSUE 4 – Is THESL’s interpretation of the ICM Monitoring and Tracking Requirements accurate?

6. (Partial Decision and Order dated April 2, 2013)

The Board approved In-Service Addition amounts for 2012 and 2013. THESL, during Phase 1, indicated that if it should fail to complete any portion of the work

approved by the Board, ratepayers would be protected with an appropriate adjustment at the time of the true-up. To the extent THESL has spent more than approved for each segment, how will those amounts flow through to rates? Is its THESL's view that as long as a particular segment was approved it is free to spend beyond the original forecast, and that those expenditures should be deemed prudent? If not, how and when will the prudence of those amounts be considered by the Board?

7. Please describe the process (monitoring and tracking) THESL envisions with respect to assessing what 2012, 2013 and 2014 ICM spending should ultimately be included in ratebase.

ISSUE 5 – Are THESL's proposed 2014 ICM Rate Riders, comprised of approved 2012 and 2013 expenditures and proposed 2014 expenditures, appropriate?

8. (Exhibit 9/S1/p. 3)

The evidence states that since actual in-service amounts for 2013 are not available at the time of preparing this evidentiary update, for the purposes of Phase 2, THESL is filing CWIP amounts resulting from approved 2012 and 2013 ICM projects on the same basis as in its Phase 1 evidence, and relying on the true-up process to address any variances. Please provide the most recent information available regarding all 2013 in-service dates.

9. (Exhibit T9/S1/p. 7)

Please provide a detailed calculation which explains how THESL arrived at the \$163.8 million threshold (including the deadband).

10. (Exhibit T9/S1/p. 14 – Table 1)

Please update Table 1 to include the most recent forecast of 2012 and 2013 capital expected to be in-service in 2014. Also, please include a column that sets out 2014 Capex (In-Service in 2014), as forecast in the original application.

11. (Exhibit T9/S1/p. 19)

The evidence sets out total bill impacts of Transmission rates, ICM rate riders, IRM rate riders and tax change rate riders. Please provide a schedule setting out the distribution rate increases for each year 2012-2014 which includes only the impacts of the ICM rate riders and the IRM rate riders. In effect, what are the impacts on rates from the IRM adjustments and the ICM adjustments only?

12. (Exhibit T9/S1/p. 19)

The evidence states, "THESL also makes this application within the context of the rates horizon. In particular, this 2014 update is made in the context of the utility's ongoing capital needs, consideration of the additional non-ICM 2015 rate-impacts, and the principle of rate-smoothing." Please explain how this application addresses "rate-smoothing". THESL has referred to 2015 rate impacts. What are the levels of rate increases expected for 2015?

13. (Exhibit T9/S1/p. 3 and T9/SA1)

The evidence states that THESL's requested 2014 ICM riders relate strictly to expenditures, among other things, on the Copeland TS which will come into service in 2014. The approved amounts for 2012, 2013 and 2014 were \$8.5 million, \$81 million and 34.6 million. What was actually spent in 2012? What is the current status of the project and the most recent forecast for spending in 2013 and 2014? What is the expected in-service date of the Copeland TS?

ISSUE 7 – For the proposed capital projects which have changed significantly since Phase 1 of this proceeding, has THESL provided sufficient evidence including consultant reports, business cases and consideration of alternatives, to adequately justify them.

14. (Exhibit T9/SA2, A3)

Please provide the terms of reference for Power System Engineering Inc. and Navigant Consulting Inc. specific to their reviews of the updated evidence. If terms of reference were not developed please explain what direction THESL gave to the experts regarding the review of the updates.

15. (Partial Decision and Order, dated April 2, 2013, p. 75)

In its Partial Decision the Board stated, "Unlike the "envelope" approach often adopted in cost-of-service proceedings, the monies must be reported per project segment as outlined above. Should one project not proceed, for example, the money cannot be used for a different project or to cover overspending on another project." Please confirm that THESL has conformed to this directive from the Board.