RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-288

References: Exhibit 4, Tab 1, Schedule 1, Pages 14-19

Exhibit 1B, Tab 3, Schedule 3, Pages 32-38

Preamble:

In Exhibit 4, Tab 1, Schedule 1 Toronto Hydro compares its unit costs of OM&A and its employee staffing levels to those of a peer group consisting of Hydro One, Hydro Ottawa, Alectra, Elexicon, London Hydro, EnWin, and Enova Power for the 2016-2022 period. The metrics used in these calculations include OM&A per MWh of load, OM&A per customer, the number of full-time employees per $1 million of capex, the number of full-time employees per GWh of load, the number of full-time employees per 1,000 customers, and the number of full-time employees per circuit kilometer of line. Toronto Hydro also presents its MWh of load per customer, commonly referred to as average use.

On page 14 of Exhibit 4, Tab 1, Schedule 1, Toronto Hydro provided its appraisal of this research:

"Using publicly available data, the historical benchmarking analysis presented in this section demonstrates that Toronto Hydro (i) has a lean workforce compared to its Ontario peers and (ii) is a strong OM&A cost performer compared to other large and mid-sized distributors in the province. Toronto Hydro's efficient OM&A and staffing cost management to date positions the utility well to address a growing need for investments in operations and resourcing without creating undue cost burdens and rate increases for customers in the next rate term."

Unit cost metrics from the APB work are presented in Exhibit 1B, Tab 3, Schedule 3. Toronto Hydro presented the historical trend in these metrics and did not present results for the 2025 test year. The Company also did not present any unit cost comparisons to peers for these APB metrics.

On pages 32-33 of Exhibit 1B, Tab 3, Schedule 3, Toronto Hydro stated:
"Furthermore, Toronto Hydro notes that the APB econometric model does not account for recognized differences that set Toronto Hydro apart from other Ontario utilities due to its unique urban environment and customer base that includes many high-rise buildings… As such Toronto Hydro, is not in a position to comment on the results of the econometric model."

QUESTIONS (A), (B) AND (C):

a) Did Toronto Hydro additionally commission Clearspring to undertake econometric OM&A, capital, capex or unit cost benchmarking or to comment on the APB econometric research?

b) If not, why not?

c) If yes, what were the results?

RESPONSE (A), (B) AND (C):

No. Toronto Hydro did not commission Clearspring to undertake unit cost benchmarking or comments on the APB econometric research because: (i) it did not see value in duplicating the UMS unit cost benchmarking; (ii) the APB data set needs more refinement and vetting to produce results that can be commented upon (let alone relied on). Toronto Hydro did not commission Clearspring to undertake the econometric OM&A & CAPEX analysis because a similar (albeit less sophisticated) analysis was completed internally by using OEB yearbook data. Thanks to the OEB's Open Data initiative enhancing the accessibility and transparency of electricity distributors' yearbook information, Toronto Hydro was able to carry out this analysis without having to procure specialized third-party benchmarking services from Clearspring.[1]

[1] https://www.oeb.ca/sites/default/files/OEB-Letter-Open-Data-2.0-20231006.pdf

QUESTION (D):

d) In Clearspring's view, is econometric or unit cost benchmarking likely to yield more accurate benchmarking results for OM&A expenses?

RESPONSE (D) – PREPARED BY CLEASPRING:

Clearspring is of the view that the econometric approach has more potential to provide useful results than the APB unit cost approach, assuming the models are specified correctly and accurately account for the relevant cost challenges present for the category of costs being investigated.

QUESTION (E):

e) Why is Toronto Hydro comparing itself to other Ontario distributors in appraising its OM&A costs but to US distributors in appraising its total costs?

RESPONSE (E):

As noted above, thanks to the OEB's Open Data initiative enhancing the accessibility and transparency of yearbook information and providing industry stakeholders "*with a clear line of sight to better understand and visualize trends in a way that can be customized"* Toronto Hydro was able to use open-source yearbook data for Ontario distributors to conduct the OM&A benchmarking analysis.

QUESTION (F):

f) Does the quoted statement on the APB econometric model also apply to the APB unit cost research?

RESPONSE (F):

Yes, the quoted statement regarding the APB econometric model also applies to the APB unit cost research in so far as it may be used to compare Toronto Hydro's performance on these metrics to that of other Ontario utilities, or an industry average as requested in interrogatories 1B-SEC-26 and 1B-VECC-10.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-289

References: Exhibit 4, Tab 2, Schedule 1, Pages 7, 28, 30

Exhibit 4, Tab 2, Schedule 4, Page 7

QUESTION (A):

a) Toronto Hydro describes annual planning of vegetation management program which considers criterial such as feeder reliability and time since last prune. The exhibit also references planned trimming activities which are expected reduce costs through reduction of spot trimming. Please clarify if Toronto Hydro has a multi-year vegetation management plan that with scheduled trimming activities that may have small adjustments, or if it schedules vegetation management focus on an annual basis.

RESPONSE (A):

Toronto Hydro's vegetation management strategy schedules vegetation management on an annual basis. The current model involves prioritizing feeders for vegetation management activities on a yearly basis taking into consideration the multi-year view to understand the risk posed for different feeders. This prioritization process takes into account various factors such as feeder reliability history, the number of customers served by each feeder, and the time elapsed since the last pruning.

QUESTION (B):

b) Based on Toronto Hydro stating there are 4,800 circuit kilometers of overhead lines to trim, and that it has trimmed an average of 1,399 circuit kilometers annually between 2020 and 2022, would it be correct to say the majority of the overhead lines are trimmed on a three-year cycle? Please explain.

RESPONSE (B):

Confirmed. Through the Vegetation Management segment, Toronto Hydro trims a majority of its overhead lines on a three-year cycle.

QUESTION (C):

c) The ever expanding tree canopy has been included as a cost driver for the increased costs with time.

   i. Please describe how Toronto Hydro has worked with the City of Toronto and developers regarding tree planting species and location, for example, as outlined in the Electrical Safety Authority's publication Planting Under or Around Powerlines & Electrical Equipment.

   ii. How have items such as underground conversion and storm damage mitigated the impact of additional tree planting in the city?

RESPONSE (C):

i. Toronto Hydro is actively collaborating with the City of Toronto and developers to align tree planting practices with safety guidelines, including the Electrical Safety Authority's ("ESA's") recommendations. Recent discussions focused on the City of Toronto's forestry management strategy which aims for a 40 percent tree canopy cover by 2050. As part of the initiative, Toronto Hydro is closely involved in updating Municipal Consent Requirements ("MCRs") and assembling relevant documentation, including the ESA's guidelines, to enhance coordination with the city and peer utilities. The updated MCR, anticipated by the fourth quarter of 2024, will include vertical and horizontal clearance guidelines, tree protection policies, cut permits, and utility cut and restoration guidelines. Toronto Hydro is also providing feedback on revisions to the City of Toronto Development Infrastructure Policy and Standards ("DIPS") for Public Local Residential Streets and Private Streets. These efforts underscore Toronto Hydro's commitment to safe, sustainable, and coordinated urban development in alignment with the city's green infrastructure objectives.

ii. Certain investments, such as underground conversion could have potentially helped to offset the impact of additional tree planting on the Vegetation Management segment. However, Toronto Hydro cannot meaningfully analyze the impact of such investments along with items such as 'storm damage' as it is impractical to extrapolate the full impact of tree planting on Vegetation Management needs without these factors. Toronto Hydro does note that underground conversions are limited to specific parts of the distribution system, such as in Rear Lot Conversion (Exhibit 2B, Section E6.1), and the overall impact is unlikely to be significant. Toronto Hydro can say that, whatever the impact of these factors, it has seen a notable increase in the number of trees requiring trimming, as shown in Figure 16 of Exhibit 4, Tab 2, Schedule 1. Furthermore, Toronto Hydro clarifies that it based its 2025-2029 Vegetation Management forecasts on recent experience, which implicitly includes this historical impact, but has not included any additional costs in the forecasts related to future expectations regarding the ever-growing tree canopy.

QUESTION (D):

d) How does bundling the trimming of feeders out of the same substation produce cost savings?

RESPONSE (D):

Bundling the trimming of feeders out of the same substation allows optimization of resource allocation and can also result in cost savings as the crews can avoid repeat visits if adjacent feeders traverse in close proximity over a certain distance.

QUESTION (E):

e) Please explain why there is a need for higher yearly increases in the bridge year and test year.

RESPONSE (E):

Toronto Hydro's Vegetation Management segment is designed to address feeder reliability issues driven by vegetation growth. An elevated risk of tree-related outages to customers, as evidenced by an increasing number of sustained outages due to tree contacts, has led Toronto Hydro to adjust the level of investment in Vegetation Management.

QUESTION (F):

f) Please provide the annual actual and forecast costs of "vegetation management in response to off-cycle requests" that are included in Preventative and Predictive Overhead Line Maintenance, as stated in reference 2, from 2020 through 2029.

RESPONSE (F):

Historically, as part of the Vegetation Management segment within the Preventative and Predictive Overhead Line Maintenance program, Toronto Hydro does not include any costs for off-cycle requests. However, in response to reliability performance in 2023, Toronto Hydro allocated an additional $0.7 million to the Vegetation Management segment for preventative off-cycle requests.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-290

Reference: Exhibit 4, Tab 2, Schedule 1, Page 40

Exhibit 2B, Section E5.4, Pages 16-17

QUESTION (A):

a) Please explain the need for increased maintenance spending during the 2024-2029 period when Toronto Hydro is replacing meters in the capital AMI 2.0 initiative. a. If the meters are being replaced, why does reference 1 state there will be "increased testing and resealing operational costs"?

RESPONSE (A):

The 2022-2025 variance explanation statements in lines 20-22 on page 40 of Exhibit 4, Tab 2, Schedule 1 refer to two distinct cost drivers:

1) increasing suite meter testing and resealing costs due to higher volumes of suite metering maintenance activities; and
2) operational costs driven by the AMI 2.0 initiative.

Toronto Hydro's suite metering asset base is not included in the AMI 2.0 initiative and therefore, the initiative will have no impact on maintenance, testing, and resealing costs relating to the suite meter group of metering assets. As discussed in lines 3-5 of page 7 of Exhibit 4, Tab 2, Schedule 1 there is a growing number of suite metering units being driven by the growing population of condominium residents and changes in the volume of meters due to be tested and resealed each year. This is driving an increase in costs for suite meters, which are outside the scope of the AMI 2.0 initiative.

Moreover, as discussed on page 41 of Exhibit 4, Tab 2, Schedule 1, costs for the Metering Services segment of the Preventative and Predictive Overhead Line Maintenance program are expected to

decrease by $0.4 million when comparing 2025 annual costs to 2029, primarily due to the completion of the AMI project as explained in part b.

QUESTION (B):

b) Please explain why there is a need for higher yearly increases in the bridge year and test years.

RESPONSE (B):

Regarding the OM&A costs of the Metering Services segment of the Preventative and Predictive Overhead Line Maintenance program, during the bridge (2023-2024) and forecast (2025-2029) years, Toronto Hydro will be carrying out its AMI 2.0 initiative. During implementation, the utility anticipates an increased volume of billing data exceptions from meter exchanges. In order to manage and maintain Toronto Hydro's bill accuracy performance, ensure bills are issued in a timely manner, and maintain customer engagement and trust during this period, additional operational resources will be required to perform bill quality and assurance related tasks. In addition to this, Toronto Hydro plans to increase the number of Meter Mechanics between 2023 to 2029 in order to fill vacancies created through the retirement of Toronto Hydro's metering work force in 2020. This specialist skillset is required by the utility to ensure the ongoing accurate and safe installation of its metering infrastructure and to maintain its assets in accordance with legislative and regulatory requirements.

As for capital expenditures under the Metering program, as shown in Tables 5 and 6 of Exhibit 2B, Section 5.4, at pages 16-17, the increases in the bridge and test years are primarily in the Residential and Small C&I Meter Replacement category, which reflects the pacing of the AMI 2.0 meter replacement initiative.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-291

References: **Exhibit 4, Tab 2, Schedule 3, Page 13**
Exhibit 4, Tab 2, Schedule 4, Page 15
Exhibit 2B, Section E5.1, Page 24

Preamble:

In reference 1 Toronto Hydro states it is "piloting inspections of renewable and non-renewable Distributed Energy Resource ("DER") sites, which are electrical generation and storage sites connected to Toronto Hydro's distribution system".

In reference 2 Toronto Hydro states spot tree trimming and corrective work for DER sites is a cost driver for increased costs.

In reference 3 Toronto Hydro indicates that DERs cover their own connection costs.

QUESTION (A):

a) What is the estimated cost that has been included for both inspections, and spot tree trimming and corrective work, for third party owned DER sites for 2023-2029?

RESPONSE (A):

Please see Table 1 below, which details the maintenance and corrective costs for DER sites. There is no requirement for spot tree trimming at DER sites.

Table 1: Maintenance and Corrective Expenditures for DER Sites ($ Millions)

	2023	2024	2025	2026	2027	2028	2029	Total
Maintenance Cost	0	0.2	0.2	0.2	0.3	0.3	0.3	**1.5**
Corrective Cost	0	0.1	0.1	0.1	0.1	0.1	0.1	**0.5**
Total Cost	**0**	**0.2**	**0.3**	**0.3**	**0.4**	**0.4**	**0.4**	**2.0**

QUESTION (B):

b) Why is Toronto Hydro incurring O&M costs for DER sites?

RESPONSE (B):

Toronto Hydro owns monitoring and control equipment up to the power quality meter for renewable sites and up to the radio modem or LTE router for non-renewable sites. The costs are for inspecting this equipment. In addition, the uninterruptible power supply unit requires a battery replacement every 2 years to ensure operability.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-292

References: Exhibit 4, Tab 2, Schedule 4, Pages 1, 9, 19

QUESTION (A):

a) Please reproduce Table 1 in reference 1 by:

i. Removing the costs for "vegetation management in response to off-cycle requests",

ii. Creating a separate line item for items located within substations,

iii. Creating a separate line for items located within the underground distribution system, and

iv. Creating a separate line for items located within the overhead distribution system.

RESPONSE (A):

Please see Table 1 below.

Table 1: Corrective Maintenance Program Costs Breakout ($ Millions)

	2020A	2021A	2022A	2023A	2024B	2025F	2026F	2027F	2028F	2029F
i. Off-cycle Veg. Mgmt. Removed	22.8	26.3	23.2	25.4	25.3	29.2	30.3	30.6	31.6	33.2
ii. Substations	3.1	3.9	3.6	4.2	4.2	4.8	5.0	5.1	5.2	5.5
iii. Underground	8.2	11.1	9.9	10.7	10.7	12.3	12.8	12.9	13.3	14.0
iv. Overhead	6.0	3.4	3.5	3.4	3.4	3.9	4.1	4.1	4.2	4.4

QUESTION (B):

b) For 2020 through 2023 please fill in the table below with:

i. The number of requests per year in each of the P1, P2, P3 and P4 categories.

ii. The number of requests that were completed within 15 days for P1s, 60 days for P3s and 180 days for P3s.

Work Requests								
	2020		**2021**		**2022**		**2023**	
	Number Opened	Closed within Metric	Number Opened	Closed within Metric	Number Opened	Closed within Metric	Number Opened	Closed within Metric
P1								
P2								
P3								
P4		NA		NA		NA		NA

RESPONSE (B):

Please see Table 2 below for the number of Corrective Maintenance requests created/opened and closed within metric. Note that not all P1s and P2s are closed within metric due to requirements for scheduling outages, obtaining locates etc. The P3 closures within metric are low in comparison due to budget constraints i.e. there was more work to be performed than what the budget allowed.

Table 2: Number of Work Requests Created and Closed Within Metric

	2020		**2021**		**2022**		**2023**	
	Number Opened	**Closed within Metric**	**Number Opened**	**Closed within Metric**	**Number Opened**	**Closed within Metric**	**Number Opened**	**Closed within Metric**
P1	668	165	625	350	737	436	507	329
P2	2,442	1,072	2,512	1,666	2,269	1,624	2,548	2,014
P3	3,390	1,608	7,190	2,161	8,701	2,441	10,019	1,019
P4	5,763	NA	7,849	NA	13,367	NA	8,044	NA

QUESTION (C):

c) Toronto Hydro states that installation of animal guards is at risk if this program funding is not fully funding in the forecast period. What are the costs per year for installing animal guards in the historic period?

RESPONSE (C):

Please see Table 3 below.

Table 3: Annual Cost to Install Animal Guards

Animal Guards	2019	2020	2021	2022	2023
Cost	$39,232	$168,014	$360,868	$291,265	$176,830

QUESTION (D):

d) What are the costs per year for replacing faulted circuit indicators in the historic period?

RESPONSE (D):

Please see Table 4 below.

Table 4: Annual Cost to Replace Faulted Circuit Indicators ("FCIs")

FCI	2019	2020	2021	2022	2023
Cost	$11,945	$41,208	$194,031	$231,808	$143,401

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-293

References: Exhibit 2A, Tab 2, Schedule 4, Page 13

QUESTION (A):

a) Please provide all capital and maintenance costs per year for Delta-Wye corrective work.

RESPONSE (A):

Please see Table 1 below for annual maintenance expenditures for Delta-Wye corrective work.

There have been no capital expenditures related to Delta-Wye corrective work.

Table 1: Delta-Wye Corrective Work Expenditures ($ Millions)

	2019	2020	2021	2022	2023
Corrective Maintenance – Delta Wye	0.0	0.0	0.7	1.1	2.1

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-294

References **Exhibit 4, Tab 2, Schedule 5, Page 21**

Exhibit 4, Tab 2, Schedule 7, Pages 12-13

Preamble:

Toronto Hydro currently splits work between two independent service providers for the grid response function.

As outlined in reference 2, Toronto Hydro's urban setting has several unique legacy distribution configurations that are not found at the same scale elsewhere in the province, which requires knowledge and experience to effectively respond to unplanned outages.

QUESTION (A):

a) Please provide Toronto Hydro's process for acceptance of assets constructed or repaired under this program, including how Toronto Hydro addresses correction of non-conformances.

RESPONSE (A):

For each completed job, the assigned contractor communicates the details of what steps they undertook to resolve the issue, including any materials and equipment used, and the crew signs off to confirm that the site was left in a condition that presents no undue hazard to the public (as required by Ontario Regulation 22/04). Dispatchers review event completion details and formally mark the event complete. Work under this program is monitored in the field on a real-time, 24/7/365 basis by Toronto Hydro's grid response shift managers. Additionally, third-party auditors perform unannounced spot audits of work for quality and safety purposes. In each case, any non-conformances are reported to the responsible contractor for resolution. The non-conformance process for contractor work is described in Toronto Hydro's response to 4-Staff-297 part (b). /C

QUESTION (B):

b) What is the rate or volume of non-conformances addressed by the contract crews and by Toronto Hydro crews?

RESPONSE (B):

For the period of 2020-2023, Toronto Hydro raised a total of 50 non-conformances for contractor work under the Emergency Response program, covering a range of categories including safety, work administration, and work quality. Over this period, crews responded to a total of approximately 75,000 events. Toronto Hydro internal crews do not perform work under this program.

QUESTION (C):

c) What has Toronto Hydro recently experienced in terms of employee turn-over rates with the two contractors? How has contracted employee turnover impacted service delivery and outage restoration times?

RESPONSE (C):

Toronto Hydro is not directly involved in management of the contractor's workforce. It is the contractor's responsibility to ensure they maintain a sufficient headcount of qualified personnel to fulfill their obligations effectively. Toronto Hydro has observed no impacts on service delivery or outage restoration times due to contractor employee turn-over.

QUESTION (D):

d) Please outline where in the application evidence, benchmarking for costs, etc. the full-time equivalent employees due to these contractors have been included.

RESPONSE (D):

Costs for the full-time equivalent employees working for the contractors to provide field emergency response services are accounted for in Exhibit 4, Tab 2, Schedule 5, page 17, Table 2.

QUESTION (E):

e) Where does the responsibility lay for supplying vehicles, tools, and personal protective equipment to the grid response contractors?

RESPONSE (E):

The contractors are responsible for supplying vehicles, tools, and personal protective equipment to their employees.

QUESTION (F):

f) Does Toronto Hydro include the emissions of contractor vehicles as part of its emissions in its Net Zero 2040 Strategy?

RESPONSE (F):

Please refer to Toronto Hydro's response to interrogatory 1B-Staff-9 part (b).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-295

Reference: Exhibit 4, Tab 2, Schedule 8, Pages 22 - 27

Preamble:

Since 2020, Toronto Hydro has moved the Key Accounts function into its own segment and increased the scope of work and expenses.

QUESTION (A):

a) How many employees are forecast for this department in 2025?

RESPONSE (A):

The department is forecast to have seven employees in 2025.

QUESTION (B):

b) At the end of 2029 expenses for the team will be four times what they were when the unit was in customer care. How has this segment provided savings to offset its cost?

RESPONSE (B):

Interpreting the value proposition of the Key Accounts function solely from the narrow perspective of costs and savings would miss the value that this segment's enhanced customer services provide to individual customers and ratepayers, as outlined in section 6.1 of Exhibit 4, Tab 2, Schedule 8. As the needs of large customers have continued to evolve and grow, the Key Accounts segment has also evolved to emphasize more proactive engagement with these customers. The segment provides a communication channel much better suited to the often more complex and engagement-intensive needs and preferences of this customer group, thereby freeing up regular customer communication resources for more routine and voluminous tasks emanating from the general customer base.

The benefits offered to Key Account customers are responsiveness, facilitating and assisting with capital planning activities, and support aligned with their unique needs and operations. Internally, the Key Accounts team provides Toronto Hydro teams with insight into these customers' energy needs, connection and expansion plans, and forthcoming business changes to enable them to be met in a timely and cost-effective manner.

Key Account consultants provide support to customers by being the single point of contact for all enquiries, for example new expansion projects, billing concerns, metering questions, outages, power quality issues, distributed energy resource connections, and so on. Key Account customers' consistent feedback to Toronto Hydro has been that they highly value this service and its quality, timeliness, and how responsive it is to their unique needs.

QUESTION (C):

c) How many 1) entities and 2) customers (i.e. individual meter points) are currently addressed by Toronto Hydro's Key Accounts definition.

RESPONSE (C):

As of January 2024, Toronto Hydro has 513 Key Account customers. This includes 423 entities (unique customers, some with multiple connected loads) and 4,052 individual metered points addressed by Toronto Hydro's Key Account definition.

QUESTION (D):

d) Please describe how costs for this are handled in the cost allocation model.

RESPONSE (D):

The cost is embedded in OM&A under USofA # 5315 and 5675. It is part of allocated cost.

QUESTION (E):

e) What proportion of the costs are incurred on behalf of each rate class?

RESPONSE (E):

Please see the table below with proportion of the costs by rate class.

	Total	Residential	GS <50	GS 50-999 kW	GS 1,000-4,999 kW	Large Use >5MW	Street Light	Unmetered Scattered Load	CSMUR
Cost related to the Key Accounts for 2025	1,551,433	1,173,357	330,880	- 91,790	- 60,943	- 26,785	- 20,532	- 1,084	248,330
Base Revenue Requirement	972,362,213	372,078,020	156,662,222	256,976,954	82,965,142	39,215,748	16,546,293	3,611,942	44,305,893
Proportion to Base Revenue Requirement.	0.2%	0.3%	0.2%	0.0%	-0.1%	-0.1%	-0.1%	0.0%	0.6%

QUESTION (F):

f) As a scenario, prepare a cost allocation model where these costs are directly allocated to the causative rate classes.

RESPONSE (F):

See the attached copy of Cost Allocation Model in 4-Staff-295 Appendix A.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-296

Reference: Exhibit 4, Tab 2, Schedule 8, Page 9
Exhibit 9, Tab 1, Schedule , Page 27
EB-2023-0143 - Generic Variance Account for Locates - Evidence Filing, July 7, 2023[1]
EB-2023-0143, Decision and Order, October 31, 2023

Preamble**:**

Reference 3 shows that the annual cost per locate was approximately $31 in 2020 and forecast to increase to $60 in 2023.

Reference 1 states that the segment "includes labour costs and other types of costs known at the time of filing".

QUESTION (A):

a) What cost per locate was used in the preparation of the application? What was the actual average cost per locate in 2023?

RESPONSE (A):

The actual average cost per locate in 2023 was $51. This is less than the $60 forecast cost per locate in Toronto Hydro's evidence for the generic variance account application[2] because some incremental costs the utility forecasted for 2023 did not materialize as originally estimated. The Government of Ontario consulted with stakeholders and indicated its active consideration of policy

[1] https://www.rds.oeb.ca/CMWebDrawer/Record/801395/File/document
[2] EB-2023-0143, Toronto Hydro Evidence Filing (July 7, 2023) at https://www.rds.oeb.ca/CMWebDrawer/Record/801395/File/document.

changes that would result in cost reductions, relative to the policies in place at the time of the locates variance account application and Decision. Mindful of potential Government policy action, and in the interest of cost management, Toronto Hydro chose to not incur all the costs associated with the estimate. On November 27, 2023, the Government introduced Bill 153, *Building Infrastructure Safely Act, 2024*.

QUESTION (B):

b) Does the amount forecast for 2023 and 2024 include all locate costs, or was it prepared with costs in the generic variance account?

RESPONSE (B):

Since the OEB's decision on the generic variance account was issued on October 31, 2023—very shortly before Toronto Hydro filed its rate application on November 17, 2023—the forecast costs of the Public Safety and Damage Prevention segment for 2023 and 2024 in Table 6 of the Customer Operations program evidence[3] include all locate costs and do not incorporate the effects of the variance account for those years. For information on the 2023-2024 amounts that Toronto Hydro is recording in the generic variance account, please refer to the response to subpart (e).

QUESTION (C):

c) What are the total forecast volumes and costs, as if there were no variance account for 2023-2025?

RESPONSE (C):

Table 1 below includes total forecast volumes and costs for locates, as if there were no variance account for 2023-2025. These total costs also include locates related to Toronto Hydro owned streetlighting assets, which are offset by revenues recovered from streetlighting services and recorded in USoA 4220, and therefore are not included in Toronto Hydro's non-capital related

[3] Exhibit 4, Tab 2, Schedule 8 at p. 29.

revenue requirement. For more information, please refer to the updated OEB Appendix 2-H Toronto Hydro is filing in 1B-SEC-1(f), as well as the response to 3-Staff-284(f).

Table 1: 2023-2025 Actual and Forecast Locate Costs and Volumes

	Forecast	Actual	Forecast	
	2023	**2023**	**2024**	**2025**
Volumes	122,400	133,520	110,400	105,000
Cost ($ millions)	$7.3	$6.9	$6.8	$10.4
Cost Data Source (Exhibit 4, Tab 2, Schedule 8)	Table 6	4-SEC-89 (c) and (d)	Table 6	Table 7

Toronto Hydro notes that the forecasts for 2024 and 2025 remain subject to significant uncertainty given that further legislation, namely Bill 153, additional ministerial regulations, and rules by Ontario One Call will foreseeably further alter the cost drivers. Furthermore, the 2025 forecast provided here reflects Toronto Hydro's provision for a higher recovery of locates costs to achieve 100% compliance in the event that the OEB were to reject Toronto Hydro's request for a continuation of the variance account in the 2025-2029 rate period.[4]

QUESTION (D):

d) Does Toronto Hydro plan to update the forecast costs for 2024, or the test period, based on actual costs per locate in 2023 during this proceeding?

RESPONSE (D):

Toronto Hydro is not planning to provide new evidence for 2024 or the test period because pending legislative amendments, namely Bill 153, could further significantly impact cost projections.

[4] Exhibit 4, Tab 2, Schedule 8, Table 7 at p. 30.

QUESTION (E):

e) When will Toronto Hydro file the supplemental evidence to forecast the balances in this account over the current rate period, as stated in Ref 2?

RESPONSE (E):

Table 2 below provides the balances that Toronto Hydro would record in the GOCA Variance Account, in accordance with the OEB's accounting order.[5] In preparing this forecast, the utility has excluded locates costs related to streetlighting assets that are not part of the non-capital related revenue requirement, as discussed in subpart (c) of this response.

Table 2: Account 1508 – Subaccount GOCA Variance Account ($ Millions)

	Actual				Forecast
	2020	**2021**	**2022**	**2023**	**2024**
Public Safety and Damage Prevention Approved OM&A *(Note 1)*	2.8	2.8	2.9	3.0	3.1
Public Safety and Damage Prevention (a)	2.7	2.5	3.0	4.7	5.2
On-going locate costs recorded in OM&A (b)	2.7	2.5	3.0	3.8	3.7
Costs subject to GOCA Variance Account (c = a-b) (*Note 2)*	-	-	-	0.9	1.5

Note 1: As noted in Toronto Hydro's response to interrogatory 4-SEC-89(a), the total OM&A cost approved by the OEB for 2020 was $266.7 million, which was lower than the 2020 test year OM&A funding requested by Toronto Hydro.[6] The OEB approved OM&A on an envelope basis and therefore Toronto Hydro cannot provide a breakdown by the specific programs or segments such as Public Safety and Damage Prevention. However, in order to provide a directional view of the approved locates funding in base rates per the OEB's decision in EB-2018-0165, Toronto Hydro has used its

[5] EB-2023-0143, Ontario Energy Board, Decision and Order (October 31, 2023).
[6] See also 1B-SEC-8 for a discussion of adjustments for Account 4380 with respect to the OEB-approved 2020 OM&A budget.

2020 Test[7] costs for Public Safety and Damage Prevention segment and have escalated it by the OEB approved Custom Price Cap Index ("CPCI") formula[8] for 2021-2024 using OEB's prescribed rates.

Note 2: The OEB set the effective date for the GOCA account as of April 1, 2023[9] and therefore, the costs recorded for 2023 only cover actual costs incurred between April 1, 2023 and December 31, 2023. The 2024 forecast is for the full calendar year.

[7] EB-2018-0165, Exhibit 4A, Tab 2, Schedule 8.
[8] EB-2018-0165, Ontario Energy Board, Decision and Order (December 19, 2019).
[9] EB-2023-0143, Ontario Energy Board, Decision and Order (October 31, 2023).

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-297

Reference: Exhibit 4, Tab 2, Schedule 10, Page 9

QUESTION (A):

a) What is the total cost of executed capital managed by this segment, by internal staff and external contractors, per year for 2020-2029?

RESPONSE (A):

Please see Table 1 below for the total cost of executed capital managed by this segment.

Table 1: Capital Costs managed by the External Work Execution Segment (in $ millions)

	Actual			Bridge		Forecast				
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Capital Expenditures	218.3	218.4	256.2	293.4	280.8	340.9	322.1	321.5	337.6	356.0

QUESTION (B):

b) Please provide Toronto Hydro's process for acceptance of assets constructed by external contractors, including how Toronto Hydro addresses correction of non-conformances.

RESPONSE (B):

Toronto Hydro's project closure process encompasses all aspects of asset acceptance before putting the asset into service. This process includes a checklist of all required forms, such as third-party audits, field verifications, signed as-built drawings, and documentation of any safety, quality, and administrative non-conformances.

Toronto Hydro documents and logs all safety, quality, and administrative non-conformances in an internally managed database. The issuer logs the non-conformance into the database and uploads the required forms and pictures. Following this, an investigation is conducted to determine the root cause analysis and any necessary corrective/preventative action(s). The contractor responds to the non-conformance by completing the corrective/preventative action(s) and root cause analysis fields, subject to the issuer's satisfaction.

Upon review of the contractor's response, the contractor proceeds to rectify the non-conformance. Once rectification is complete, a third-party auditor and/or field administrator confirms whether the proper actions were taken to rectify the NCR and closes the non-conformance in the database.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-298

Reference: Exhibit 4, Tab 2, Schedule 14, Pages 6, 30, 45

QUESTION (A):

a) What impact is AMI 2.0 forecast to have on the expenses for Billing, Remittance and Meter Data Management segment?

RESPONSE (A):

Toronto Hydro does not expect the AMI 2.0 initiative to impact costs forecasted for the Billing, Remittance and Meter Data Management segment during the 2025-2029 rate period. Following implementation, a stabilization period is expected before certain benefits can be realized, and therefore, potential savings such as improved meter data capture are not expected during this rate filing period.

However, during the project's implementation phase the utility expects an increase in meter data exceptions and an increased risk of billing inaccuracies. To manage this additional exception workload and mitigate the risk, Toronto Hydro incorporated additional resource costs in the Metering Services segment of the Preventative and Predictive Overhead Line Maintenance program.[1]

QUESTION (B):

b) Please reproduce Table 5: Collections Segment Expenditures ($Millions) with a separate row for bad debt expense.

[1] Exhibit 4, Tab 2, Schedule 1 at p. 35-41.

RESPONSE (B):

Please see Table 1 below.

Table 1: Reproduction of Table 5 with Bad Debt Expense

Segment	Cost ($ millions)									
	Actual			Bridge		Forecast				
Collections	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Operations Total	3.3	3.2	3.6	4.8	5.3	5.2	5.7	5.8	6.0	6.2
Bad Debt Total	21.7	5.8	4.2	4.8	4.9	5.0	5.1	5.2	5.3	5.4
Grand Total	24.9	9.0	7.8	9.6	10.2	10.2	10.9	11.0	11.3	11.6

Note: Variances due to rounding may exist.

QUESTION (C):

c) Expenses for the collections segment increase by more than $2.6M over 2022 to 2025 due to payroll costs for vacant positions, compensation increases, and staff returning from the CIS project. With staff returning form the CIS upgrade project to support operations, why was there still a need for additional headcount?

RESPONSE (C):

Of the $2.4 million increase in the Collections segment over 2022 to 2025 discussed in lines 12-25 on page 33 of Exhibit 4, Tab 2, Schedule 14, $0.6 million is attributable to staffing increases and inflation related compensation increases. This includes only one new position, a new senior leader role which has been introduced and was filled in early 2024. Three existing and vacant frontline positions were filled in 2023. The balance of the payroll cost increases in this period for the Collections segment reflect the return of staff previously assigned to the CIS upgrade project to the OM&A budget and do not constitute a headcount increase. These payroll cost increases are partially offset by the savings of releasing temporary contract staff backfilling for vacancies and those on project work.

QUESTION (D):

d) Please explain why there is a need for additional staff, and therefore expense increases, in the bridge years and test years?

RESPONSE (D):

Please refer to the response to subpart (c). There is no change in the number of headcount since temporary contracted backfills are utilized to replace vacant staff and those assigned to projects, with the exception of one new senior leader position. This position was created to better balance the scope of duties amongst senior managers in the Customer Care Program. The cost differential for permanent staff versus contracted staff is reflected beginning 2023 and carries forward throughout the bridge and tests years.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-299

References: Exhibit 4, Tab 2, Schedule 15, Page 12
Powering Ahead, 2020 Annual Report, Toronto Hydro Corporation
Court Bulletin, Ontario Ministry of Labour, Immigration, Skills Development
September 27, 2022[1]

In Reference 1 Toronto Hydro states:
"Our recordable injury performance has improved by 43 percent since 2018 and we have not had any critical or fatal incidents since that time".

QUESTION (A):

a) Please clarify the inconsistencies between the referenced documents.

RESPONSE (A):

Due to an administrative error made by a member of the regulatory applications team during the intensive process of finalizing and publishing the pre-filed evidence in the fall of 2023, a draft version of this program narrative was mistakenly filed instead of the final version which included a correction to this statement as follows: "*Our recordable injury performance has improved by 19 percent since 2020 and we have not had any critical or fatal incidents since that time*." Toronto Hydro's regulatory applications team sincerely apologizes for this oversight, and confirms that it has reviewed the rate application document management system and confirmed that all the pre-filed narratives filed were the correct final versions.

[1] Worker Fatality During Electrical Maintenance Results in $200,000 Fine for Toronto Hydro | Ontario Newsroom

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-300

Reference: Exhibit 4, Tab 2, Schedule 15, Pages 20, 22, 26

QUESTION (A):

a) Please confirm that health and safety related training development and delivery costs are in the Talent Management, Change Leadership and Sustainability segment budget.

RESPONSE (A):

Toronto Hydro confirms that the health and safety related training development and delivery costs are included in the Talent Management, Change Leadership and Sustainability segment budget.

QUESTION (B):

b) The budget increase from $5.9M in 2021 to $10M in 2025 was attributed to a reorganization in the division.

i. Please provide details on how the division was reorganized in a manner that resulted in a sustained additional $4.1M of expenses per year.

ii. Why would preparing a rate application, a routine activity at Toronto Hydro, be an initiating factor for a reorganization?

RESPONSE (B):

i. The reorganization of the division did not result in sustained additional $4.1 million of expenses per year from 2021 to 2025. The reorganization involved resources moving from one segment to another. From an overall divisional perspective, program expenditures are expected to increase by $7.1 million from 2020 to 2025 in total. Please refer to Exhibit 4, Tab 2, Schedule 15, Table 3. When normalized for shared services recoveries outlined in Exhibit 4, Tab 5, Schedule 1, the expected total increase in this program is $6.1 million from 2020 to 2025.

ii. The reorganization within the division, including the resources moving into the Human Resources Services & Systems, Organizational Effectiveness, and Employee Labour Relations segment, was undertaken to ensure sufficient resources in that segment to support delivery of current and upcoming organizational strategies and strategic projects, including supporting the division in the rate application, as well as others as described in Exhibit 4, Tab 2, Schedule 15.

QUESTION (C):

c) Please explain why there is a need for increases in the bridge years and test year.

RESPONSE (C):

The cost increases are primarily a result of increasing capacity to support Toronto Hydro's investment plan. Please refer to Exhibit 4, Tab 2, Schedule 15, Pages 6-7, 14, 20, and 28.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-301

Reference: Exhibit 4, Tab 2, Schedule 16, Pages 5, 10-12

Preamble:

Toronto Hydro explains increases in the Controllership segment from $6.5M in 2020 to $9.4M in 2025.

QUESTION (A) - (B):

a) How many additional headcount were required to support each of increased capital spending in the 2020-2024 program and preparation of the 2025-2029 rate application.
b) Why was the staffing level required to complete the 2020-2024 rate application not sufficient to prepare the 2025-2029 application?

RESPONSE (A) - (B):

Please see Toronto Hydro's response to interrogatory 4-SEC-108 part (a).

QUESTION (C):

c) Please explain why there is a need for higher yearly increases in the bridge years and test year for both the Controllership and External Reporting segments.

RESPONSE (C):

Please see Toronto Hydro's response to interrogatory 4-SEC-108 part (a) and Exhibit, Tab 2, Schedule 16 at pages 11 and 19 for an explanation of the reasons for the forecasted increases for the bridge years and test years for Controllership and External Reporting segments.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-302

Reference: Exhibit 4, Tab 2, Schedule 16, Pages 15-16

Preamble:

Toronto Hydro explains increases in the Financial Services segment from $6.7M in 2020 to $10.5M in 2025 is largely due to higher insurance premiums. OEB staff have created the table below which shows the Gross Financial Services budget, and what is referred to as the Net Financial Services budget, which excludes the impact of the stated insurance premium increases. The $1.2M increase from 2022 to 2025 has been spread equally over the three years for illustrative purposes. The increase of the Net Financial services expenses from 2020 to 2025 is $1.3M (average annual compound rate of 3.6%).

	Expenses ($M)					
Segment	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Gross Financial Services	6.7	7.7	8.4	9.3	9.7	10.5
Subtract Insurance Increases	-	0.8	0.5	0.4	0.4	0.4
Net Financial Services	6.7	6.9	7.1	7.6	7.6	8.0

QUESTION (A):

a) Please review and either verify or correct the information in the preamble.

RESPONSE (A):

Toronto Hydro has corrected the information prepared by the OEB Staff in the preamble and have reproduced in Table 1 below with the correct information.

Table 1: Breakdown of Financial Services Segment ($ Millions)

	Actual			Bridge		Forecast
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
Gross Financial Services	6.7	7.7	8.4	9.3	9.7	10.5
Less: Insurance Increases	-	(0.8)	(0.5)	(0.3)	(0.3)	(0.6)
Net Financial Services	**6.7**	**6.9**	**7.1**	**7.7**	**7.8**	**8.0**

QUESTION (B) :

b) What steps is Toronto Hydro taking to limit and manage increasing insurance premiums?

RESPONSE (B):

There are three primary drivers for insurance premiums: (i) self-insured deductible, (ii) policy limit, and (iii) the value of the insured assets. Insurance premiums are also a function of specific loss ratios on policies experienced by the underwriters. While Toronto Hydro has enjoyed a claims free record across many of its policies, its liability insurance premium has been affected by losses experienced by the underwriters. For more information, please see Exhibit 4, Tab 2, Schedule 16, Section 6.2.

To manage and mitigate some of the above factors Toronto Hydro has engaged with Marsh Research Consultants to provide site reports on some of the transformer stations, and a table top exercise on network vaults. These reports are shared with the insurance underwriters prior to the policy renewal to proactively demonstrate mitigation activities and processes being undertaken by Toronto Hydro to reduce risks and improve safety and reliability of physical assets. Additionally, to limit the impact to the OM&A, Toronto Hydro has forecasted self-insured deductible and policy limits to be at the 2023 levels.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-303

Reference: Exhibit 4, Tab 2, Schedule 18, Pages 18-19

Please provide a more detailed explanation for the 61% cost increase in Legal Services from $6.1M in 2020 to $9.8M in 2025.

RESPONSE:

Consistent with Toronto Hydro's principles of developing in-house talent for reasons of both business continuity and cost-efficiency (see 4-Staff-308), the increase in the Legal Services segment budget between 2020 and 2025 is primarily driven by Toronto Hydro investing in building internal capacity and capability to navigate complex and consequential legal matters in the areas of customer connections, relocations, commercial law, construction, real property, litigation, claims, privacy, corporate governance, securities and disclosure.

The specific increase in the Legal Services segment budget between 2020 and 2025 is predominately driven by the addition of 10 FTEs, as shown in the response to interrogatory 4-VECC-74, and by market-based annual compensation increases (as set out in Exhibit 4, Tab 4) associated with attracting and retaining the necessary resource complement in this area of Toronto Hydro's operations.

During 2022-2023, Toronto Hydro increased the staffing compliment by 3 FTEs to address historical resourcing shortages in this portfolio. From 2023 to 2025, the staffing compliment will grow from 28 FTEs to 36 FTEs in order to strengthen internal capacity as noted above. This will allow Legal Services to handle higher volumes of work and complexity observed over the 2020-2024 period and expected into the 2025-2029 period emanating from:

(1) Increasing volumes of customer connections and capital work – as an example, for 2020-2024, the load connection segment is forecast to be 1.75 the gross expenditures initially planned.[1] Please also see the response to 4-SEC-110 (a).

(2) Increasing volumes of relocations due to increased infrastructure development in the City of Toronto (for example, Transit Projects[2] and housing initiatives[3])

(3) Increase in procurement and property-related matters to support higher volumes of work associated with the delivery of an expanded capital program.[4]

[1] Exhibit 2B, Section E5.1
[2] Exhibit 2B, Section E5.2
[3] https://www.toronto.ca/community-people/community-partners/housing-partners/housing-initiatives/
[4] Exhibit 4, Tab 2, Schedule 13

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-304

Reference: Exhibit 4, Tab 2, Schedule 18, Pages 24

Excel file: THESL_4_T02_S18_AppA - OEB Appendix 2-M_20231117

Please re-file OEB Exhibit 4, Tab 2, Section 18, Appendix 2-M, including the missing data for 2021.

RESPONSE:

Please see Toronto Hydro's response to 4-SEC-110 at Appendix A.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-305

Reference: Exhibit 4, Tab 2, Schedule 18, Pages 25-26

QUESTION (A):

a) Please provide a more detailed explanation for the 84% sustained cost increase in Regulatory Affairs from $3.8M in 2020 to $7.0M in 2025.

   i. Please outline any one-time costs that may have been included in Regulatory Affairs versus those contained in Regulatory Applications.

RESPONSE (A):

Consistent with Toronto Hydro's principles of developing in-house talent for reasons of both business continuity and cost-efficiency (see 4-Staff-308), the increase in the Regulatory Affairs segment budget between 2020 and 2025 is primarily driven by Toronto Hydro investing in building internal capacity and capability in its regulatory activities, including ensuring the resources necessary to help increase regulatory acumen throughout the utility's workforce and processes. This is consistent with Toronto Hydro's maturation as a regulated entity, and the utility's ability to keep pace and ensure quality standards are met with the increased volume of regulatory policy, compliance, and applications requirements.

The specific increase in predominately due to the addition of 10 FTEs over this period, as shown in the response to interrogatory 4-VECC-74, and by market-based annual compensation increases (as set out in Exhibit 4, Tab 4) associated with attracting and retaining the necessary resource complement in this area of Toronto Hydro's operations.

From 2020 to 2022, Toronto Hydro increased the staffing compliment in this area by 6 FTE to address historical resourcing shortages in this portfolio,[1] and develop internal capacity for regulatory applications, regulatory compliance, regulatory analytics and reporting, and business support files. The decision to increase in-house regulatory and legal capacity to prepare the 2025 rate application, was supported by a decision to also reduce the external legal expenses budget compared to the last filing, as shown in the response 4-SEC-110.

From 2022 to 2025, increases in payroll are driven by the addition of 4 FTEs (representing an 18% increase) which are necessary to handle higher volumes of work and complexity emanating from OEB-related business activities (e.g. regulatory and energy policy development, implementation and compliance activities). This increase is (i) aligned with the OEB's expanded priorities articulated in recent Business Plans and the Letters of Direction,[2] and (ii) commensurate with the OEB's 18% increase in FTE (from 193 to 228 FTEs) from the 2021-22 budget to the 2023-24 budget.[3]

Application-related costs that are included in the regulatory affairs budget (rather than Appendix 2-M) do not constitute one-time costs because they reflect the reprioritization of work in 2023 and 2024 in order to prepare and adjudicate the rate application. After the application is completed, ongoing application-related work activities and priorities will resume including: (1) preparing, filing, defending and implementation of annual rate updates; (2) interpreting and implementing the OEB's decision, directives and related continuous improvement initiatives; (3) supporting the execution and implementation of the 2025-2029 Investment Plan through monthly oversight processes as noted in 2B-AMPCO-29(d) and annual investment planning activities as described in Exhibit 2B, Section D1; (4) measuring and tracking progress against performance outcomes and other key commitments outlined in the rate application; (5) undertaking regulatory research, analysis and other preparatory activities for the 2030 rebasing application; and (6) supporting regulatory and

[1] This was noted in EB-2018-0165, Volume 5 - Oral Hearing Transcript (July 5, 2019) at pages 27-28
[2] E.g. *Letter of Direction from the Minister of Energy* (November 29, 2023)
[3] Ontario Energy Board, Business Plan 2023-2026 at page 59

energy policy development, implementation and compliance-related work, including active participation and thought-leadership in OEB policy consultations and generic proceedings.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-306

Reference: Exhibit 4, Tab 2, Schedule 18, Pages 38-39

Please provide a more detailed explanation for the 83% cost increase in Communications and Public Affairs from $3.6M in 2020 to $6.6M in 2023.

RESPONSE:

Based on the quoted numbers, Toronto Hydro assumes that the question is asking about the increase in this segment from 2020 to 2025, rather than 2020-2023.

The increase in the Communications and Public Affairs segment budget between 2020 and 2025 is driven by: (i) $1.9 million increase in external services costs related to a return to pre-pandemic levels of customer communications, and (ii) $1.1 million increase due to market-based annual wage increase of existing headcount (in accordance with the compensation philosophy in Exhibit 4, Tab 4) and the addition of 5 FTEs over this period, as shown in the response to interrogatory 4-VECC-74.

Customer communications focus on crucially important topics such as rates, financial assistance, public safety, crew safety, fraud prevention, outages, emergency preparedness, online tools and services, and customer education generally, including about the energy transition and related topics. Increased costs in this area reflect a return to normal levels of communication following the COVID-19 pandemic, along with an increase that is prudent and necessary to meet growing customer expectations. This includes engaging with customer through an increasing number of communications channels (e.g. additional social media channels and online tools) and being responsive to customers' expectations for more timely and frequent communications with Toronto Hydro as an essential service provider.

External costs support the planning, development and execution of frequent communications with customers through a variety of channels, as outlined in Exhibit 4, Tab 2, Schedule 18 at Page 28. For example, Toronto Hydro recently planned and executed a multi-channel public safety campaign, including an email deployment to customers sharing important public safety information. The email had an open rate of 60% -- well above the average email open rate of around 40% -- reflecting a high level of customer engagement and interest in the subject matter.

The increase is also attributable to the addition of 4 FTEs to support the day-to-day management of digital communications channels and increasing customer expectations with respect to engagement through these channels. Since 2020, there have been more than 45,000 online mentions of Toronto Hydro, and the utility has resolved 5,226 customer issues via social media. As of July 2023, Toronto Hydro has over 121,400 followers on X (formerly known as Twitter), approximately 40%-60% more followers than the other three large distributors in Ontario. Additionally, the resources are necessary to respond to an overall increase operational volume of work, associated with customer communications and engagement needs. For example, the volume of customers contacting Toronto Hydro regarding equipment placement has increased approximately 258 % since 2019.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-307

References: Exhibit 4, Tab 4, Schedule 2, OEB Appendix 2-K

QUESTION (A):

a) With respect to individual contributor positions, that is, those employees who have no direct reports, but whose employment is not covered by a collective agreement:
   i. What line item in Appendix 2-K has Toronto Hydro included them in?
   ii. What positions fall under this classification?
   iii. What were the actual FTEs for each year from 2020-2023?
   iv. What are the forecast FTEs for each year from 2024-2029?

RESPONSE (A):

Individual contributors are included in Appendix 2-K as non-Management (union and non-union). Positions that fall under the individual contributor category include: Administrator, Analyst, Associate, Clerk, Consultant, Coordinator, Counsel, and Specialist. Please refer to the appendix filed in 4-AMPCO-87 for the requested breakdown in sub-parts (iii) and (iv); individual contributors are categorized as Non-Union in that table.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-308

References: **Exhibit 4, Tab 4, Schedule 3, Page 6**

Exhibit 4, Tab 4, Schedule 2, OEB Appendix 2-K

EB-2018-0165 / THESL_Sch08 - Workforce Staffing and Compensation OEB Appendix 2-K_xlsx_20200121

Preamble:

In reference 1 Toronto Hydro states it "needs to expand its workforce by approximately 214 resources starting in 2024 through 2029 to meet the imperatives and objectives of its 2025-2029 investment plan".

Reference 3 is the Appendix 2-K submitted as part of the draft rate order in Toronto Hydro's last CIR application. It contains the forecast information for 2020. OEB staff have compiled the information both versions of Appendix 2-K in the table below.

	Forecast (EB-2018-0165)	Actual			Bridge		Forecast				
	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
FTE – Management	66	71	67	73	86	96	96	96	97	98	98
FTE – Non-Management	1393	1,250	1,136	1,154	1,221	1,367	1,435	1,477	1,499	1,519	1,532
FTE – Total	1459	1,321	1,203	1,227	1,307	1,463	1,531	1,572	1,596	1,617	1,631
FTE Management Change	-	5	-4	6	13	10	0	0	1	1	0
FTE Non-Management Change	-	-143	-114	18	67	146	68	42	22	20	13
% change FTE Management	-	7.9	-5.6	9.0	17.8	11.6	0.0	0.0	1.0	1.0	0.0
% change FTE non -Management	-	-10.3	-9.1	1.6	5.8	12.0	5.0	2.9	1.5	1.3	0.9
% change FTE Total	-	-9.4	-8.9	2.0	6.5	11.9	4.6	2.7	1.5	1.3	0.9
Non-Man / Man	21.2	17.6	17.0	15.8	14.2	14.2	14.9	15.4	15.5	15.5	15.6

QUESTION (A):

a) Please review and either verify or correct the information in the preamble.

RESPONSE (A):

Confirmed.

QUESTION (B):

b) Please confirm that and explain why, as shown in the preamble, almost half of the 214 hires required for the 2024-2029 period would occur in 2024.

RESPONSE (B):

As stated in Exhibit 4, Tab 1, Schedule 1 at pages 22-23:

> *As Toronto Hydro prepares to enter its next rate period, staffing levels are forecasted to grow by 25 percent over the 2024 through 2029 period. Due to the necessity of long lead time investments in human capital (see below), this growth is higher in the beginning years [i.e 2024 and 2025] and more gradual over the rest of the period, focused on scaling teams that require additional resources and expanded skills to plan, design and execute capital and operations work programs.*
>
> *Just as it takes years to build new transformer station or convert an area of the city served by legacy infrastructure to modern standards, human capital investments require long lead times, with the average employee undergoing two years training and development before becoming a fully competent contributor due to the specialized nature of the skills and experience required to work in this sector. For certain trades, it takes anywhere from four and a half to six and a half years to train a new certified and skilled tradesperson, plus a minimum additional one to two years to develop a new frontline leader post apprenticeship.*
>
> *Toronto Hydro often hires capable, but relatively inexperienced employees, with the intention to develop them in-house through on-the-job training and mentoring by tenured*

staff who can ensure effective knowledge and skill transfer to the next generation of employees.

In summary, hiring must be initiated in 2024 in order to have sufficient lead-time to recruit, onboard, train and develop employees into fully competent contributors capable of meeting customers' demands and delivering the 2025-2029 Investment Plan and its performance objectives. Without this hiring in 2024, Toronto Hydro may not have the staffing capacity and capabilities it needs in the outer years of the period. Please see Exhibit 4, Tab 4, Schedule 3, Table 1 at Pages 12 – 13 which speak to the workforce skill sets and capabilities required to support asset investment plans.

QUESTION (C):

c) Toronto states the non-management staff numbers decreased from the 2020 plan to 2021 actual largely due to impacts of the COVID-19 pandemic. Please confirm that non-management numbers at the end of 2024 are forecast to be below the plan numbers for 2020.

RESPONSE (C):

Confirmed, however it is important to contextualize and understand why non-management numbers at the end of 2024 are below the plan numbers for 2020. In the last rate application when the plan line for 2020 was established, Toronto Hydro forecasted certain retirement projections and associated hiring plans to replenish the aging workforce. Specifically, Toronto Hydro projected the retirement of 278 employees by the end of 2021.[1] Due to changing employee preferences arising out of the global COVID-19 pandemic, the actual retirements from 2018-2021 exceeded the projection by approximately 100 employees (see IR 4-AMPCO-83 for details). To put this in context, the utility experienced an increase of one-third more employees departing the organization earlier than planned, at a time during which it was also very challenging to hire and onboard new entrants due to (i) social distancing restrictions imposed by the pandemic and remote work considerations,

[1] Please see EB-2018-0165, Exhibit 4A, Tab 4A, Schedule 3 at page 20, Table 4.

and (ii) loss of experienced workers who are necessary to safely and efficiently train, develop and absorb new resources into the organization (e.g. maintaining the appropriate apprentice to qualified journeyperson ratios). During this challenging time of change and instability in the labour economy, Toronto Hydro also experienced higher than usual turnover rates for other (non-retirement) exits in certain groups, which places further pressure on non-management staffing levels. The staffing plan outlined in Exhibit 4, Tab 4, Schedule 4, reflects the practical consideration that the utility continues to recover from the workforce impacts of this unusual period of time.

QUESTION (D):

d) Please explain the requirement for a 48% increase in management employees from 2020 plan to 2024 forecast.

RESPONSE (D):

Please see response to 4-AMPCO-84 part (b) and (c).

QUESTION (E):

e) Please explain the reason for the non-management staff to management staff ratio has decreased from the 2020 plan to the 2024 bridge year and through the 2025-2029 forecast period.

RESPONSE (E):

Toronto Hydro does not derive span of control for Management FTEs by simply dividing the total Management FTEs into the total Non-management FTEs. Organization design considers a variety of factors and is not a “one size fits all” solution for each area of the company. Considerations include factors such as specialized knowledge, skills and competencies, key accountabilities for the position, process and management system ownership, level of influence, and the nature and complexity of the work executed by the team. For those areas of the organization with high volume, repeatable work tasks the ratio of management to non-management FTE’s is higher than in those areas executing more complex individualized knowledge work product. Thus, in our respectful view,

looking at top level ratios of management to non-management across an organization with the breadth and diversity of work and skills sets like Toronto Hydro, does not yield an appropriate assessment. A case-by-case consideration of these ratios is much more appropriate.

QUESTION (F):

f) How does Toronto Hydro intend to execute its significantly larger capital plan for the forecast period, compared to the historic period, with the proposed increase of non-management staff during the forecast period over 2020 levels?

RESPONSE (F):

Toronto Hydro's Staffing strategy is detailed in Exhibit 4, Tab 4, Schedule 3 at pages 22-31. Toronto Hydro utilizes a multi-pronged approach to build a flexible talent pool to enable efficient execution of its asset investment plans. Approaches include internal talent development, external hiring of both experienced resources and new graduates and outsourcing to third-party service providers. The resourcing approach for each program and segment is determined by factors such as the availability of resources (or service providers) in the external market, and the degree of specialized knowledge or skills required. Where external market resources are readily available, outsourcing will complement the hiring of internal capabilities to support the delivery of the work in programs such as Work Program Execution, Information Technology and Customer Care. In those areas where specialized knowledge of the utility's distribution system, assets and operations is required to drive and support investments the hiring and development of internal talent is a preferred strategy. Examples where this approach is leveraged include programs as Control Centre, Finance, Legal and Regulatory or Human Resources, Environment and Safety. In these areas, the utility requires a highly-skilled and capable pool of resources that must be developed internally.

QUESTION (G):

g) Please outline any projects THESL has, that Toronto Hydro is aware of, that will result in increased services from Toronto Hydro, such as LED conversion of streetlights.

RESPONSE (G):

Toronto Hydro is not aware of any projects that THESI has which would result in increased services from Toronto Hydro.

QUESTION (H):

h) What would be the impact be to the 2 management positions and approximately 100 non-management positions to be hired during the forecast period if there were reductions to capital budget for 2025-2029 of 10, 20 or 30%?

RESPONSE (H):

Toronto Hydro is unable to answer this question within the timelines for responding to interrogatories. The utility would need to undertake a planning exercise to assess and evaluate the workforce implications of a revised capital expenditures plan, along with appropriate considerations of other key parameters of an OEB decision.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-309

References: Exhibit 4, Tab 1, Schedule 1, Pages 32-33, 38
Exhibit 4, Tab 2, Schedule 9, Table 1, Table 3
Exhibit 4, Tab 2, Schedule 9, Section 5.1.2

Preamble:

Toronto Hydro has proposed an increase to its workforce plan, particularly in the area of System Planning, in part to support work related to the energy transition and electrification of its system, including its grid modernization plan, flexibility services, including integration of DERs and Non-Wires solutions.

QUESTION (A):

a) Please provide a table that shows the staffing levels in the system planning group during the current rate period and the proposed 2025-2029 rate period.

RESPONSE (A):

Table 1 below describes FTE staffing levels in the system planning group during the current rate period and the proposed 2025-2029 rate period.

Table 1: FTE Staffing Levels in System Planning – 2020 to 2029

Segment Name	Actuals			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
System Planning	62	70	81	82	98	105	115	119	120	120

QUESTION (B):

b) Please indicate the number of staff proposed to be dedicated to work related to the energy transition, the roles of the staff, a general description of their responsibilities, and salary levels for the roles.

RESPONSE (B):

Toronto Hydro cannot provide the requested breakdown as the System Planning program does not have a dedicated pool of resources allocated to energy transition. Over the next rate period, Toronto Hydro's system investment needs are growing and the challenges of system planning are becoming more complex due to energy transition and other interrelated drivers described in the evidence at Exhibit 2B. To deal effectively with these System Planning needs and challenges, Toronto Hydro must increase resourcing in this area by 38 FTEs over the next rate term, for the reasons that follow.

Increasing Capital Work Volume: By far the most significant driver of this increase is the general increase in capital work across the Growth, Sustainment, and Modernization programs (detailed throughout Exhibit 2B, Section E), driven in part, but not exclusively by, the energy transition. With an 47% increase in capital investment across the various system investment programs, there is a correlating need to scale-up the available pool of engineering and analyst resources who are responsible for studying the system, identifying projects, developing those projects into detailed scopes of work, and advising on changes to the projects as they move through design and execution. Toronto Hydro will also need greater support in the Records Management area to keep pace with the higher volume of changes in asset information related to the completion of incremental capital work. While none of these incremental positions will be "dedicated" to the energy transition, they will all be contributing to ensuring that Toronto Hydro is able to facilitate customers' increased and evolving use of electricity. They will be part of an expanded pool of resources dealing with a volume of work that is greater in part because of the demands of electrification, decarbonization, and Distributed Energy Resource ("DER") proliferation. Figure 1 in Exhibit 4, Tab 2, Schedule 9 shows the expected increase in the value of scopes of work and demand program expenditures (primarily customer connections and generation connections) in 2025-2029.

Grid Modernization and Continuous Improvement in Asset Management: The other driver of this increase is the need to adequately support the modernization efforts detailed throughout Toronto Hydro's DSP. Toronto Hydro has outlined various plans to accelerate its efforts to apply technology, innovation, and best practices to enhance the value derived from its assets ("asset performance")

and its Asset Management System ("asset management capabilities"). These efforts are broadly outlined in Exhibit 2B, Section D1.2.1.1, and further detailed within the utility's comprehensive Grid Modernization Strategy in Section D5. As discussed in the introduction to the strategy (D5.1), the decision to accelerate the modernization dimension of the utility's investment plan is driven in part by the realities of the energy transition.

As discussed in response to 2B-DRC-12, successful delivery of modernization and innovation efforts will depend in part on having the appropriate resources and skillsets. This will include creating sufficiently robust modernization, innovation, data governance and analytics functions, with a particular focus on building strategy implementation and change management competence that enables a sustained organizational focus on transformative activities efforts that go beyond day-to-day engineering and operations.

The System Planning function is one of the most critical areas in the organization where these incremental capabilities and skillsets are being developed, especially within the Integrated Planning & Grid Modernization functional area (discussed in Exhibit 4, Tab 2, Schedule 9, section 5.1.3.). This area will increasingly be responsible for supporting long-term change and transformation when it comes to grid planning and related asset management capabilities, and will be responsible for leading, facilitating and supporting necessary utility initiatives, including:

- Implementation and governance of the 2025-2029 Grid Modernization Strategy (Exhibit 2B, Section D5);
- Implementation and governance of the distribution system-related aspects of the Innovation Fund detailed in Exhibit 1B, Tab 4, Schedule 2;
- Development and implementation of the *Asset Analytics & Decision-making* element of the Grid Modernization Strategy (Section D5.2.3), including development of an Asset Management Capabilities roadmap, an Asset Information Strategy, implementation and enhancement of asset planning tools and frameworks, and development and implementation of advanced analytics to improve decision-making capacity and effectiveness;

- Direct support for the *Grid Readiness* element of Toronto Hydro's Grid Modernization Strategy (Section D5.2.2), including initiatives which involve innovation, analytics, and scenarios forecasting, such as the Hosting and Load Capacity Map initiative, GIS DER Asset Tracking, DER Management System ("Energy Centre") road-mapping and enhancements, AMI 2.0 analytics use case and benefits realization, Flexible Connections pilots, and the next iteration of strategic scenario-based load forecasting enhancements, including low-voltage level monitoring and forecasting of demand; and
- The ISO 55001 Alignment and Certification Project.

For more information on the functions performed by the System Planning segment, please refer to Exhibit 4, Tab 2, Schedule 9, section 5.

With respect to salary ranges, Toronto Hydro does not believe that the requested information is probative because this information does not provide an evaluative basis to assess whether the ranges are commensurate with position and the experience. That information is provided in the Mercer Non-Executive Compensation Study Exhibit 4A, Tab 4, Schedule 5, Non-executive Compensation and Benefits Review (Mercer Canada) which shows that Toronto Hydro's compensation strategy consistently yields costs (i.e. salary and wages) that are market-competitive at the 50th percentile within both the energy sector and general industry.

QUESTION (C):

c) Please discuss the need and identify the specific projects/tasks that the proposed new staff related to the energy transition and electrification (including grid modernization, DER integration and non-wires solutions) will be assigned over the 2025-2029 period.

RESPONSE (C):

Please see response to part (b). For details regarding the key investments and objectives related to the Toronto Hydro's modernization and growth efforts in preparation for the energy transition and increasing electrification, please refer to Exhibit 2B, Sections D1, D4, D5, E2, E3, E5, and E7.

QUESTION (D):

d) Has Toronto Hydro retained staffing with the required knowledge to deliver local and/or Province-Wide CDM programs (currently offered through the IESO) should policy change and local distribution companies be provided a path for greater program activity? If yes, please discuss how these staff have been incorporated into other business functions, and the ease with which they could manage additional responsibilities should they be required.

RESPONSE (D):

Toronto Hydro has retained the majority of the employees with required knowledge, skillsets and capabilities to support *non-rate regulated business activities* in accordance with the utility's Climate Action Plan.[1] These resources could be engaged to provide expertise should the need arise. However, incremental mandates for distributors to deliver local and/or Province-wide CDM programs (currently offered through the IESO) would have to come along with incremental funding to do this work, as these needs have not been factored into the 2025-2029 Investment Plan.

[1] Toronto Hydro, Climate Action Plan at pages 44-53: https://www.torontohydro.com/documents/20143/74105431/climate-action-plan.pdf/8fe4406c-7675-76a7-00c9-c0c4e58ae6df?t=1638298942820

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-310

References: Exhibit 4, Tab 5, Pages 2, 6-7

Exhibit 4, Tab 5, Appendix 2-N

Preamble:

OEB staff have compiled the following tables showing costs allocated from Toronto Hydro Corporation (THC) to Toronto Hydro-Electric Systems Limited (THESL), from the information in Appendix 2-N.

Table 4-1: Percent of Corporate Costs Allocated from THC to THESL

Year	Corporate Stewardship – Board of Directors	Corporate Stewardship – CEO	Finance Stewardship – CFO
2020	52%	52%	83%
2021	96%	96%	93%
2022	89%	90%	89%
2023	89%	89%	89%
2024	89%	89%	89%
2025	89%	89%	89%
2026	89%	89%	89%
2027	89%	89%	89%
2028	89%	89%	89%
2029	89%	89%	89%

Table 4-2: Amount Allocated from THC to THESL ($ 000)

Year	Corporate Stewardship Board of Directors	Corporate Stewardship CEO	Finance Stewardship CFO	Total
2020	170	2,580	1,100	3,850
2021	260	2,090	1,500	3,850
2022	250	2,950	1,390	4,590
2023	350	2,100	1,240	3,690
2024	360	2,170	1,540	4,070
2025	370	2,250	1,580	4,200
2026	380	2,330	1,630	4,340
2027	380	2,420	1,690	4,490
2028	390	2,500	1,740	4,630
2029	400	2,600	1,790	4,790

QUESTION (A):

a) Please review and either verify or correct the information in the preamble.

RESPONSE (A):

Toronto Hydro made a data entry error when populating "% of Corporate Costs Allocated" column for the year 2020 in OEB Appendix 2-N Shared Services and Corporate Cost Allocation (Exhibit 4, Tab 5, Schedule 2). Toronto Hydro has corrected and refiled OEB Appendix 2-N as an addendum to this interrogatory. Additionally, Toronto Hydro can confirm this error was isolated to the OEB Appendix 2-N, therefore no changes are required to any other shared services table such as those presented in OEB Appendix 2-H, and Exhibit 4, Tab 5, Schedule 1.

As a result of the aforementioned correction, Toronto Hydro has reproduced Table 4-1-1 with the corrected information whereas, OEB staff produced Table 4-2 is confirmed to be correct.

Table 4-1-1: Percent of Corporate Costs Allocated from THC to THESL

Year	Corporate Stewardship - Board of Directors	Corporate Stewardship - CEO	Finance Stewardship - CFO
2020	**96%**	**96%**	**83%**
2021	**96%**	**96%**	**93%**
2022	**89%**	**90%**	**89%**
2023	**89%**	**89%**	**89%**
2024	**89%**	**89%**	**89%**
2025	**89%**	**89%**	**89%**
2026	**89%**	**89%**	**89%**
2027	**89%**	**89%**	**89%**
2028	**89%**	**89%**	**89%**
2029	**89%**	**89%**	**89%**

QUESTION (B):

b) Reference 1 states "Toronto Hydro's shared services methodology has not changed since the utility's last rebasing application." Please explain why the Corporate Stewardship costs for the Board of Directors and CEO changed from 52% in 2020 to 89% in 2025.

RESPONSE (B):

Please see the response to part (a) above.

QUESTION (C):

c) Please explain what costs are captured in Corporate Stewardship - Board of Directors, Corporate Stewardship - CEO and Corporate Stewardship - CFO.

RESPONSE (C):

The services costs that are allocated from THC to Toronto Hydro mainly consist of: (i) board of director fees, (ii) compensation costs for THC employees including the CEO, the CFO and an executive assistant to the CEO, and (iii) legal and consulting fees related to corporate initiatives.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 4-STAFF-311

Reference: Exhibit 4, Tab 5, Schedule 1

QUESTION (A):

a) Please provide any third-party review of the corporate cost allocation methodology used for transactions between Toronto Hydro and any of its affiliates.

RESPONSE (A):

Toronto Hydro has not conducted any third-party review of the corporate cost allocation methodology used for transactions between Toronto Hydro and any of its affiliates. As noted in the evidence,[1] the utility's shared services methodology has not changed since the last rebasing application.

[1] Exhibit 4, Tab 5, Schedule 1, at p. 2-4.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-68

Reference: Exhibit 4, Tab 1, Schedule 1, Page 4

Please provide a copy of Toronto Hydro's resource plan.

RESPONSE:

Toronto Hydro's resource plan is described in Exhibit 4, Tab 4, Schedule 3, Table 1 (pages 12-13) and Section 3 (pages 13-22). Table 1 outlines the requisite skillsets and job types and Section 3 outlines the resourcing levels the utility needs to: (i) deliver its work programs safely, reliably and efficiently, and (ii) achieve the performance outcomes that customers need and stakeholders value as outlined in Exhibit 1B, Tab 3, Schedules 1 and 2.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-69

Reference: Exhibit 4, Tab 1, Schedule 1, Page 10

QUESTION:

The evidence states "Managing workforce-related costs downwards to live within a standard IRM funding paradigm would entail a reduction to Toronto Hydro's overall staffing complement of up to 200 resources by the end of the rate period, putting total FTEs below 2015 levels.

Please provide the details of this calculation.

RESPONSE:

Please refer to Toronto Hydro's response to interrogatory 4-VECC-57.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-70

Reference: Exhibit 4, Tab 1, Schedule 1, Page 15

With respect to Figure 3, Toronto Hydro indicates it spends considerably less OM&A relative to capital in comparison to the peer group, in many years showing an OM&A-to-CAPEX ratio of less than half that of the peer group.

Please provide an explanation for this variance.

RESPONSE:

As stated on page 14 of Exhibit 4, Tab 1, Schedule 1, it is Toronto Hydro's assertion that it "(i) has a lean workforce compared to its Ontario peers and (ii) is a strong OM&A cost performer compared to other large and mid-sized distributors in the province". The specific drivers of the variance noted will be a reflection of each utility's investment needs, workforce decisions, and other relevant cost factors; detailed data which is not readily available to Toronto Hydro.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-71

REFERENCES: Exhibit 4, Tab 1, Schedule 1, p. 15

QUESTION:

With respect to Figure 5, Toronto Hydro has a considerably lower FTE per $1 million in capital expenditures relative to the peer group, staffing an average of 2.86 FTE per $1 million in capital expenditure, compared to an average of 7.5 FTE for the peer group.

Please provide an explanation for this variance.

RESPONSE:

Toronto Hydro does not have the utility-specific data regarding other members of the peer group necessary to explain this variance, but presumes that variance is in part attributable to Toronto Hydro having a comparatively lower staffing complement than the peer group average.[1] This presumption is supported by the other per FTE metrics in the referenced evidence.

[1] Exhibit 4, Tab 1, Schedule 1, p.14

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-72

Reference : Exhibit 4, Tab 1, Schedule 1, Page 18-19

Please provide Figures 8, 9 and 10 for the years 2023 to 2029.

RESPONSE:

Toronto Hydro cannot provide versions of these figures inclusive of the peer group past 2022 (the most recent year for which RRR data is available), as it does not have forecast data pertaining to other utilities. For Toronto Hydro, these figures extended to 2029 can be found at the following references:

- FTE per 1,000 Customers: 1B-CCC-14
- OM&A per Customer: Exhibit 4, Tab 1, Schedule 1, page 12
- MWh per Customer: 4-CCMBC-14

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-73

Reference: Exhibit 4, Tab 1, Schedule 1, Page 22

For each of the years 2020-2024, please provide the staffing levels projected in the 2020-2024 rate application.

RESPONSE:

The 2020 forecast of 1459 FTEs is reflected in the updated Appendix 2-K filed with the 2020 Draft Rate Order (EB-2018-0165). Toronto Hydro did not have a forecast of staffing levels for 2021-24 and cannot create one by applying the I-X calculation.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-74

References: Exhibit 4, Tab 1, Schedule 1, Pages 32-50

AMPCO calculates the change in FTEs allocated to the Major Programs and Functions between the end of 2022 and the end of 2029 as follows:

# FTEs	End of 2022	End of 2029	Variance
Internal Work Execution	360	421	61
External Work Execution	69	120	51
System Planning	85	116	31
Information Technology	107	126	19
Control Centre Operations	85	118	33
Customer Care	106	147	41
Corporate Services	233	263	30
Total	1,045	1,311	266

Figure 11 on page 20 shows 1631 Total FTEs in 2029 compared to 1227 at the end of 2022, an increase of 404 FTEs.

Please provide the allocation of the 138 incremental FTEs (404-266) not allocated to the Major Program and Functions in the above table.

RESPONSE:

Please see response to interrogatory 4-SEC-92 a).

Included below are specific program segments requested.

1 **Table 1: FTE Allocation for Specified Program Segments**

Specified Program Segments	End of 2022	End of 2029	Variance
Asset and Program Management - System Planning	81	120	39
Work Program Execution - Internal	353	424	71
Work Program Execution - External	67	120	53

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-75

References: Exhibit 4, Tab 1, Schedule 1, Page 50

Preamble:

With respect to Corrective Work Requests, Toronto Hydro uses a prioritization framework that classifies asset deficiencies into four categories (P1, P2, P3, P4) depending upon the urgency/severity of the deficiency.

QUESTION (A):

a) Please complete the following Table:

# of Deficiencies	2018	2019	2020	2021	2022	2023
P1						
P2						
P3						
P4						

RESPONSE (A):

Please see Table 1 below.

Table 1: Number of Deficiencies by Priority Category

# of Deficiencies	2018*	2019	2020	2021	2022	2023
P1	-	671	668	625	737	507
P2	-	1,936	2,442	2,512	2,269	2,548
P3	-	3,954	3,390	7,190	8,701	10,019
P4	-	6,600	5,763	7,849	13,367	8,044

*2018 data is excluded due to the transition to SAP that occurred during that year.

QUESTION (B):

b) Please provide the same table in part a) on the basis of deficiencies not addressed at the end of each year.

RESPONSE (B):

Please see Table 2 below.

Table 2: Number of Deficiencies by Priority Category Not Addressed at End of Year

# of Deficiencies	2018*	2019	2020	2021	2022	2023
P1	-	0	0	0	0	0
P2	-	1	62	5	3	15
P3	-	388	1,192	4,627	5,914	8,873
P4	-	6,600	5,763	7,849	13,367	8,044

*2018 data is excluded due to the transition to SAP that occurred during that year.

QUESTION (C):

c) Please complete the following Table:

# of Deficiencies Allocated to:	2018	2019	2020	2021	2022	2023
Overhead						
Underground						
Stations						
Network						
Other						

RESPONSE (C):

Please see Table 3 below.

Table 3: Allocation of Deficiencies by System

# of Deficiencies Allocated to:	2018	2019	2020	2021	2022	2023
Overhead	-	2,206	2,297	1,976	3,597	1,703
Underground	-	9,155	8,277	13,437	17,151	15,111
Stations	-	766	664	699	978	963
Network	-	1,034	1,025	2,064	3,348	3,341
Other	-	All deficiencies are included above				

*2018 data is excluded due to the transition to SAP that occurred during that year.

QUESTION (D):

d) Please complete the following Table:

# of Deficiencies Allocated to:	2018	2019	2020	2021	2022	2023
Corrective Maintenance						
Reactive Capital						

RESPONSE (D):

Please see Table 4 below.

Table 4: Allocation of Deficiencies to Reactive Capital and Corrective Maintenance

# of Deficiencies Allocated to:	2018*	2019	2020	2021	2022	2023
Reactive Capital	-	1,990	1,644	1,033	1,307	783
Corrective Maintenance	-	13,161	12,263	18,176	25,074	21,118

*2018 data is excluded due to the transition to SAP that occurred during that year.

QUESTION (E):

e) Please complete the following Table:

# of Deficiencies Allocated to:	2018	2019	2020	2021	2022	2023
Horseshoe						
Downtown						

RESPONSE (E):

Please see Table 5 below.

Table 5: Corrective Maintenance Deficiencies Allocated to Downtown and Horseshoe

# of Deficiencies Allocated to	**2018***	**2019**	**2020**	**2021**	**2022**	**2023**
Downtown	-	3,134	3,268	6,076	10,237	7,950
Horseshoe	-	10,027	8,995	12,100	14,837	13,168

*2018 data is excluded due to the transition to SAP that occurred during that year.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-76

References: Exhibit 4, Tab 2, Schedule 1, Page 7

For the Overhead Line Patrol segment, starting in 2019 Toronto Hydro has tracked the exact number of kilometers of overhead distribution patrolled each year in order to ensure it is more accurately charged for areas patrolled.

Please provide the number of kilometres patrolled for each of the years 2019 to 2029 (actual & forecast).

RESPONSE:

Please see Table 1 below for 2019-2023 actual and 2024-2029 forecasts of the number of kilometres of overhead distribution patrolled.

Table 1: Actual (2019-2023) and Forecast (2024-2029) Overhead Distribution Line Patrolled

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Overhead Line Patrol (km)	2,928	2,169	3,962	2,922	2,165	3,962	2,922	2,165	3,962	2,922	2,165

The forecasts are based on historical actuals and do not take into consideration changes to the overhead distribution system.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-77

Reference: Exhibit 4, Tab 2, Schedule 1, Page 12

Figure 2 provides data for wood poles in HI4 & HI5 from 2020-2022. Please add 2023 to Figure 2.

RESPONSE:

Please see Figure 1 below.

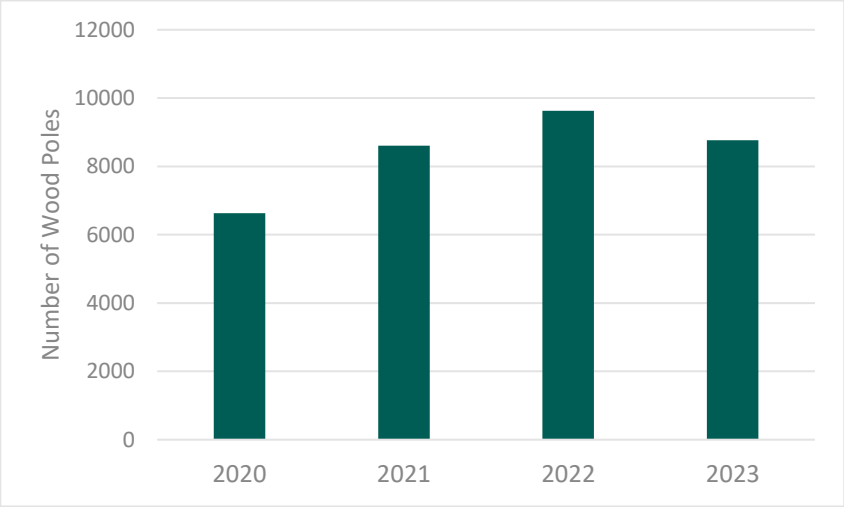


Figure 1: Wood Poles in HI4 & HI5 from 2020-2023

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-78

Reference: Exhibit 4, Tab 2, Schedule 5, Page 3

The Emergency Response Program includes funding for Storm and Major Event Restoration.

Please provide the spending for each of the years 2020 to 2023 and the forecast for 2025-2029.

RESPONSE:

Please see the table below.

Table 1: Storm and Major Event Restoration Costs

	Actual				Forecast					
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Storm & Major Event Restoration Costs ($ million)	2.0	1.4	3.0	0.9	3.2	3.4	3.5	3.6	3.6	3.7

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-79

Reference: Exhibit 4, Tab 2, Schedule 2, Page 31

Figure 19 shows cable diagnostic testing deficiencies identified between 2021 and 2022.

Please provide the number of deficiencies for transformer, switchgear, accessory and other for each of the years 2020 to 2023.

Please explain what equipment is included in "Other".

RESPONSE:

Please see Table 1 below for the breakdown of deficiencies reported from cable diagnostic testing performed over 2020 to 2023.

Table 1: Cable Diagnostic Testing Deficiencies Identified 2020-2023

Asset Class	2020	2021	2022	2023
Transformer	-	2	1	-
Switchgear	-	4	1	3
Accessory	2	16	26	20
Other	-	14	8	10
Cable Segments[1]	-	5	15	47
Total	**2**	**41**	**51**	**80**

The "Other" category includes deficiencies pertaining to grounding apparatus, faulted circuit indicators, lid bolts, switches and transformers requiring CO_2 washing, low SF_6 gas for switchgear, bollards, and nomenclature.

[1] This category includes longer term actions required for cable segments – either planned capital replacements or future testing to monitor condition.

Toronto Hydro notes that in 2020 there was limited activity as it was in the early stages of cable diagnostic testing and started to ramp-up in January 2021.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-80

References: **Exhibit 4, Tab 2, Schedule 16, page. 14: "Internal audit provides independent and objective reporting to Toronto Hydro Corporation's Audit Committee and management through operational, compliance, and performance audits. "**

QUESITON (A) :

a) Please provide the current internal Audit Plan for 2024-2029.

RESPONSE (A):

Toronto Hydro plans internal audits in terms of three-year cycles and assesses its internal audits annually. The audits to be performed in 2027-2029 will be added to the three-year cycle in due course. Please refer to the table below.

2024 Reviews	2025 Reviews	2026 Reviews
Customer Connections, Financial Processes	Customer Billing, Post CC&B System Upgrade	Distribution Asset Management
Asset Removal and Derecognition Process	Contract Management Process	Sole Source and Time and Material Contracts
Inventory and Warehousing, Post System Upgrade	Customer Connection, Operational Processes	Meter Data Processing Systems
Construction, Change Order Process	Entity Level Controls Review	Regulatory Reporting, Financial Processes
Employee Reimbursement, Post System Upgrade	Executive Travel and Expense	Employee Reimbursement
Duplicate Invoice Review	Duplicate Invoice Review	Duplicate Invoice Review
Fraud Risk Assessment	Fraud Risk Assessment	Fraud Risk Assessment
Information Technology General Controls	Information Technology General Controls	Information Technology General Controls

2024 Reviews	2025 Reviews	2026 Reviews
Cyber Security, External Perimeter Controls	SAP Security	Cyber Security, Smart Grid Devices
Cyber Security, OEB Compliance	Cyber Security, Grid Operational Technology	Cyber Security, Data Loss Prevention
Cyber Security, Incident Response Process	ESG Disclosure Processes and Controls	Cyber Security, NIST Compliance
Misc. Accounts Receivable, Reaudit & Advisory	ESG Disclosure Processes and Controls	ESG Disclosure Processes and Controls
Customer Billing, Post CC&B System Upgrade (Internal Control Advisory)		

QUESTION (B) :

b) Please provide a list of any external audits undertaken over 2020-2024 with respect to Toronto Hydro.

RESPONSE (B):

Please see the table below.

Auditing Entity/Organization	Topic	Date
City of Toronto Auditor General	Cyber Security Audit	2024
Comtech Group	Program/Project Management Office Best Practices Assessment	2021-2022
Critical Infrastructure Directorate of Public Safety Canada	Regional Resilience Assessment Program ("RRAP")	2019-2020
Electrical Safety Authority (ESA)	Annual Audit and Declaration of Compliance under O. Reg. 22/04	2020-2024 (annual)
IESO	Annual Metering Installation Audits	2020-2023 (annual)
IESO	CDM Conservation First Framework Compliance Audit	2023-2024
KPMG	Annual Audit and Quarterly Reviews of Financial Statements	2020-2024
Measurement Canada	Market Monitoring Installation Inspection	2024
Ontario Energy Board	Inspection of Power and Global Adjustment DVAs	2019-2020
Ontario Ministry of Finance	Income tax returns (2015-2019)	2020-2024
Ontario Ministry of Finance	Ontario Rebate for Electricity Consumers ("OREC") and Ontario Electricity Support Program ("OESP") Audits	2021-2024
Validation Estimating	Project Variance Analysis Process Review	2022
Workplace Safety and Insurance Board ("WSIB")	Claim Suppression Audit	2023

1

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-81

Reference: Exhibit 4, Tab 4, Schedule 1, Page 8

From 2019 to 2023 year-to-date, newly hired employees were brought into their roles at an average of 87 percent of the salary grade.

Please provide Toronto Hydro's assumptions in the 2025-2029 budget with respect to placement in salary grades, i.e. does Toronto Hydro include 100% of salary grades for all positions in the compensation budget?

RESPONSE:

Toronto Hydro 2025-2029 budget assumptions with respect to placement in salary grades is 90% for management and non-union management. Starting wage rate is used for unionized non-management positions.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-082

Reference: Exhibit 4A, Tab 4. Schedule 3, Page 27

QUESTION (A):

a) Please complete the following Table:

OM&A Outsourcing	2020	2021	2022	2023	2024
Forecast $					
Actual $					
% OMA Outsourced					

RESPONSE (A):

In EB-2018-0165, the OEB approved the 2020 OM&A test year on an envelope basis.[1] As such, Toronto Hydro does not have an OEB-approved forecast against which to measure its actuals. Please refer to the table below for historical actuals (2020-2022) and bridge year forecasts (2023-2024).

Table 1: OM&A Outsourcing (in $ millions)

	Actual				Bridge
	2020	**2021**	**2022**	**2023**	**2024**
Outsourced OM&A	118.7	134.9	139.2	146.0	151.0
% Of OM&A Outsourced	41.2%	48.6%	49.6%	49.6%	47.1%

QUESTION (B) AND (C):

b) Please summarize the work activities outsourced over 2020-2024.

c) Please summarize the work activities to be outsourced over 2025-2029.

[1] EB-2018-0165 - Decision and Order (December 19, 2019) at page 140

RESPONSE (B) AND (C):

Outsourced activities over the 2020-2024 and 2025-2029 include functions as capital and maintenance work, customer care operations, information technology support, fleet and equipment services and facilities management. Outsourcing in these areas is based on considerations including: (i) the need to maintain flexibility to scale work in times of peak demand, (ii) the ability to rely on external service providers to conduct repeatable high-volume work processes effectively and efficiently, and (ii) gaining access to particular expertise and knowledge that is not available and cannot be readily developed in-house.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-83

Reference: Exhibit 4, Tab 4

Please provide Toronto Hydro Retirement Actuals and Projections for the years 2018 to 2029.

RESPONSE:

Please see Table 1.

Table 1: Toronto Hydro Retirement Actuals and Projections for 2018 to 2029

Actuals						Projection					
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
72	71	117	119	22	17	41	17	19	9	4	7

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-84

Reference: Appendix 2-K

Please recast Appendix 2-K with the following:

QUESTION (A):

a) Please breakout Management, Executive, Union and Non-Union Separately.

RESPONSE (A):

Please see 4-AMPCO-84 Appendix A

QUESTIONS (B) AND (C):

b) Please explain the variance in Executive positions between 2020 (71) and 2023 (86).

c) Please explain the variance in Executive positions between 2023 (86) and 2024 (96).

RESPONSES (B) AND (C):

Toronto Hydro would like to clarify that the noted variances refers to Management (including executive).

After nearly a decade of managing with a headcount plan that is essentially flat, this workforce segment was not an exception. From 2015 through 2021, senior management capacity was right-sized by growing existing portfolios to adapt to additional demand for changing systems, processes and technologies.

In 2022, given the criticality of the segment, it was no longer a viable strategy to continue to stretch the existing senior management complement to absorb the emerging work capacity. The organization needed to build its resourcing capacity and capabilities to sustain the foundations of a safe and reliable grid and meet the imperatives of an urban city and customers who are increasingly relying on electricity to expand, digitize and decarbonize their footprint. Positions within this segment had become over-extended as new capabilities were required to achieve the utility's objectives in a complex, highly specialized and regulated environment.

In 2022, as first step, new leadership positions were added within the senior management segment, across the organization to improve the effectiveness of the senior leadership team to lead, and initiate talent processes to hire, onboard, train and develop the talent required for the 2023-2029 period. For more information, please see Exhibit 4, Tab 4, Schedule 3 at Page 21-22.

The variance between 2023 and 2024 cited in Appendix 2-K is largely explained by the difference in the headcount budgeting assumption for 2023 hires which are not budgeted at a full FTE in the year of hire.

QUESTION (D):

d) Please define part-time.

RESPONSE (D):

A part-time employee is employed to work 24 hours per week or less.

QUESTION (E):

e) Please provide the number of part-time FTEs included in the total number of employees by year.

RESPONSE (E):

There are 3 part-time FTEs included in each year of Appendix 2-K.

QUESTIONS (F) – (H):

f) Please provide a breakdown of Salary, Overtime and Incentive Pay separately.

g) Please update for 2023 Actuals.

h) Please provide the compensation costs allocated to OMA and Capital by year in Appendix 2-K.

i) Please provide an excel version of Appendix 2-K including a), f), g) and h).

RESPONSES (F) – (H):

Please see 4-AMPCO-84 Appendix A.

QUESTION (J) :

j) Please discuss if overtime hours are converted into FTEs and included in the FTE totals.

RESPONSE (J):

Overtime hours are not converted into FTEs or included in the FTE totals.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-85

QUESTION (A):

a) Please complete the following Table:

Overtime (OT)	2020	2021	2022	2023	2024
OEB Approved $					
Actual $					
Forecast Hours					
Actual Hours					

RESPONSE (A):

Please refer to the table below for overtime actuals. Toronto Hydro does not have overtime forecast hours to compare to actuals.

Table 1: Overtime Actuals

Overtime (OT)	**2020**	**2021**	**2022**	**2023**
Actual ($ million)	$10.4	$10.0	$11.2	$12.1
Actual Hours	115,770	106,516	112,793	116,585

QUESTION (B):

b) Please complete the following Table:

Overtime (OT)	2025	2026	2027	2028	2029
Forecast Hours					

RESPONSE (B):

Toronto Hydro cannot provide the requested information for 2025-2029 because it forecasts overtime by historical cost, rather than by hours.

QUESTION (C):

c) Please provide the total hours worked (actuals/projections) excluding overtime in each of the years 2020 to 2029.

RESPONSE (C):

See table below for total hours worked (actuals) excluding overtime from 2020 to 2023 (in millions of hours

Table 2: Total Hours Worked (Actuals)(excl Overtime from 2020-2023)

2020 Actual Hours (M)	2021 Actual Hours (M)	2022 Actual Hours (M)	2023 Actual Hours (M)
2.08	1.89	1.89	2.00

Toronto Hydro does not forecast the number of hours worked, and therefore cannot provide the requested information for 2024-2029.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-86

QUESTION (A):

a) Please provide vacancy data (calculated FTEs and $) for each of the years 2020 to 2024 (YTD actuals).

RESPONSE (A):

Please refer to Toronto Hydro's response to interrogatory 4-SEC-111.

QUESTION (B):

b) Please provide the current number of vacancies.

RESPONSE (B):

It is Toronto Hydro's position that it is too early to comment on the number of vacancies for 2024. Toronto Hydro will undertake to provide the requested information at the Technical Conference.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-87

Reference: Exhibit 4, Tab 4, Schedule 1, Page 7

Total cash compensation costs include base salary wages, overtime and incentive payments.

QUESTION (A) :

a) Please identify which employee groups are not eligible for incentive payments.

RESPONSE (A):

Employees represented by the Power Workers' Union do not have incentive payments as part of their total cash compensation package. Fixed-term contracts employees, part-time employees and students are not typically eligible for incentive payments.

QUESTION (B) :

b) For each of the years 2020-2024, please provide the forecast and actual incentive payments paid.

RESPONSE (B):

Please refer to 4-AMPCO-84 part (f)

QUESTION (C) :

c) Please discuss any changes in the Incentive Pay Program since 2020.

RESPONSE (C):

Toronto Hydro regularly reviews its variable performance pay programs to ensure targets remain market-competitive and the program continues to retain, motivate and reward employees for

achieving performance objectives. Based on its market-reviews, Toronto Hydro recently implemented a Long-Term Incentive Plan (LTIP) for its executive leaders in order to maintain retention and better align the incentive program with relevant market comparators. The LTIP is a three-year based incentive and will commence measurement in 2024.

QUESTION (D) :

d) Please provide Toronto Hydro's assumptions regarding achievement of incentive payments for 2025-2029 as it relates to forecast compensation costs.

RESPONSE (D):

Toronto Hydro forecasts incentive payments by workforce category (as broken down in AMPCO-84-part a) using the applicable ratios of incentive pay target to base salaries for each category. For example, for the non-union non-management category, which represents the largest pool of employees eligible for incentive pay, incentive pay targets as a percentage of base pay range from 6% to 15%. For 2025-2029 Toronto Hydro assumed that incentive pay targets and achievements for each category will be consistent with historical results and remain stable throughout the period.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-088

Reference: Exhibit 4, Tab 4, Schedule 3, Page. 25

Table 2 provides Training and Development Programs for 2020-2022. Please provide training costs for the years 2020 to 2029.

RESPONSE:

The costs associated with the administration of the Training and Sustainability department, which includes the costs to procure or build programs, manage the overall training plan, schedule courses and instructors and conduct training, including the costs associated with the apprentice time and materials , while at the Trades School, are captured below. Administrative and support costs for the portion of Toronto Hydro's capital and maintenance program executed by apprentices as part of their placement within Operations as part of their growth and development is captured as part of internal work execution. See Exhibit 4, Tab 2, Schedule 10, page 3.

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Training and Development	$5.6M	$7.1M	$6.1M	$8.1M	$8.5M	$8.9M	$9.2M	$9.3M	$9.6M	$9.9M

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-89

QUESTION (A):

a) For the period 2020-2024, please provide a list of one-time expenses.

RESPONSE (A):

Toronto Hydro is unable to answer this question because it is unclear as to what information is being requested.

QUESTION (B):

b) Please provide a list of one-time expenses for 2025-2029.

RESPONSE (B):

Toronto Hydro is unable to answer this question because it is unclear as to what information is being requested.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-90

Please complete the following Table:

	Formula	2020	2021	2022	2023
Retention Rate %					
Turnover Rate %					
Absenteeism Rate %					
Attrition Rate %					
Internal Hires %					

RESPONSE:

Please see Table 1 below.

Table 1: Metrics re Retention, Turnover, Absenteeism, Attrition and Internal Hires

	Formula	2020	2021	2022	2023
Retention Rate %	# of full time new hires in the year still employed at the end of the year / # full time new hires in the year	96.4%	92.3%	92.5%	92.8%
Turnover Rate %	# of full time voluntary exits / full time headcount at the start of the year	3.21%	5.86%	9.6%	7.3%
Absenteeism Rate	average number of days absence full time employees	3.48	2.92	3.70	3.12
Attrition Rate %	# of full time exits / full time headcount at the start of the year	13.4%	17.4%	12.9%	9.6%
Internal Hires %	# of full time job changes / (# of full time job changes + # of full time external new hires)	39%	39%	33%	38%

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-91

References: EB-2018-0165, Exhibit 4, Tab 2, Schedule 1, Page 29

Preamble:

On average, Toronto Hydro pruned 1,628 circuit kilometres and approximately 53,000 trees annually between 2015 and 2017.

QUESTION (A):

a) Please provide the circuit km pruned for each of the years 2018 to 2023.

RESPONSE:

Please see Table 1 below for the number of kilometers trimmed during the period 2018-2023.

Table 1: Number of km Trimmed per Year 2018-2023

	2018	2019	2020	2021	2022	2023
Number of km Trimmed	1,364	1,244	1234	1,402	1,560	1,248

QUESTION (B):

b) Please provide the number of trees pruned for each of the years 2028 to 2023.

RESPONSE (B):

Please see Table 2 below for the number of trees trimmed during the period 2018-2023.

Table 2: Number of Trees Trimmed per Year 2018-2023

	2018	2019	2020	2021	2022	2023
Number of Trees Trimmed	49,813	48,945	29,215	40,383	70,920	73,317

QUESTION (C):

c) Please provide a map of Toronto Hydro's current vegetation management cycles.

RESPONSE (C):

Toronto Hydro's vegetation management cycle operates on an annual basis and feeder cycles are selected depending on emergent concerns such as reliability as described in Exhibit 4, Tab 2, Schedule 1 at page 30. The map in Figure 1 below represents years since each feeder was last trimmed as of 2023 year-end.

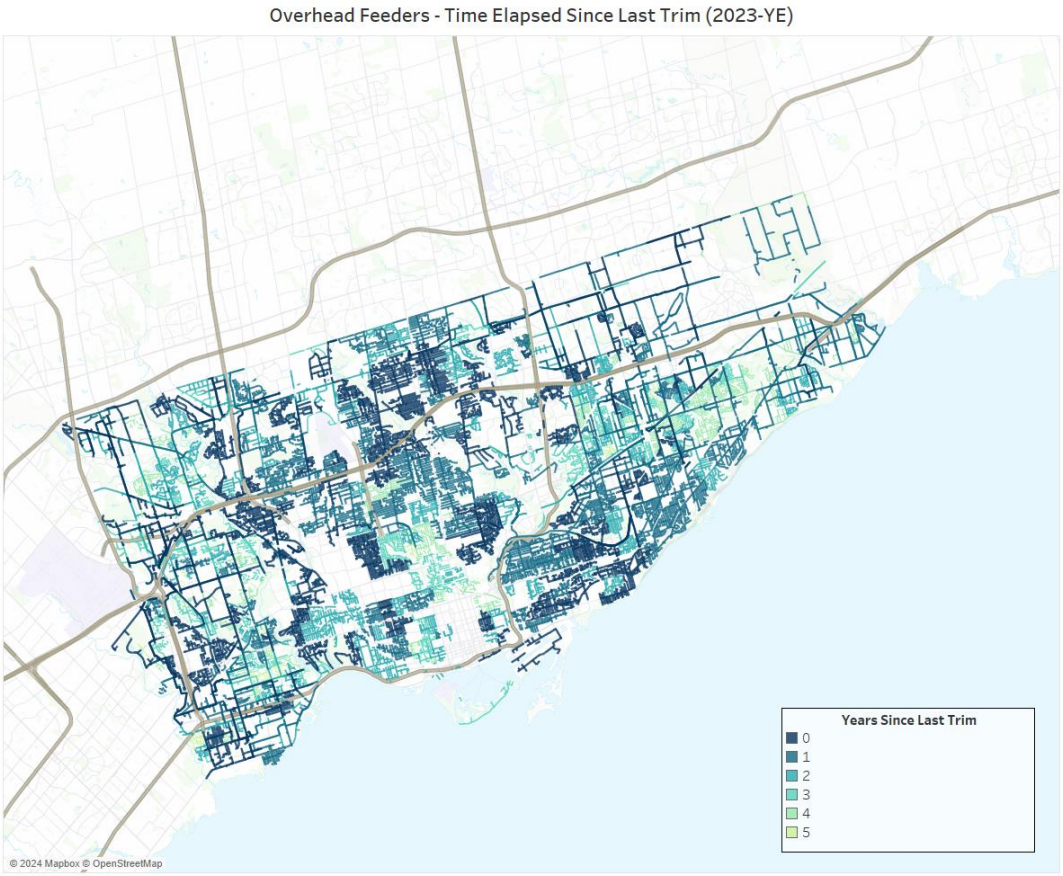


Figure 1: Map of Feeder Cycles (Time Since Last Trim)

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-92

Reference: EB-2018-0165 Exhibit 4A, Tab 2, Schedule 7, Page 16

Table 4 provides historical control centre work volumes for 2013 to 2017.

Please provide the same table for the years 2018 to 2023.

RESPONSE:

The table below provides historical control centre work volumes for the years 2018 to 2023:

	2018	2019	2020	2021	2022	2023
Total Order to Operate ("OTO") Steps	231707	229702	251904	262679	252615	260603
Executed OTOs	4341	3680	4175	6956	6560	7863
Hold Offs	18464	21795	21396	21465	20117	21162

For clarity:

- "Total Order to Operate Steps" includes the total number of switching steps prepared as part of a planned or unplanned switching order during the year.
- "Executed OTOs" includes the total number of planned and unplanned switching orders executed during the year.
- "Hold Offs" includes the total number of planned and unplanned Hold Offs issued by the Control Authority during the year.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-93

Reference: EB-2018-0165, Exhibit 4A, Tab 2, Schedule 9, Page 17

Figure 2 provides the number of deficiencies processed for the years 2015 to 2020.

Please provide the same data for the years 2020 to 2023 and include the numerical values in the bar chart.

RESPONSE:

Please see Figure 1 below.

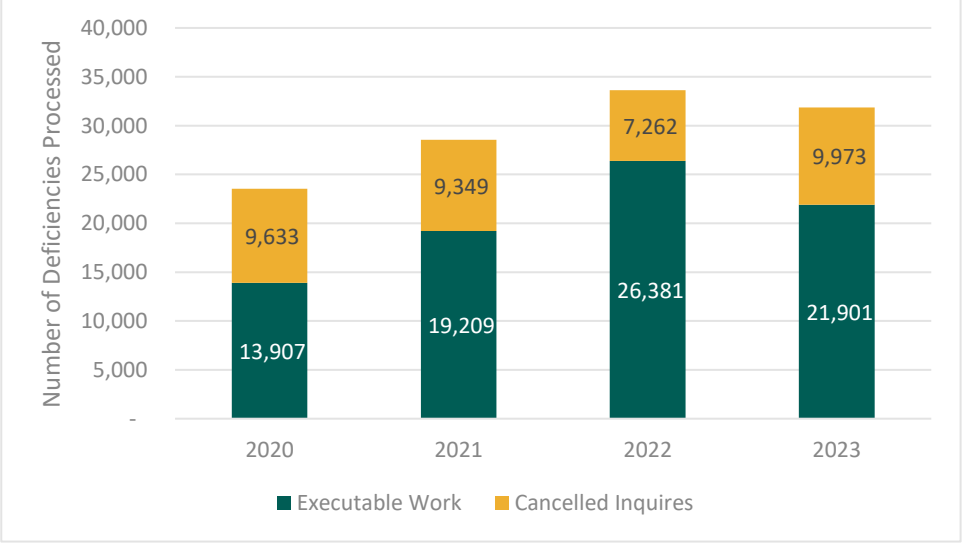


Figure 1: Number of Deficiencies Processed from 2020 to 2023

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-94

Reference: EB-2018-0165, Exhibit 4A, Tab 2, Schedule 9, Page 19

When Toronto Hydro installs new assets on its distribution system on a planned or reactive basis, key data management systems must be updated based on relevant installation and inspection records. Figure 3 shows the historical and projected trend in the number of equipment change-outs processed and forecasted to be processed through the above systems for the years 2015 to 2020.

Please provide the same Figure with data for the years 2020 to 2023 and include the numerical values in the Figure.

RESPONSE:

Please see Figure 1 and Table 1 below.

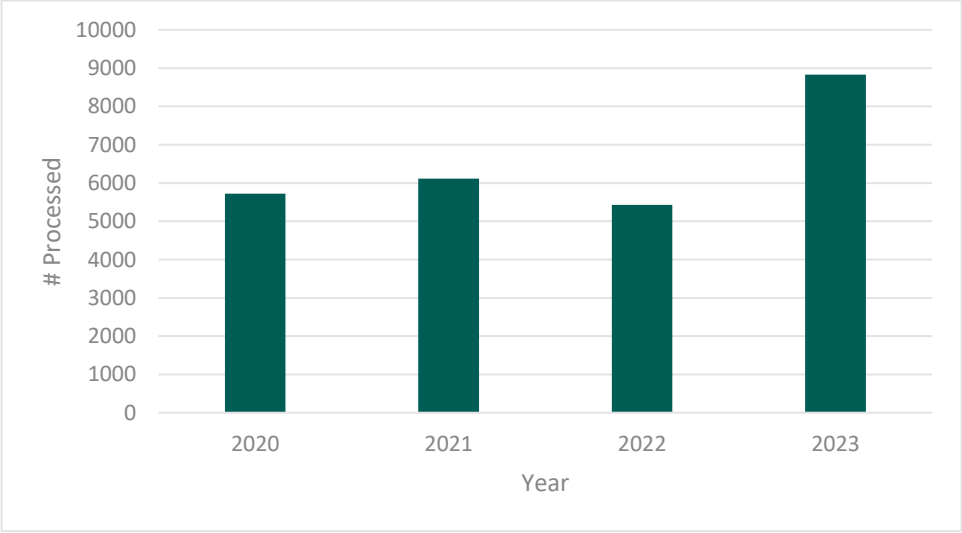


Figure 1: Equipment Change Out Forms Processed

Table 1: Number of Equipment Change-Out Forms Processed 2020-2023

	2020	2021	2022	2023
# Processed	5,724	6,115	5,427	8,830

The total number of Equipment Change Out Forms ("ECFs") processed may vary year to year and is a lagging indicator for equipment updates as ECFs will be returned after a project is completed. In addition, Toronto Hydro notes that ECFs do not capture linear assets.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-095

References: EB-2018-0165, Exhibit 4A, Tab 4, Schedule 3, Page 10

From 2013 to 2017, THRESL had a 32 percent improvement in corporate attendance, from 5.23 days in 2013 to 3.54 days in 2017.

QUESTION:

Please provide corporate attendance in days for each of the years 2018 to 2023.

RESPONSE:

Corporate attendance in days over this period was as follows:

Table 1: 2018-2023 Corporate Attendance (Days)

	2018	2019	2020	2021	2022	2023
Corporate Attendance (Days)	3.77	3.77	3.48	2.92	3.70	3.12

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-96

Reference: Exhibit 9, Tab 1, Schedule 1, Page 29

QUESTION (A) - (B):

a) Please provide the calculations for Actual Historic & Forecast Bridge Capital-Related Revenue Requirement for each of the years 2020-2024.

b) Please explain what is included under other adjustments.

RESPONSE (A) - (B):

The calculation of the Actual/Bridge Capital-Related revenue requirement is as shown in Table 1 below.

Table 1: Calculation of Actual/Bridge Capital-Related Revenue Requirement ($ Millions)

	2020	2021	2022	2023	2024	2020-2024
ROE	154.5	159.3	167.2	177.0	190.7	848.8
Deemed Interest	99.0	102.1	107.2	113.5	122.2	544.0
Depreciation	261.0	274.7	287.0	257.0	270.6	1,350.3
PILS	18.0	22.1	25.0	5.7	9.0	79.7
Total	**532.5**	**558.1**	**586.4**	**553.2**	**592.6**	**2,822.8**

The Other Adjustments line relates to revenue requirement variances due to rate base variances that are not associated with 2020-2024 In-Service Additions, Derecognition, or the Externally Driven Capital Variance Accounts. Given the complexity of the several factors that can impact the revenue requirement (e.g. 2020 approved compared to actual rate base, other changes in rate base unrelated to in-service additions such as disposal of property) the revenue requirement impact from each of these cannot be discretely presented.

RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO INTERROGATORIES

INTERROGATORY 4-AMPCO-97

References: EB-2018-0165, Decision, Page 195

Preamble:

The CRRRVA records the variance between the capital-related revenue requirement included in rates and the actual capital-related revenue requirement (excluding balances captured in the Externally Driven Capital and Derecognition variance accounts).

The OEB finds merit in better understanding the program level details that cause variances in overall capital spending as proposed by VECC. The approach offered by Toronto Hydro to require it to report on in-service additions by investment category for the 2020-2024 period at the time of its next rebasing is approved.

QUESTION (A):

a) Please provide the OEB-approved ISA compared to actual ISA at the investment level for each of the years 2020 to 2024.

RESPONSE (A):

Please refer to Exhibit 2A, Tab 1, Schedule 1, Appendix A: 2020-2024 In-Service Additions by Investment Category, for a comparison of OEB-approved ISAs compared to actual/forecast.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-56

Reference: Exhibit 3, Tab 1, Schedule 1, Page 2, Table 1 - Historical and Bridge Year OM&A Expenditures by Program

For the years 2020-2023 please recast Table 1 to provide the forecast OM&A numbers for each Program. Please provide the 2023 Actuals.

RESPONSE:

Please refer to Toronto Hydro's response to 4-SEC-89 subpart c.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-57

References: Exhibit 4, Tab 1, Schedule 1, Page 11

a) Does Toronto Hydro continue to provide suite metering services? If so, how many customers does it serve through suite metering? How does Toronto Hydro set the rates for its suite metering customers?

RESPONSE:

Toronto Hydro provides suite metering services. There is a dedicated rate class (Competitive Sector Multi-Unit Residence Service) for suite meter customers. In 2022, the number of customers in this rate class totaled 92,126.

Toronto Hydro sets the CSMUR rates based on cost outcome from OEB's cost allocation model. Please see Exhibit 7, Tab 1, Schedule 1, page 5.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-58

Reference: Exhibit 4, Tab 1, Schedule 1, Page 19

Exhibit 4, Tab 4, Schedule 2 – OEB Appendix 2-K

Preamble:

Compensation costs represent a large portion of the utility's 2025-29 OM&A budget and the need for resources and the ability to fund prudent costs to attract and retain those resources is the biggest driver of the multi-year OM&A need:

QUESTION (A):

a) Please provide a table setting out for each year 2025-2029 total OM&A costs and total compensation costs

RESPONSE (A):

Please see Table 1 below.

Table 1: Total OM&A and Compensation Costs ($ Millions)

	Forecast				
	2025	**2026**	**2027**	**2028**	**2029**
Total OM&A	343.0	358.0	370.2	385.5	399.6
Compensation Costs (Net of capitalization)[1]	149.3	159.1	168.0	177.4	186.6

QUESTION (B) – (C):

b) Please revise Appendix 2-K to include 2023 actual numbers;

[1] Table 1 includes total compensation costs for Toronto Hydro including Students. Compensation costs and FTE presented in OEB Appendix 2-K excludes students.

c) Please break down salary and wages providing, base salary, overtime and incentive pay;

RESPONSE (B) – (C):

Please refer to the Appendix filed in response to interrogatory 4-AMPCO-84.

QUESTION (D):

d) Please explain, in detail, how Toronto Hydro has determined how many incremental FTEs it requires in each year 2025-2029.

RESPONSE (D):

Workforce planning is a key component of Toronto Hydro's integrated business planning process, which is described in the evidence at Exhibit 2B, Section E2 and Exhibit 4, Tab 1, Schedule 1. A chronology of this process is outlined in the response to interrogatory 2B-SEC-32. Workforce planning generally unfolded as follows over the course of the planning process.

In the spring of 2022, an initial assessment was undertaken using historical assumptions for the replacement of exits and planned hiring to support current asset investment needs and operational requirements. This step focused on the hiring requirements necessary to catch-up with the workforce plan that was included in the 2020 rate application because as noted in the evidence, the utility's staffing complement reached a historically low point of 1,203 FTEs at the end of 2021.[2] This assessment by and large reflected a continuation of existing business conditions, and did not include a detailed consideration of the incremental workforce requirements necessary to support the execution of the utility's 2025-2029 investment plan, as Toronto Hydro was still in the process of developing this plan.

In the summer of 2022, as the draft capital plan and associated system maintenance and operational requirements began to emerge through integrated planning processes, a further workforce assessment was undertaken. The purpose of this assessment was to determine

[2] Exhibit 4, Tab 1, Schedule 1; Exhibit 1B, Tab 3, Schedule 3; Exhibit 4, Tab 4, Schedule 3.

incremental workforce requirements to support the safe, effective, and efficient execution of the planned volumes of work and investments necessary to achieve the utility's investment objectives and deliver outcomes with respect to sustaining, modernizing and expanding the utility's grid and operations. This assessment looked at historical versus future work requirements (e.g. capital expenditures and related volumes of work) and where possible, considered Toronto Hydro's capabilities and maturity compared to other jurisdictions that are comparatively more advanced with respect to grid modernization, including digital transformation (as noted in Toronto Hydro's response to interrogatory 1B-DRC-12). For example, with increasing technology on the grid (e.g. Advanced Distribution Management System ("ADMS"), Advanced Metering Infrastructure ("AMI"), sensors and other field monitoring technologies) comes a significant increase in the volume of data generated in the field. To effectively leverage this data and gain valuable insights that can be used for improved planning and optimized decision-making, Toronto Hydro needs to hire and develop resources with expertise in advanced data analytics, statistical modelling, data science and machine learning techniques. This assessment also included consideration of expected continuous improvements productivity and efficiency associated with technological investments. For example, in the area of Finance which supports the execution of the capital plan, workforce requirements were constrained or reduced on the expectation that process automation will continue to increase the throughput of finance resources who are responsible for processing capital-based financial transactions and reporting requirements. Similarly, in the area of Customer Operations, Toronto Hydro is expected to launch an online Customer Connections portal that will streamline the connections process and increase efficiency, while also improving data collection for reporting and future capacity planning purposes.

A final workforce assessment was undertaken in the spring of 2023 to further calibrate and balance resource needs with investment objectives and target outcomes that were being refined through ongoing planning activities. In this iterative exercise, the planning team refined the workforce growth assumptions to ensure resources could be effectively absorbed, trained and developed to deliver the planned volumes of work and associated outcomes of the 2025-2029 Investment Plan.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-59

References: Exhibit 4A, Tab 1, Schedule 1, Appendix 2-K

Please provide a detailed description of Toronto Hydro's overtime policy. Please explain how overtime is forecast for the years 2025-2029. Please provide the actual overtime costs for each year 2020-2023. Please provide the forecast for 2024-2029.

RESPONSE:

All employees are not permitted to work overtime without the express approval of their leaders. When necessary to accomplish a certain task or respond to extenuating circumstances, overtime will be paid to employees when specifically directed and pre-approved by an Employee's Senior Management leader.

Bargaining Unit Employees will be renumerated for overtime in accordance with the applicable collective agreements. Management Employees may request that lieu time be substituted for overtime pay, which will be allowed at their Senior Management leader's discretion.

Overtime is forecast by each cost center based on the work program and historical program costs adjusted for inflation.

Please refer to 4-AMPCO-84 Appendix A for 2020-2023 actuals and 2024 to 2029 forecasts.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-60

References: Exhibit 4, Tab 2, Schedule 18, Page 6

Please recast Table 3 - Legal Service and Regulatory Affairs program Expenditures to include forecast costs for 2020-2023. Please provide the 2023 actual amounts.

RESPONSE:

Please refer to Toronto Hydro's response to 4-SEC-89(d) at Table 24.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY 4-CCC-61

References: Exhibit 4, Tab 2, Schedule 18, Page 6

QUESTION:

Please provide a detailed breakdown of the Legal Services and Regulatory Affairs Program Expenditures by segment for all years 2020-2029. Please provide FTEs for each year 2020-2029. Toronto Hydro refers to Cost Management and Productivity enhancements for this program. Please quantify the savings achieved.

RESPONSE:

For a detailed breakdown of the Legal Services and Regulatory Affairs Program Expenditures by segment for all years 2020 to 2029, please see Exhibit 4, Tab 2, Schedule 18, at page 6 (Table 3). For FTEs for 2020-2029, please refer to 4-VECC-74(a). With respect to quantification of savings achieved through cost management and productivity enhancements, please refer to 4-SEC-88(b).

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-12

Reference: Exhibit 4, Tab 1, Schedule 1, Page 2, Table 1: Historical and Bridge Year OM&A Expenditures by Program

QUESTION (A):

a) Please update the table to show Actual results for 2023 and 2024.

RESPONSE (A):

Please refer to Toronto Hydro's response to interrogatory 4-SEC-89 part (c).

QUESTION (B):

b) What is Work Program Execution and why did it increase from $14.2 million in 2021 to $17.3 million in 2022?

RESPONSE (B):

Please refer to Exhibit 4, Tab 2, Schedule 10 at pages 10 and 13.

QUESTION (C):

c) Please file a table to show FTEs by Program.

RESPONSE (C):

Please refer to Toronto Hydro's response to interrogatory 4-SEC-92.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-13

Reference: **Exhibit 4, Tab 1, Schedule 1, Page 9, Table 3: 2020-2025 OM&A Trends, Table 4: 2025-2029 OM&A Trends**

QUESTION (A):

a) What percentage of the OM&A per FTE is due to compensation including employee benefits?

RESPONSE (A):

Please see Table 1 below.

Table 1: Compensation Costs as a Percentage of OM&A per FTE

	Actual				Bridge	Forecast				
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Compensation Costs as a % OM&A per FTE	41%	39%	38%	40%	42%	44%	44%	45%	46%	47%

QUESTION (B):

b) What are the other costs included in OM&A per FTE?

RESPONSE (B):

In addition to compensation costs, Toronto Hydro's OM&A costs per FTE includes external contractor costs, material and supplies, insurance premiums, regulatory costs and many other non-

workforce related costs as summarized in the OM&A Overview evidence at Exhibit 4, Tab 1, Schedule 1 and detailed in the programmatic evidence at Exhibit 4, Tab 2.

QUESTION (C):

c) Are the FTE numbers used in the table just permanent employees, or do the FTE numbers include contract and seasonal and part time employees?

RESPONSE (C):

FTE numbers used in Tables 3 and 4 include full-time, contract and part-time employees of Toronto Hydro, but do not include students. Toronto Hydro does not have any seasonal employees.

QUESTION (D):

d) Please add two lines to each table OM&A/MW and OM&A/MWhr and file them.

RESPONSE (D):

Please see below versions of Tables 3 and 4 from the reference noted inclusive of OM&A divided by demand and consumption, as requested. Both MVA and GWh figures are weather normalized, as presented on Exhibit 3, Tab 1, Schedule 1 at page 1.

Table 3: 2020-2025 OM&A Trends

	2020 Test	2021 Actual	2022 Actual	2023 Bridge[1]	2024 Bridge[1]	2025 Test	2020-25 CAGR
OM&A ($M)	266.7	277.5	280.4	301.5	325.5	343.0	**5.16%**
OM&A per Customer ($)	341.3	352.9	354.6	379.7	408.2	428.5	**4.66%**
OM&A per FTE ($)	201,892	230,673	228,524	230,680	222,488	224,036	**2.10%**
OM&A/MVA	7,245	7,574	7,448	8,105	8,799	9,427	**5.41%**
OM&A/GWh	11,265	11,771	11,688	12,733	13,748	14,621	**5.35%**

[1] 2023 Bridge and 2024 Bridge year as per originally filed data

1 **Table 4: 2025-2029 OM&A Trends[2]**

	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2025-29 CAGR
OM&A ($M)	343.0	358.0	370.2	385.5	399.6	**3.89%**
OM&A per Customer ($)	428.5	445.6	459.3	476.7	492.6	**3.54%**
OM&A per FTE ($)	224,037	227,735	231,955	238,404	245,003	**2.26%**
OM&A/MVA	9,427	9,927	10,370	10,857	11,387	**4.84%**
OM&A/GWh	14,621	15,288	15,828	16,405	17,034	**3.89%**

[2] Toronto Hydro identified an error with respect to the calculation of the CAGR figures in this table.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

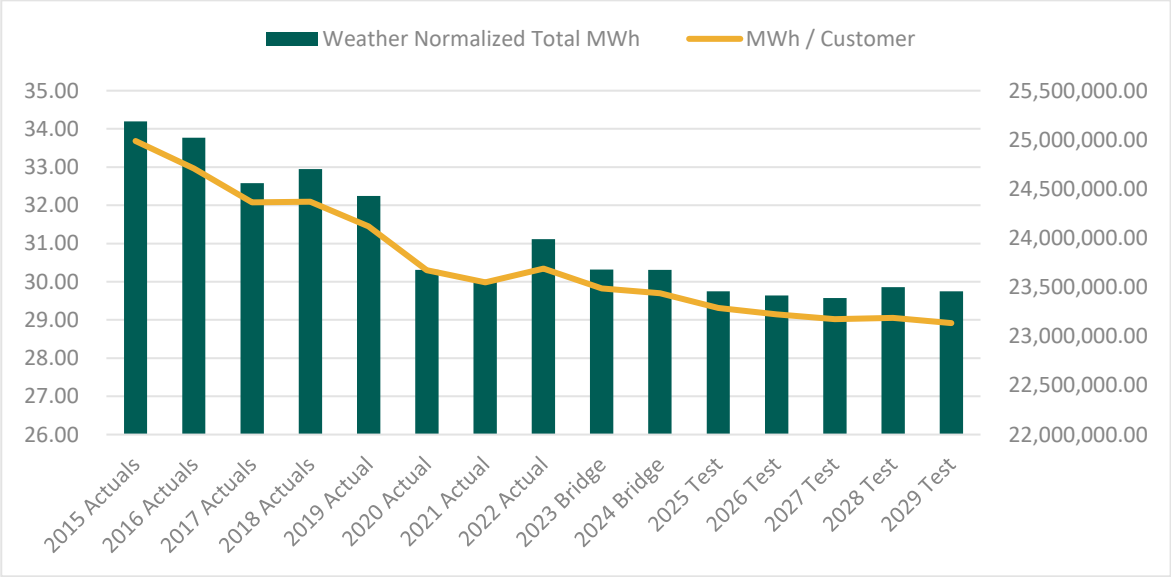
INTERROGATORY 4-CCMBC-14

Reference: **Exhibit 4, Tab 1, Schedule 1, Page 18, Figure 8: FTE per 1,000 Customers, Page 19, Figure 9: OM&A Expenditure per Customer, Figure 10: MWh of Load per Customer**

Please add histograms to each of the Figures to show 2023 to 2029.

RESPONSE:

Please see page 12 of Exhibit 4, Tab 1, Schedule 1 for OM&A Cost per Customer from 2015 to 2029. Please see response to 1B-CCC-14 for FTE per 1,000 Customers from 2015 to 2029. Please see below for MWh of Load per Customer from 2015 to 2029.



RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-15

Reference: Exhibit 4, Tab 1, Schedule 1, Page 33

QUESTION (A):

a) What proportion of Internal Execution, Internal Execution, and Planning workforce time is spent on work for capital projects?

RESPONSE (A):

It is Toronto Hydro's understanding that in this interrogatory – 4-CCMBC-15, CCMBC made a typo in referring to the key areas of investment in incremental resources. In responding to this question, it is Toronto Hydro's understanding that CCMBC was referring to internal work execution, external work execution and systems planning segments in Exhibit 4, Tab 1, Schedule 1, Page 33, lines 1, 5 and 8 respectively.

Toronto Hydro is not able to produce the total time spent on capital projects due to transfer of labour costs across different OM&A programs (please see 4-SEC-89, subpart b for additional details). However, Table 1 below shows the net cost recovery for the aforementioned segments which includes, for example, charges relating to capital and operational costs as a percentage of total OM&A costs before capitalization and transfers of these segments.

Table 1: 2025-2029 Average Labour Transfers and Capitalization (in $ millions)

Segments	2025-2029 Average
Internal Work Execution	-75.7%
External Work Execution	-92.9%
System Planning	-68.1%

QUESTION (B):

b) Are all of the costs of this workforce time spent on capital projects capitalized?

RESPONSE (B):

Yes, confirmed.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-16

Reference: Exhibit 4, Tab 1, Schedule 1, Page 40

Preamble:

"The Control Centre is also one of the key executors and enablers of Toronto Hydro's Grid Modernization Strategy - as the utility adds more distribution assets and modernizes its system operations through more sophisticated data analysis and automation, this program will require more staff both to handle increasing volumes of work and acquire specialized skills and knowledge, made necessary by technologies the utility plans to implement in the 2025-2029 rate period such as Network Condition Monitoring & Control, Advanced Metering Infrastructure 2.0, Fault Location, Isolation, and Service Restoration, and the Advanced Distribution Management System."

QUESTION (A):

a) Toronto Hydro intends to increase resources in this area to by 39 percent from 85 to 118 staff between the end of 2022 and 2029.

RESPONSE (A):

Toronto Hydro is unable to provide a response as this is a statement rather than a question.

QUESTION (B):

b) Why is Toronto Hydro's Grid Modernization Strategy so labour intensive?

RESPONSE (B):

Implementation and sustainment of the Grid Modernization Strategy will result in both an increase in work volumes for some existing Control Centre support functions, and development of net new

functions associated with the Energy Centre. Both of these drivers require additional labour resources to successfully realize the targeted benefits of Grid Modernization.

Incremental needs under the Control Centre Operations program are described in detail in both Exhibit 4, Tab 2, Schedule 7 and Exhibit 4, Tab 1, Schedule 1 (pages 40-43). In summary, the references discuss increases to work volumes associated with installation and operation of more remotely operable SCADA devices, a significant increase in Toronto Hydro's dependency on accurate and timely distribution system modelling, an increase in remotely monitored and managed data points, an increase in Distributed Energy Resources ("DERs"), and the potential for the Energy Centre to take on a critical role actively managing DERs and non-wires solutions to maintain grid stability and support an expanded market for distribution grid services. All these requirements will increase workload relative to what is required to safely and efficiently operate today's distribution grid.

QUESTION (C):

c) Will Toronto Hydro's Grid Modernization Strategy result in offsetting staff reductions in other areas? If the answer is yes, what are the offsetting staff reductions. If the answer is no, please explain why not.

RESPONSE (C):

Benefits from Grid Modernization investments include enhanced outage restoration capabilities to improve grid resilience, and enhanced operational flexibility to manage a more heavily utilized system with increasing bi-directional power flows. These investments, once fully implemented and integrated, are expected to yield improvements in reliability and operational efficiency. In turn, this will help mitigate cost pressures and potential future resource growth associated with electrification. At this stage in the modernization program, Toronto Hydro does not expect any direct reduction in staffing due to Grid Modernization.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-17

Reference: Exhibit 4, Tab 1, Schedule 1, Pages 41 and 42

Preamble:

"In addition, the utility forecasts total DERs installed on the grid to increase by approximately 67 percent from 2023 to 2029, which is driving investments in the Generation Protection, Monitoring and Control program. Each additional device installed in the system pursuant to these programs requires oversight from Control Centre Operations personnel for: 1) commissioning and testing in the field to reliably communicate with the SCADA system, and 2) daily operations and troubleshooting (e.g. responding to alarms or asset management tasks). Headcount increases in this area are essential to enabling the utility to safely and reliably accommodate these utility- and customer-driven changes to its grid."

QUESTION (A):

a) Please confirm that customers who own DERs are causing an increase in headcount and resulting OM&A costs?

RESPONSE (A):

The proliferation of Distributed Energy Resources ("DERs") and the role that DERs are playing in the energy transition is one factor contributing to the need for an increase in headcount and resulting OM&A costs in Control Centre Operations.

QUESTION (B):

b) Has Toronto Hydro considered charging customers who own DER's for the incremental costs they are imposing?

RESPONSE (B):

Please refer to Toronto Hydro's response to 1B-EP-9, subpart (b).

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-18

Reference: Exhibit 4, Tab 1, Schedule 1, Page 47

Preamble:

"Parallel to the insourcing effort, the utility plans to hire new staff to replace retiring staff and/or fill vacant positions. The addition of new and relatively inexperienced staff drives the need for more training time and quality assurance ("QA") work."

QUESTION (A):

a) Please confirm that in general, compensation and benefits of experienced employees who are retiring are higher than new inexperienced employees.

RESPONSE (A):

All things equal, the annual compensation-related cost associated with a retiring employee is higher than the annual compensation-related cost for new employee entering the workforce. That being said, the year-over-year increases are comparatively lower for experienced employees who are already at the top of their salary band, as compared to newer employees who are being developed into their roles and are progressing through the salary band / step increases in accordance with performance requirements.

QUESTION (B) :

b) What is the saving in OM&A costs from the replacement of experienced retiring employees with new employees over the 2023-2029 period?

RESPONSE (B):

Direct and indirect investment costs associated with the development of newer employees (i.e. training, onboarding, upskilling) are embedded in the OM&A program budgets outlined in Exhibit 4, Tab 2. Unfortunately, it is not possible to quantify the requested information. In any event, even if it could be quantified, this information would be of limited value as the utility has a younger workforce now (average age is 40 years), and thus retirement projections are decreasing significantly compared to historical volumes. Please see Table 1 below for the 2020-2029 annual breakdown of retirements.

Table 1 : 2016-2023 Actual Retirements and 2024-2029 Forecast

Actual								Forecast					
2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
77	81	72	71	117	119	22	17	41	17	19	9	4	7

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-19

Reference: Exhibit 4, Tab 4, Schedule 5, Mercer Non-Executive Compensation and Benefits Review, Executive Summary and Summary of Findings (Mercer Review does not have page numbers)

Preamble:

"On an overall organization basis, THESL's total remuneration, including the value of all cash compensation, benefit and pension plans are positioned within a market competitive range relative to the 50th percentile of the energy market, and are above the general industry market. The general industry market is generally representative of publicly traded, for-profit organizations."

QUESTION (A):

a) Please reconcile the quoted paragraph from the Executive Summary with the table in the Summary of Findings which shows that Toronto Hydro's Total Remuneration (TRem) is above that of the General Industry Peer Group for 13 out of 15 pay grades, with one pay grade 41% above industry average.

RESPONSE (A) – PREPARED BY MERCER:

We confirm that the quoted paragraph, from the Executive Summary, is aligned with the findings presented in the table, in the Summary of Findings section, on page 5 (cover page is considered page 1) of the report. Specifically, the table notes a 110% market positioning for Total Remuneration relative to the general industry comparator group, which contrasts with the lower market positioning relative to the Energy Industry comparator group. The total remuneration findings noted in the Executive Summary, as referenced above, is based on an overall organization

level and not on an individual job or grade basis. The results in the referenced table demonstrate the results outlined in the Executive Summary.

QUESTION (B):

b) Please reconcile the quoted paragraph from the Executive Summary with the table in the Summary of Findings which shows that Toronto Hydro's Total Cash Compensation (TTC) is above that of the General Industry Peer Group for 6 out of 15 pay grades, with one pay grade 33% above industry average.

RESPONSE (B) – PREPARED BY MERCER:

Kindly refer to our response to Question A above. The referenced findings in the Executive Summary presents Toronto Hydro's results on an overall organization basis with a focus on Total Remuneration. Those findings are consistent with what is shown in the referenced table.

QUESTION (C):

c) Do the results in the table indicate that Toronto Hydro's employees enjoy significantly higher benefits than employees in the General Industry Peer Group.

RESPONSE (C) – PREPARED BY MERCER:

Mercer Response:

A combination of benefit and pension values contributed to the above market positioning of Toronto Hydro's Total Remuneration compensation relative to the General Industry comparator group (in contrast to the results relative to the Energy Industry comparator group). We note that, Toronto Hydro, like the majority of Local Distribution Companies, participate in the OMERS pension plan. The OMERS pension plan is a Defined Benefits plan and it is generally more valuable than the Defined Contribution pension plans seen in the General Industry.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-20

Reference: Exhibit 4, Tab 4, Schedule 5, Mercer Non-Executive Compensation and Benefits Review, Appendix A (Mercer Review does not have page numbers)

QUESTION (A):

a) How were the General Industry Comparator Companies selected?

RESPONSE(A) – PREPARED BY MERCER:

Please refer to the Methodology section on page 3 (cover page is considered page 1) of the report for details on how the General Industry Peer Group was developed. To further elaborate, the selection criteria involved selecting organizations, across different industries, that have annual revenues that are within ½ to 2x the size of Toronto Hydro's annual revenue. Where data was limited, the peer group was expanded to include organizations within 1/3 to 3x the size of Toronto Hydro on the basis of annual revenue. The peer group was intended to present a General Industry view of the market. We note that the Energy industry is just one subset of the General Industry comparator group. All General Industry comparators are participants in Mercer's proprietary Mercer Benchmark Database survey.

QUESTION (B):

b) Of the 24 companies in the General Industry Comparator Companies, 9 are located in Alberta. Why was such a large proportion of Alberta companies selected? Does that not skew the results of the review?

RESPONSE(B) – PREPARED BY MERCER:

The 24 organizations included in Appendix A, on page 8, of the report represent only a sample of organizations included in the General Industry comparator group. In fact, over 90 organizations in

total, across different industries and locations, were included in the General Industry comparator group. As such, the question misunderstands the number of organizations in the General Industry comparator group. The organizations referenced in the question do not skew the overall findings.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 4-EP-33

Reference: Exhibit 4, Tab 1, Schedule 1, Page 1

Preamble:

In addition to enabling Toronto Hydro to attract and retain the necessary resources to carry out its DSP and deliver customer outcomes in next rate period and beyond, the OM&A plan addresses other key operational requirements, including:

- integrating cloud computing and non-wires solutions into operations;
- responding to evolving policy and customer expectations to connect behind-the meter technologies such as electric vehicles, solar panels, and energy storage;

QUESTION (A):

a) Does Toronto Hydro charge customers for behind the meter connections of electric vehicle chargers, solar panels, and storage batteries? If the answer is yes, please list such charges and indicate if they are expected to recover Toronto Hydro's incremental costs. If the answer is no, please explain why not.

RESPONSE (A):

A customer requesting a connection or service upgrade to install an electric vehicle charger is not distinguished from other connection requests. Sections 2.1.1.1 and 2.1.2 of Toronto Hydro's Conditions of Service (January 1, 2024), set out Toronto Hydro's connection charges for new and upgraded service connections, including those costs which are collected directly from customers.

Please see the response to interrogatory 2B-ED-26 a) for information regarding connection charges relating to microgeneration (≤10 kW) distribution energy resources (DER). Generally, charges relating to the connection of DERs are dependent on the site and scope of the project.

QUESTION (B)

b) Please file a table listing the forecast of 2025 OM&A costs for behind the meter connections for each of the following customer owned appliances: EV chargers, solar panels, and storage batteries.

RESPONSE (B):

Please see the response to a) above. Toronto Hydro notes that reference to the behind the meter technologies (i.e. EVs, solar panels and energy storage) in the excerpt cited above under "Preamble" are illustrations of electrification and modernization, which are addressed by the OM&A plan.

The following OM&A programs will support and enable customer connections, including DER connections, through the 2025-2029 period. Toronto Hydro notes that, except for the Customer Connections segment, the costs for the programs/segments listed below include costs beyond the scope of customer connections and DER connections as it is not possible to disaggregate customer/DER connection-specific costs from other cost drivers:

- **Control Centre Operations**, e.g. the Energy Centre monitors grid impacts from customer-owned DERs (See Exhibit 4, Tab 2, Schedule 7 at pages 10-11, 17).
- **Customer Operations**, e.g. the Customer Connections segment focuses on enhancing the experience for customers requesting access to the grid by providing a dedicated team to communicate and manage connection requests from initial contact through completion. (See Exhibit 4, Tab 2, Schedule 8 at pages 4-5, 16-22). The Key Accounts segment manages the utility's relationships with large electricity consumers (i.e. 1MW and greater and other critical customers) across all business sectors. Many Key Account customers have large or complex connections, such as data centres and real estate developments, which require additional support and resources through all phases of their projects (See Exhibit 4, Tab 2, Schedule 8 at pages 4-6, 22-27).
- **Asset and Program Management,** e.g. System Planning segment includes capacity planning and grid innovation function, responsible for planning the distribution system's future load

requirements driven by customer growth, and the requisite connection capacity to accommodate current and forecasted levels of DERs in Toronto Hydro's service area. This group also identifies opportunities for adopting non-wires alternatives (including flexibility services, local demand response) to maximize the use of existing distribution system assets (See Exhibit 4, Tab 2, Schedule 9, pages 6, 15-16, 19-21).

- **Customer Care**, e.g. the Customer Care program addresses the direct interactions between Toronto Hydro and its approximately 791,000 customers, through customer relationship management, billing, metering, and collections functions. Toronto Hydro's proposed investments in the Program over the 2025-2029 rate period include the following to enable the utility's effective response to the related new demands and challenges:
    - Contact Centre services designed to respond to new types and complexities of technical, metering, and billing enquiries associated with EVs and EV charging systems, DERs, and government programs and incentives; and
    - Metering solutions associated with net metering and remote metering (See Exhibit 4, Tab 2, Schedule 14, pages 1-6).

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY 4-PP-47

Reference: Exhibit 4, Tab 1, Schedule 1, Page 7

Please replicate the layout of Figure 1: Comparing 2014-2029 Linear Trends in CAPEX, OM&A and FTE using the following two datasets as separate figures:

- Comparing 2014-2024 Linear Trends in CAPEX, OM&A and FTE
- Comparing 2025-2029 Linear Trends in CAPEX, OM&A and FTE

RESPONSE:

Please note the title for the figure referenced stated 2014 to 2029 in error; the data presented spans the period of 2015 to 2029. Please see below the requested analysis:

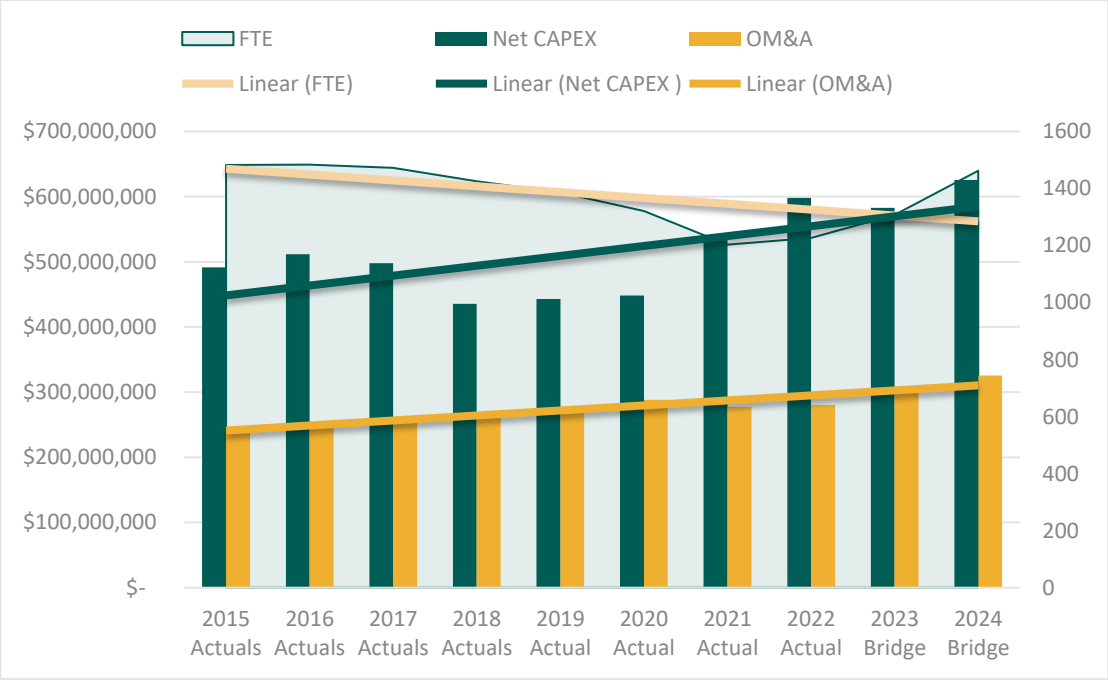


Figure 1: 2015-2024 Linear Trends in CAPEX, OM&A and FTE

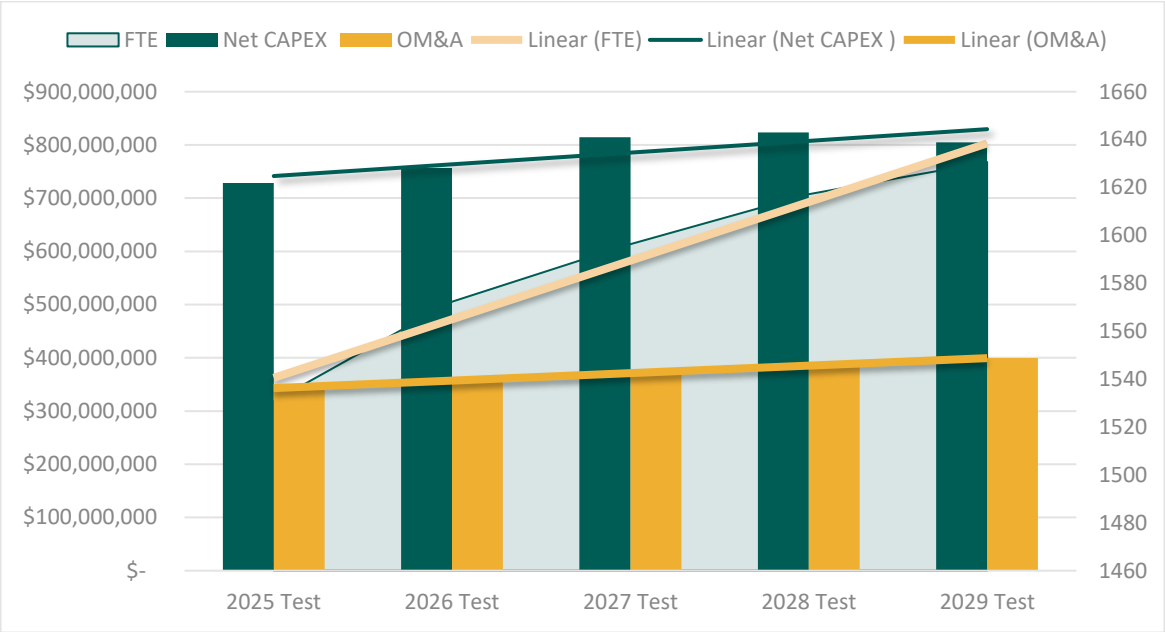


Figure 2: 2025-2029 Linear Trends in CAPEX, OM&A and FTE

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY 4-PP-48

Reference: Exhibit 4, Tab 1, Schedule 1, Page 16 - Figure 4: OM&A Expenditure per MWh of Load

QUESTION:

Please replicate this graph with OM&A Expenditure per Customer information.

RESPONSE:

Please see Figure 9 on page 19 of the referenced evidence.

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY 4-PP-49

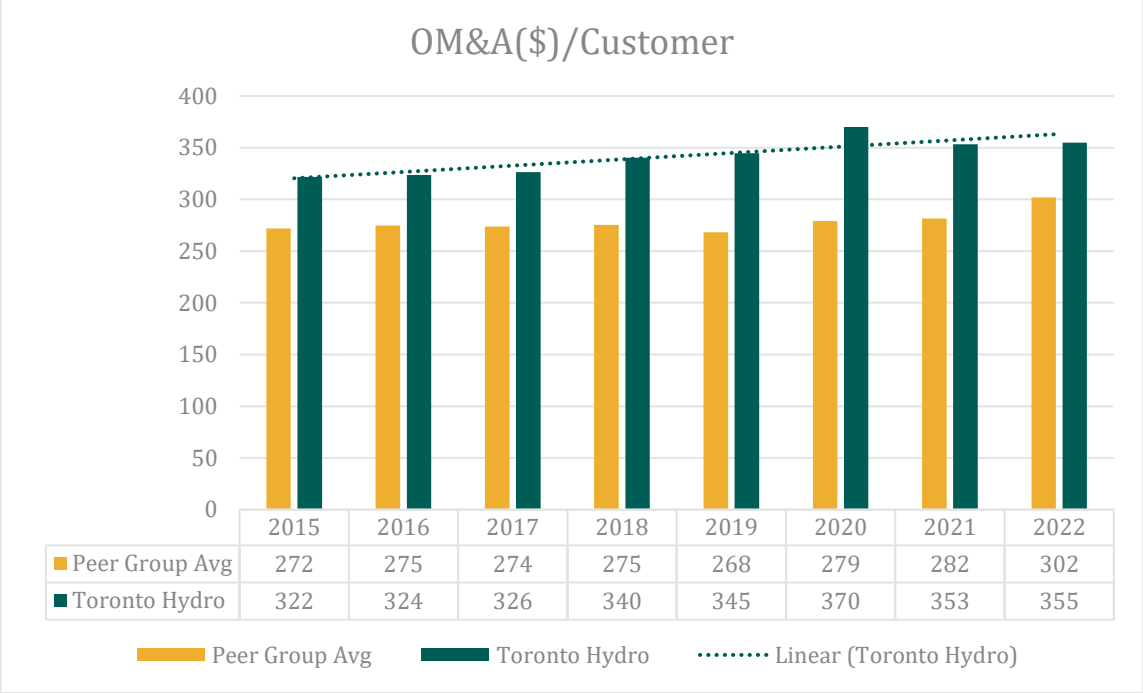
Reference: Figure 9: OM&A Expenditure per Customer

QUESTION (A)

a) Please provide the data for the bars in Figure 9.

RESPONSE (A):

Please see the table below with the data table.



	2015	2016	2017	2018	2019	2020	2021	2022
Peer Group Avg	272	275	274	275	268	279	282	302
Toronto Hydro	322	324	326	340	345	370	353	355

QUESTION (B):

b) Please explain how OM&A Cost per Customer is used in the industry and whether it is a suitable benchmark metric. If it is not a suitable metric, please explain what is better and why.

RESPONSE (B):

In accordance with sections 2.4.1 and 2.4.2 of the OEB's *Chapter 2 Filing Requirements For Electricity Distribution Rate Applications*,[1] OM&A cost per customer is a metric that the OEB evaluates in Cost of Service rebasing applications. However, as noted in Exhibit 4, Tab 1, Schedule 1 at section 1.1.2 starting on page 11, there is are some important considerations when comparing Toronto Hydro using OM&A cost per customer. Operating in Canada's densest and fastest (vertically) growing city, the utility serves far more end-use customers through bulk metering and competitive sub-metering arrangements than its actual customer count would otherwise indicate. The prevalence of unit sub-metering in Toronto Hydro's service territory skews comparative metrics that use customer count as the denominator because it results in the aggregation of hundreds of end-consumers behind a single bulk-meter and subsequently counting each multi-unit building with a bulk-meter connection as a single customer. Based on self-declarations submitted by multi-unit residential buildings for the purposes of Regulated Price Plan elections and the Ontario Electricity Rebate ("OER") program, Toronto Hydro estimates that it serves approximately 340,000 end-consumers or more behind bulk meters.

[1] Ontario Energy Board, *Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications* (December 15, 2022), Chapter 2 – Cost of Service

RESPONSES TO POWER WORKERS UNION INTERROGATORIES

INTERROGATORY 4-PWU-28

Reference: Exhibit 4, Tab 1, Schedule 1, Original Page 20, Figure 11 (2015-2029 FTE Completement)
Exhibit 3, Tab 1, Schedule 1, Original Page 23, Line 20
Exhibit 4, Tab 1, Schedule 1, Original Page 22, Lines 11-12

Reference 1: Figure 11 indicates a total FTE increase of 11.5% for the 2024-2029 period.

Reference 2: "From 2024 to 2029, as the utility's workforce grows by approximately 11.5 percent…"

Reference 3: "As Toronto Hydro prepares to enter its next rate period, staffing levels are forecasted to grow by 25 percent over the 2024 through 2029 period."

QUESTION (A):

a) Please confirm Toronto Hydro uses "workforce" to mean FTE.

RESPONSE (A):

In relation to the three above references in Exhibit 4 Tab 1 Schedule 1, the term "workforce" is represented by FTE.

QUESTION (B):

b) Please confirm if the "staffing levels" in Ref 3 implies headcount and describe how the 25% increase in staffing levels is calculated.

RESPONSE (B):

The 25% increase in "staffing levels" in reference 3 above refers to FTE. This calculation is the difference between the FTE from 2023 to 2029, divided by the 2023 FTE.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-88

Reference: Exhibit 4, Tab 1, Schedule 1, Page 1

Preamble:

Toronto Hydro states that the OM&A budget outlined in Exhibit 4 "represents the minimum investments necessary to deliver the Distribution System Plan ("DSP")" and "achieve key outcomes." The Custom Incentive Framework contains a 0.75% incentive adjustment which will reduce the OM&A dollars received.

QUESTION (A):

a) In what areas does Toronto Hydro see being able to reduce its OM&A expenditures to reflect this incentive adjustment?

RESPONSE (A):

The 0.75 percent X-factor does not reduce OM&A expenditures; it reduces the revenue (i.e. the OM&A dollars received) that Toronto Hydro will collect through rates to fund prudent and necessary OM&A expenditures. In doing so, the X-factor places an incentive on Toronto Hydro to pursue efficiency and productivity improvements, while also driving towards the achievement of the performance targets that are subject to the PIM.

QUESTION (B):

b) Please identify and quantify any planned efficiencies/productivity initiatives that are already built into the 2025-2029 budget.

RESPONSE (B):

Please see Toronto Hydro's response to interrogatory 1B-SEC-25. In addition, the programmatic evidence in Exhibit 4, Tab 2 includes a Cost Control and Productivity Measures section that explains

specific initiatives which are being undertaken in each OM&A program to manage costs. The productivity benefits resulting from these initiatives are embedded in the program budgets.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-89

Reference: Exhibit 4, Tab 1, Schedule 1, Table 1, Appendices 2-JA, JB, JC and L

With respect to OM&A:

QUESTION (A) :

a) Please provide 2020 OEB-approved OM&A amounts (adjusted for Accounts 4375 and 4380) in the same format as Table 1.

RESPONSE (A):

Toronto Hydro is unable to provide the requested breakdown because the OEB approved the 2020 test year OM&A on an envelope (rather than programmatic) basis.[1] The utility notes that subject to the adjustment for Accounts 4375 and 4380[2] and after normalizing for the impact of the COVID pandemic[3], the 2020 actuals are within $0.1M variance of the OEB-approved amount on an envelope basis.

QUESTION (B) :

b) At the segment level shown in Table 1, please provide the total OM&A separated by capitalized and non-capitalized. Please reconcile the amount provided in Appendix 2-D and explain any variances.

[1] EB-2018-0165 – Decision and Order (December 19, 2019) at page 140.
[2] See also 1B-SEC-8 for a discussion of adjustments for Account 4380 with respect to the OEB-approved 2020 OM&A budget.
[3] Exhibit 4, Tab 1, Schedule 2, OEB Appendix 2-JB for COVID impact of $17.1M to the Collections segment and $4.1M impact to Disaster Preparedness Management Program

RESPONSE (B):

Please note that in response to interrogatory 2B-Staff-118 Toronto Hydro corrected and filed an updated OEB Appendix 2-D. Additionally, Toronto Hydro notes that the information in Tables 1 to 5 includes the following: Positive charges (debits) represent net allocation of costs to the program from other programs. This includes, for example, charges related to labour, vehicle and material handling on-cost. Whereas, negative charges (credits) represent net cost recovery for the program as a result of capitalization and/or supply of resources to other programs. This includes, for example, charges relating to capital and operational costs.

1 **Table 1: Total OM&A Before Capitalization ($ Millions)**

Programs	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Preventative and Predictive Overhead Line Maintenance	8.2	7.5	7.0	8.8	9.8	11.0	11.4	11.9	12.0	12.0
Preventative and Predictive Underground Line Maintenance	4.6	3.9	5.1	5.6	4.4	5.0	5.1	4.9	5.2	5.0
Preventative and Predictive Station Maintenance Program	3.3	3.3	2.6	2.8	4.9	5.6	5.3	5.3	5.9	6.0
Corrective Maintenance	15.8	20.1	17.6	19.0	17.9	20.9	21.7	21.4	22.0	22.9
Emergency Response	24.1	25.4	25.0	22.3	25.1	28.2	28.8	29.9	30.8	31.6
Disaster Preparedness Management Program	5.6	5.3	4.8	0.8	1.8	1.9	1.9	2.0	2.1	2.2
Control Centre Operations	17.4	16.7	17.8	19.0	24.1	25.9	28.1	29.8	31.5	33.0
Customer Operations	25.3	6.4	9.4	13.0	11.8	13.8	14.5	15.5	16.4	17.4
Asset and Program Management	34.0	29.3	31.2	32.2	41.6	45.2	50.5	53.6	57.1	59.8
Work Program Execution	69.0	81.4	86.5	87.7	103.8	110.6	117.5	125.6	133.1	141.3
Fleet and Equipment Services	9.9	8.9	8.2	8.9	9.9	10.1	10.5	10.8	11.1	11.5
Facilities Management	25.1	26.8	25.8	27.2	28.7	29.0	29.6	29.9	30.6	31.5
Supply Chain Services	15.9	13.0	13.9	16.4	18.9	21.6	23.6	25.0	25.6	27.3
Customer Care	56.9	40.9	43.6	47.5	51.6	51.0	53.3	54.3	56.3	58.1
Human Resources, Environment and Safety	15.5	17.6	16.7	18.4	21.3	22.6	23.2	24.2	25.3	26.3
Finance	18.5	20.1	20.8	22.7	25.7	27.6	29.7	31.3	33.2	35.1
Information Technology	54.4	57.7	61.4	65.5	66.0	72.6	75.7	79.2	82.8	86.8
Public, Legal and Regulatory Affairs	19.2	19.8	20.3	23.4	29.0	30.9	32.0	33.1	34.4	35.4
Charitable Donations (LEAP)	1.0	1.0	1.0	1.0	1.4	1.5	1.6	1.7	1.8	1.9
Common costs and Adjustments	(0.2)	(0.3)	(1.0)	0.3	(0.9)	(0.9)	(0.9)	(0.8)	(0.8)	(0.8)
Allocation and Recoveries	(13.1)	(14.6)	(12.4)	(10.5)	(16.1)	(17.2)	(17.3)	(17.7)	(18.3)	(19.3)
Total OM&A Before Capitalization	**410.4**	**390.2**	**405.3**	**432.0**	**480.7**	**516.9**	**545.8**	**570.9**	**598.1**	**625.0**

Table 2: Total Labour Transfers and Capitalization ($ Millions)

Programs	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Preventative and Predictive Overhead Line Maintenance	(2.5)	(1.4)	(1.4)	(1.6)	(2.0)	(2.0)	(2.3)	(2.4)	(2.6)	(2.7)
Preventative and Predictive Underground Line Maintenance	0.4	0.4	0.5	0.5	1.6	1.7	1.8	1.7	1.8	1.9
Preventative and Predictive Station Maintenance Program	2.4	2.8	2.6	2.7	1.8	2.0	1.9	2.0	2.3	2.4
Corrective Maintenance	6.4	5.2	4.7	5.6	6.2	7.0	7.4	7.9	8.2	8.9
Emergency Response	(2.1)	(2.6)	(3.2)	(2.6)	(2.2)	(2.5)	(2.6)	(2.9)	(3.1)	(3.2)
Disaster Preparedness Management Program	0.4	0.2	0.1	0.1	-	-	-	-	-	-
Control Centre Operations	(9.8)	(10.7)	(11.3)	(12.5)	(16.2)	(17.6)	(19.1)	(20.3)	(21.5)	(22.5)
Customer Operations	(15.1)	0.9	(0.6)	(2.1)	(0.9)	(1.5)	(1.8)	(2.2)	(2.7)	(3.3)
Asset and Program Management	(20.6)	(17.4)	(18.1)	(20.4)	(27.6)	(31.0)	(34.7)	(37.0)	(39.2)	(41.1)
Work Program Execution	(53.9)	(59.8)	(61.8)	(66.9)	(80.6)	(86.4)	(92.4)	(99.2)	(106.0)	(113.1)
Fleet and Equipment Services	(0.3)	(0.1)	(0.1)	-	(0.5)	(0.5)	(0.6)	(0.7)	(0.8)	(0.9)
Facilities Management	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(1.1)	(1.2)	(1.0)	(1.0)	(1.2)
Supply Chain Services	(0.1)	(0.1)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Customer Care	(1.3)	(1.7)	(4.4)	(4.2)	(3.3)	(2.5)	(1.8)	(1.9)	(2.0)	(2.1)
Human Resources, Environment and Safety	-	-	-	(0.3)	-	-	-	-	-	-
Finance	(2.1)	(2.2)	(2.4)	(2.4)	(2.8)	(3.2)	(3.5)	(3.7)	(3.8)	(4.0)
Information Technology	(6.4)	(7.1)	(7.9)	(9.6)	(8.4)	(9.3)	(9.9)	(10.5)	(11.1)	(11.7)
Public, Legal and Regulatory Affairs	(0.7)	(0.8)	(1.1)	(0.8)	(1.0)	(1.0)	(1.1)	(1.1)	(1.2)	(1.2)
Charitable Donations (LEAP)	-	-	-	-	-	-	-	-	-	-
Common costs and Adjustments	-	-	-	-	-	-	-	-	-	-
Allocation and Recoveries	-	-	-	-	-	-	-	-	-	-
Total Labour Capitalization	**(106.1)**	**(95.2)**	**(105.3)**	**(115.2)**	**(136.8)**	**(148.0)**	**(160.0)**	**(171.4)**	**(182.8)**	**(194.0)**

Table 3: Total Vehicle Transfers and Capitalization ($ Millions)

Programs	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Preventative and Predictive Overhead Line Maintenance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Preventative and Predictive Underground Line Maintenance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Preventative and Predictive Station Maintenance Program	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Corrective Maintenance	0.9	1.2	1.2	1.1	1.5	1.6	1.6	1.7	1.8	1.8
Emergency Response	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Disaster Preparedness Management Program	-	-	-	-	-	-	-	-	-	-
Control Centre Operations	-	-	-	-	-	-	-	-	-	-
Customer Operations	(0.9)	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.5
Asset and Program Management	-	-	-	-	-	-	-	-	-	-
Work Program Execution	(4.1)	(7.4)	(7.4)	(6.4)	(8.0)	(8.2)	(8.3)	(8.5)	(8.6)	(8.8)
Fleet and Equipment Services	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Facilities Management	-	-	-	-	-	-	-	-	-	-
Supply Chain Services	-	-	-	-	-	-	-	-	-	-
Customer Care	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Human Resources, Environment and Safety	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-
Public, Legal and Regulatory Affairs	-	-	-	-	-	-	-	-	-	-
Charitable Donations (LEAP)	-	-	-	-	-	-	-	-	-	-
Common costs and Adjustments	-	-	-	-	-	-	-	-	-	-
Allocation and Recoveries	-	-	-	-	-	-	-	-	-	-
Total Vehicle Capitalization	**(3.8)**	**(5.5)**	**(5.5)**	**(4.7)**	**(5.6)**	**(5.6)**	**(5.7)**	**(5.8)**	**(5.8)**	**(5.9)**

Table 4: Total Material Handling On-cost Capitalization ($ Millions)

Programs	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Allocation and Recoveries	(12.4)	(12.0)	(14.1)	(17.9)	(17.8)	(20.3)	(22.1)	(23.5)	(24.0)	(25.5)
Total Material Handling On-cost Capitalization	**(12.4)**	**(12.0)**	**(14.1)**	**(17.9)**	**(17.8)**	**(20.3)**	**(22.1)**	**(23.5)**	**(24.0)**	**(25.5)**

Table 5: Total OM&A after Capitalization

Programs	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total OM&A Before Capitalization (Table 1)	410.4	390.2	405.3	432.0	480.7	516.9	545.8	570.9	598.1	625.0
Less: Labour Capitalization (Table 2)	(106.1)	(95.2)	(105.3)	(115.2)	(136.8)	(148.0)	(160.0)	(171.4)	(182.8)	(194.0)
Less: Vehicle Capitalization (Table 3)	(3.8)	(5.5)	(5.5)	(4.7)	(5.6)	(5.6)	(5.7)	(5.8)	(5.8)	(5.9)
Less: Material Handling On-cost (Table 4)	(12.4)	(12.0)	(14.1)	(17.9)	(17.8)	(20.3)	(22.1)	(23.5)	(24.0)	(25.5)
Total OM&A	**288.1**	**277.5**	**280.4**	**294.2**	**320.5**	**343.0**	**358.0**	**370.2**	**385.5**	**399.6**

QUESTION (C):

c) Please provide an update to 2023 numbers based on year-end actuals for both Table 1 and Appendices 2-JA, JB, JC and L.

RESPONSE (C):

Please see Table 6 below which includes 2023 actuals; and 2024 bridge year forecast reflecting the impact of the Cloud and Locates DVAs as set out in the DVA Continuity appended to 9-Staff-349. Toronto Hydro has also updated following OEB appendices to reflect these changes and have filed them as an appendix to this response.

- OEB Appendix 2-JA, Summary of Recoverable OM&A Expenses
- OEB Appendix 2-JB, Recoverable OM&A Cost Driver Table
- OEB Appendix 2-JC, OM&A Programs Table
- OEB Appendix 2-L, Recoverable OM&A Cost per Customer and per FTE

Table 6: 2020-2024 Actual and Bridge Year OM&A Expenditures by Program ($ Millions)

Programs	Actual				Bridge	Total
	2020	2021	2022	2023	2024	
Preventative and Predictive Overhead Line Maintenance	5.8	6.2	5.7	7.3	7.9	32.9
Preventative and Predictive Underground Line Maintenance	5.1	4.4	5.7	6.2	6.1	27.5
Preventative and Predictive Station Maintenance	5.9	6.4	5.5	5.8	7.0	30.6
Corrective Maintenance	23.1	26.5	23.5	25.7	25.6	124.4
Emergency Response	22.1	23.0	22.0	19.8	23.1	110.0
Disaster Preparedness Management Program	6.0	5.5	4.9	0.9	1.8	19.1
Control Centre Operations	7.6	6.0	6.5	6.5	7.9	34.5
Customer Operations	9.3	7.5	9.0	11.1	11.3	48.2
Asset and Program Management	13.4	11.9	13.1	11.8	14.0	64.2
Work Program Execution	11.0	14.2	17.3	14.4	15.2	72.1
Fleet and Equipment Services	9.3	8.5	7.8	8.6	9.1	43.3
Supply Chain Services	15.8	12.9	13.8	16.5	18.8	77.8
Facilities Management	24.3	26.0	25.0	26.4	27.9	129.6
Customer Care	55.7	39.3	39.3	43.4	48.4	226.1

Programs	Actual				Bridge	Total
	2020	2021	2022	2023	2024	
Human Resources, Environment and Safety	15.5	17.6	16.7	18.1	21.3	89.2
Finance	16.4	17.9	18.4	20.3	22.9	95.9
Information Technology	48.0	50.6	53.5	55.9	57.6	265.6
Legal and Regulatory	18.5	19.0	19.2	22.6	28.0	107.3
Charitable Donations and LEAP	1.0	1.0	1.0	1.0	1.4	5.4
Common Costs and Adjustments	(0.2)	(0.3)	(1.0)	0.3	(0.9)	(2.1)
Allocations and Recoveries	(25.5)	(26.6)	(26.5)	(28.4)	(33.9)	(140.9)
Total	**288.1**	**277.5**	**280.4**	**294.2**	**320.5**	**1,460.7**

QUESTION (D) :

d) For every segment shown in the Schedules 1-21, please provide the 2023 actuals.

RESPONSE (D):

Please see Table 7 to 27 below which shows the updates for 2023 actuals and 2024 Bridge for every segment shown in Exhibit 4, Tab 2, Schedule 1 to 21 and reflects the impact of the Cloud and Locates DVAs as set out in the DVA Continuity appended to 9-Staff-349 in the applicable programs.

Table 7: Preventative and Predictive Overhead Line Maintenance Program Expenditures by Segment - Schedule 1 ($ Millions)

	Actuals				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Overhead Line Patrols & Pole Inspections	0.5	0.5	0.5	0.6	0.6	0.8	0.8	0.9	0.9	0.9
Overhead Switch Maintenance & Insulator Washing	1.4	1.6	1.3	1.5	1.7	2.4	2.4	2.5	2.6	2.6
Vegetation Management	2.8	3.4	3.5	4.6	3.8	4.0	4.1	4.2	4.3	4.4
Metering Services	1.1	0.7	0.4	0.6	1.8	1.9	1.9	2.0	1.7	1.5
Total	**5.8**	**6.2**	**5.7**	**7.3**	**7.9**	**9.1**	**9.2**	**9.6**	**9.5**	**9.4**

Table 8: Preventative and Predictive Underground Line Maintenance Program Expenditures by Segment - Schedule 2 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Below-Grade Equipment Maintenance	2.5	2.9	3.0	3.4	3.2	3.5	3.6	3.3	3.5	3.5
Padmounted Equipment Maintenance	0.6	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
Cable Diagnostic Testing	-	0.3	0.4	0.6	0.6	0.7	0.8	0.8	0.8	0.8
Contact Voltage Scanning	2.0	0.7	1.8	1.7	1.8	2.0	2.0	2.0	2.2	2.1
Total	**5.1**	**4.4**	**5.7**	**6.2**	**6.1**	**6.8**	**7.0**	**6.7**	**7.1**	**7.0**

Table 9: Preventative and Predictive Stations Maintenance Program Expenditures by Segment, - Schedule 3 ($ Millions)

	Actuals				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Customer Location Maintenance	1.3	1.1	1.3	1.1	1.6	1.5	1.7	1.6	2.0	1.5
Station Inspections and Auxiliary Equipment Maintenance	1.1	1.1	1.2	0.9	1.1	1.3	1.2	1.2	1.3	1.6
Stations Switchgear Maintenance	2.7	3.2	2.4	3.0	3.4	4.1	3.6	3.6	4.2	4.5
Station Equipment Maintenance	0.8	1.0	0.6	0.8	0.9	1.1	1.1	1.3	1.1	1.2
Total	**5.9**	**6.4**	**5.5**	**5.8**	**7.0**	**8.0**	**7.6**	**7.7**	**8.6**	**8.8**

Table 10: Corrective Maintenance Program Expenditures - Schedule 4 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Corrective Maintenance	23.1	26.5	23.5	25.7	25.6	29.5	30.7	31.0	32.0	33.6
Total	**23.1**	**26.5**	**23.5**	**25.7**	**25.6**	**29.5**	**30.7**	**31.0**	**32.0**	**33.6**

Table 11: Emergency Response Program Expenditures - Schedule 5 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Emergency Response	22.1	23.0	22.0	19.8	23.1	25.9	26.4	27.2	27.9	28.6
Total	**22.1**	**23.0**	**22.0**	**19.8**	**23.1**	**25.9**	**26.4**	**27.2**	**27.9**	**28.6**

Table 12: Disaster Preparedness and Management Program Expenditures - Schedule 6 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Disaster Preparedness Management Program	6.0	5.5	4.9	0.9	1.8	1.9	1.9	2.0	2.1	2.2
Total	**6.0**	**5.5**	**4.9**	**0.9**	**1.8**	**1.9**	**1.9**	**2.0**	**2.1**	**2.2**

Table 13: Control Centre Operations Program Expenditures - Schedule 7 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Control Centre Operations	7.6	6.0	6.5	6.5	7.9	8.3	9.0	9.5	10.0	10.5
Total	**7.6**	**6.0**	**6.5**	**6.5**	**7.9**	**8.3**	**9.0**	**9.5**	**10.0**	**10.5**

Table 14: Customer Operations Expenditures by Segment - Schedule 8 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Customer Connections	3.7	1.6	1.6	3.1	3.6	3.2	3.3	3.5	3.6	3.8
Key Accounts	-	0.5	0.8	0.8	1.2	1.5	1.5	1.7	1.8	1.9
Public Safety & Damage Prevention	4.7	4.4	5.4	6.0	5.3	6.7	6.9	7.0	7.2	7.3
Customer-Owned Equipment Services	0.9	1.0	1.2	1.2	1.2	1.3	1.4	1.5	1.5	1.6
Total	**9.3**	**7.5**	**9.0**	**11.1**	**11.3**	**12.7**	**13.1**	**13.7**	**14.1**	**14.6**

Table 15: Asset and Program Management Program Expenditures - Schedule 9 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
System Planning	5.6	6.1	7.5	6.0	8.1	8.4	9.1	9.5	10.0	10.3
Standards and Policies	4.7	4.5	4.3	3.6	3.0	3.2	3.2	3.3	3.4	3.5
Flexibility Services	0.4	0.2	0.2	0.6	0.8	0.2	0.9	1.1	1.6	1.9
Program Management and Support	2.7	1.1	1.1	1.6	2.1	2.4	2.6	2.7	2.9	3.0
Total	**13.4**	**11.9**	**13.1**	**11.8**	**14.0**	**14.2**	**15.8**	**16.6**	**17.9**	**18.7**

Table 16: Work Program Execution Program Expenditures - Schedule 10 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
External Work Execution	1.0	1.5	1.1	0.5	1.4	1.5	1.6	1.7	1.8	1.8
Internal Work Execution	10.0	12.7	16.2	13.9	13.8	14.5	15.2	16.2	16.7	17.6
Total	**11.0**	**14.2**	**17.3**	**14.4**	**15.2**	**16.0**	**16.8**	**17.9**	**18.5**	**19.4**

Table 17: Fleet and Equipment Services Program Expenditures - Schedule 11 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fleet and Equipment Services	9.3	8.5	7.8	8.6	9.1	9.3	9.6	9.8	10.0	10.3
Total	**9.3**	**8.5**	**7.8**	**8.6**	**9.1**	**9.3**	**9.6**	**9.8**	**10.0**	**10.3**

Table 18: Facilities Management Program Expenditures by Segment - Schedule 12 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Facilities Maintenance Services	16.6	18.4	17.4	19.0	19.6	19.4	19.8	20.1	20.6	21.0
Rentals & Leases	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Utilities & Communications	2.3	2.2	2.1	1.8	2.4	2.5	2.5	2.6	2.6	2.7
Property Taxes	5.0	4.9	5.0	5.1	5.4	5.5	5.6	5.7	5.8	6.0
Total	**24.3**	**26.0**	**25.0**	**26.4**	**27.9**	**27.9**	**28.4**	**28.9**	**29.6**	**30.3**

Table 19: Supply Chain Services Program Expenditures - Schedule 13 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Supply Chain Services	15.8	12.9	13.8	16.5	18.8	21.5	23.5	24.9	25.5	27.1
Total	**15.8**	**12.9**	**13.8**	**16.5**	**18.8**	**21.5**	**23.5**	**24.9**	**25.5**	**27.1**

Table 20: Customer Care Program Expenditures by Segment - Schedule 14 ($ Millions)

Segment	Actuals				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Billing, Remittance and Meter Data Management	19.4	18.9	19.4	20.7	23.1	23.7	25.0	25.4	26.2	27.0
Collections	24.9	9.0	7.8	9.1	10.2	10.2	10.9	11.0	11.3	11.6
Customer Relationship Management	11.4	11.4	12.1	13.6	15.1	14.7	15.7	16.1	16.9	17.5
Total	**55.7**	**39.3**	**39.3**	**43.4**	**48.4**	**48.6**	**51.6**	**52.5**	**54.4**	**56.1**

Table 21: Human Resource and Safety Program Expenditures - Schedule 15 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Environment, Health & Safety	2.4	2.3	2.4	2.7	3.1	3.3	3.4	3.6	3.8	3.9
Human Resource Services & Systems, Organizational Effectiveness & Employee Labour Relations	5.9	6.3	5.9	7.2	9.4	10.0	10.4	10.8	11.3	11.8
Talent Management, Change Leadership & Sustainability	7.2	9.0	8.4	8.2	8.8	9.3	9.4	9.8	10.2	10.6
Total	**15.5**	**17.6**	**16.7**	**18.1**	**21.3**	**22.6**	**23.2**	**24.2**	**25.3**	**26.3**

Table 22: Finance Program Expenditures by Segment - Schedule 16 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Controllership	6.5	6.9	6.9	7.9	8.8	9.4	10.1	10.5	11.0	11.4
Financial Services	6.7	7.7	8.4	8.8	9.7	10.5	11.4	12.2	13.3	14.4
External Reporting	3.2	3.3	3.1	3.6	4.4	4.5	4.7	4.9	5.1	5.3
Total	**16.4**	**17.9**	**18.4**	**20.3**	**22.9**	**24.4**	**26.2**	**27.6**	**29.4**	**31.1**

Table 23: Information Technology Program Expenditures by Segment - Schedule 17 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Security & Enterprise Architecture	3.7	4.5	6.1	6.3	7.3	7.6	7.9	8.4	8.8	9.3
IT Operations	36.9	38.4	39.9	42.6	44.8	46.0	47.5	49.1	50.8	52.2
Project Execution	4.7	4.9	5.0	4.7	3.2	7.4	8.0	8.8	9.7	11.1
IT Governance	2.7	2.8	2.5	2.3	2.3	2.3	2.4	2.4	2.4	2.5
Total	**48.0**	**50.6**	**53.5**	**55.9**	**57.6**	**63.3**	**65.8**	**68.7**	**71.7**	**75.1**

Table 24: Legal Services and Regulatory Affairs Program Expenditures - Schedule 18 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Legal Services	6.1	5.7	5.8	7.0	9.2	9.8	10.3	10.7	11.2	11.6
Regulatory Affairs	3.8	4.4	4.1	5.3	6.4	7.0	7.1	7.5	7.9	8.1
OEB Fees	3.4	3.2	3.6	4.0	4.4	4.5	4.6	4.6	4.7	4.8
Regulatory Applications (Custom IR)	1.6	1.6	1.6	1.6	1.6	2.0	2.0	2.0	2.0	2.0
Communications & Public Affairs	3.6	4.1	4.1	4.7	6.4	6.6	6.9	7.1	7.3	7.6
Total	**18.5**	**19.0**	**19.2**	**22.6**	**28.0**	**29.9**	**30.9**	**32.0**	**33.2**	**34.2**

Table 25: Charitable Contributions Summary - Schedule 19 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Rate Recoverable	1.0	1.0	1.0	1.0	1.4	1.5	1.6	1.7	1.8	1.9
Non-Rate Recoverable	0.1	0.1	0.1	-	-	-	-	-	-	-

Table 26: Common Costs and Adjustments - Schedule 20 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Ongoing or recurring	(0.2)	(0.3)	(1.0)	0.3	(0.9)	(0.9)	(0.9)	(0.8)	(0.8)	(0.8)
Total	**(0.2)**	**(0.3)**	**(1.0)**	**0.3**	**(0.9)**	**(0.9)**	**(0.9)**	**(0.8)**	**(0.8)**	**(0.8)**

Table 27: Allocations and Recoveries Adjustments to OM&A - Schedule 21 ($ Millions)

Segment	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
On-cost recovery	(13.2)	(12.9)	(14.2)	(16.2)	(19.1)	(21.7)	(23.7)	(25.1)	(25.7)	(27.3)
Fleet Recovery Offset	(9.6)	(9.8)	(9.4)	(9.6)	(10.7)	(11.0)	(11.3)	(11.5)	(11.8)	(12.2)
IT and Occupancy Charges	(0.8)	(0.8)	(0.6)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Shared Services	(1.0)	(2.3)	(1.5)	(1.3)	(2.9)	(3.4)	(3.0)	(3.2)	(3.4)	(3.8)
Other Allocated Costs	(0.9)	(0.8)	(0.8)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)
Total	**(25.5)**	**(26.6)**	**(26.5)**	**(28.4)**	**(33.9)**	**(37.5)**	**(39.4)**	**(41.2)**	**(42.3)**	**(44.8)**

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-90

Reference: Exhibit 4, Tab 1, Schedule 1, Appendix J-C

Please provide a revised version of Appendix 2-JC, that shows Toronto Hydro's annual internal budget for each year between 2020 and 2024.

RESPONSE:

Table 1 below shows Toronto Hydro's internal OM&A budgets and actual expenditures for the current 2020-2024 rate period.[1] Below the table Toronto Hydro provides variance analyses comparing actual to budgeted expenditures for each. For the years 2023 to 2024, Toronto Hydro's internal budgets are consistent with the bridge year forecasts filed as part of the application.[2] In addition, it is important to note that when preparing internal budgets for 2020-2024, Toronto Hydro largely assumed the normal continuation of business and did not build in any material assumptions or changes regarding the ongoing and long-term operational impacts of the COVID-19 pandemic.

Table 1: 2020-2024 OM&A Internal Budget and Actuals ($ Millions)

	2020	2021	2022	2023	2024
Budget	269.5	284.6	294.8	301.5	320.5
Actual	288.1	277.5	280.4	294.2	N/A

/C

[1] Toronto Hydro is unable to provide a revised version of Appendix 2-JC that shows internal budgets for the same period because the utility does not manage its internal budgets in the program view that is presented in the rate application in accordance with the Filing Requirements.

[2] Following the approval of the 2023-2025 Business Plan in the fall of 2022, Toronto Hydro continued its planning process into Q1 of 2023 in order to support the rate application. This resulted in an updated 2023 internal budget which aligned with the 2023 bridge year forecast submitted as part of the rate application.

2020 Budget – 2020 Actual Variance Explanation

An overspend of $18.6 million primarily due to:

- Higher bad debt expense of $17.2 million as a result of the COVID-19 emergency and related financial pressures as detailed in the evidence Exhibit 4, Tab 2, Schedule 14 at p. 29.
- Higher non-routine operational and emergency expenses of $3.9 million related to the COVID-19 response as detailed in the evidence at Exhibit 4, Tab 2, Schedule 6 at Table 1.
- Higher corrective maintenance costs of $2.1 million to address system, environmental and safety risks, including cap and grounding of unused lines, switchgear repair to address known quality risks and sustained corrective work volume as detailed in the evidence at Exhibit 4, Tab 2, Schedule 4 at pages 1-3 and 7-15.
- Higher emergency response costs of $1.5 million due to storm and major event restoration costs as detailed in the evidence at Exhibit 4, Tab 2, Schedule 5, Table 3.
- Lower payroll costs of $5.7 million due to workforce vacancies as a result of unplanned retirements and delayed implementation of the hiring plan due to the challenges related to COVID-19 across various programs as detailed in the evidence at Exhibit 1B, Tab 3, Schedule 3 at pages 10-11; Exhibit 4, Tab 4, Schedule 3 at page 4; and Toronto Hydro's responses to interrogatories 4-SEC-111, 4-Staff-308 (c), and 4-AMPCO-83. /C
- Lower other costs of $0.4 million across various areas.

2021 Budget – 2021 Actual Variance Explanation

An underspend of $7.1 million primarily due to:

- Lower payroll costs of $10.0 million due to workforce vacancies as a result of unplanned retirements and delayed implementation of the hiring plan due to the challenges related to COVID-19 across various programs as detailed in the evidence at Exhibit 1B, Tab 3, Schedule 3 at pages 10-11; Exhibit 4, Tab 1, Schedule 1 at page 21; Exhibit 4, Tab 4, Schedule 3 at page 4; and Toronto Hydro's responses to interrogatories 4-SEC-111, 4-Staff-308(c), and 4-AMPCO-83.
- Lower other costs of $0.7 million across various areas.
- Higher non-routine operational and emergency expenses of $3.6 million related to the COVID-19 response as detailed in the evidence in Exhibit 4, Tab 2, Schedule 6, Table 1.

2022 Budget – 2022 Actual Variance Explanation

An underspend of $14.4 million primarily due to:

- Lower payroll costs of $10.0 million due to workforce vacancies as a result of unplanned retirements and delayed implementation of the hiring plan due to the persisting impacts of the COVID-19 challenges explained above.[3]
- Lower Public, Legal and Regulatory Affairs costs of $2.1 million due to underspend in external services of $1.2 million related to deferred implementation of enhanced customer awareness and public communications work plans, and lower volume of externally-driven legal claims of $0.9 million.
- Lower payroll costs of $2.0 million due to one-time favourable labour capitalization in Customer Care as a result of employee time allocated to the Customer Information System ("CIS") upgrade project as detailed in Toronto Hydro's response to undertaking JT4.14.
- Lower other costs of $0.3 million across various areas.

2023 Budget – 2023 Actual Variance Explanation

An underspend of $7.2 million was primarily due to:

- One-time underspend totaling to $2.5 million driven by:
  - lower payroll costs of $1.1 million due to one-time favourable labour capitalization in Customer Care as a result of employee time allocated to the CIS upgrade project as noted in Toronto Hydro's response to undertaking JT4.14;
  - transfer of $0.9 million to the *Getting Ontario Connected Act* ("GOCA") variance account as noted in Toronto Hydro's response to interrogatory 4-Staff-296.; and
  - transfer of $0.5 million to the Cloud Computing Implementation deferral account as noted in Toronto Hydro's response to JT3.6.
- Lower Public, Legal and Regulatory Affairs costs of $2.1 million driven by: (i) $1.2 million underspend in external services primarily related to deferred implementation of enhanced customer awareness and public communications work in the Communications and Public Affairs segments, and deferred implementation of continuous improvement work plans and

/C

[3] Exhibit 4, Tab 1, Schedule 1; Toronto Hydro's responses to interrogatories 4-SEC-111, 4-Staff-308 (c), and 4-AMPCO-83.

initiatives in the Regulatory Affairs segment due to the need support the rate application; (ii) $0.5 million payroll variance in the Legal Services segment driven by higher-than-expected turnover, internal promotions and challenges in attracting talent in this segment; and (iii) $0.4 million variance due to lower volume of externally-driven legal claims.

- Lower Asset and Program Management program cost of $1.7 million due to underspend in external services in the System Planning segment primarily related to the deferral of various continuous improvement work plans and initiatives in order to support the rate application (i.e. capital and maintenance planning and evidence drafting).
- Lower Information Technology program cost of $1.1 million driven by underspend in the Project Execution segment primarily related to the deferred vendor procurement relating to solutions for the Customer Relationship Management segment.
- Higher other costs of $0.2 million across various areas.

Please also refer to Toronto Hydro's response to undertaking JT3.28 for a causal track view comparing 2023 forecast to actual expenditures.

/C

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-91

Reference: [Ex.4-1-1, p.11]

Preamble:

"Toronto Hydro serves far more end-use customers through bulk metering and competitive sub-metering arrangements than its actual customer count would otherwise indicate." For buildings with end-use consumers behind bulk meters:

QUESTION (A):

a. Please explain how servicing this customer is different than a commercial customer with the same load.

RESPONSE (A):

In Toronto Hydro's experience, there is no material OM&A cost difference between serving a bulk metered multi-unit residential customer and a bulk metered commercial customer of equivalent load.

For a discussion comparing OM&A service costs between suite metered and bulk metered residential buildings, please refer to Toronto Hydro's response to 1B-Staff-60(e).

QUESTION (B):

b. How do these end-use consumers, which Toronto Hydro does not bill, increase costs?

RESPONSE (B):

The statement referenced in this question does not speak to an increase or decrease of costs but rather poses considerations for evaluating the benchmark performance metrics which use

customer count in their calculation, as discussed in subsection 1.1.2 of Exhibit 4, Tab 1, Schedule 1.[1] Customer count is a driver for certain variable costs, but not necessarily so for fixed system costs. As Toronto Hydro serves more end-use customers through bulk metering and competitive sub-metering arrangements, it is expected that costs per customer will increase as the fixed system costs are divided by a smaller number of customers compared to other arrangements where each end-consumer is a customer.

[1] At p. 11-12.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-92

References: Exhibit 4. Tab 1, Schedule 1, Page 34, Appendix 2-K

Appendix 2-K shows an increase in FTEs of 404 from 2022 to 2029. Sections 5.1.1-5.1.7 provided the following information on the increases in headcount for each major program and function,

Increase from 2022-2029		2023	2024	2025	2026	2027	2028	2029
	404	80	156	68	41	24	21	14
External Work Execution	51							
Internal Work Execution	61							
System Planning	31							
Control Centre Operations	33							
IT	19							
Customer Care	41							
Corporate Services	30							
Total	266							

QUESTION (A):

a) Please allocate the planned increases shown above to each year.

RESPONSE (A):

The Table 1 below details the variance in FTEs allocated to all Programs between 2022 through 2029. Please note that the 404 FTEs derived from Appendix 2-K are not equivalent to the 266 headcount presented in Exhibit 4, Tab 1, Schedule 1, Sections 5.1.1 - 5.1.7 (pages 34-50), as Appendix 2-K refers to FTEs, while Exhibit 4, Tab 1, Schedule 1, Sections 5.1.1 - 5.1.7 refers to headcount.

Table 1: Annual FTE by Program

Programs	Actual			Bridge		Forecast					2022-2029 Variance
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Preventative and Predictive Overhead Line Maintenance	26	16	13	16	19	20	22	22	22	22	9
Preventative and Predictive Underground Line Maintenance	-	-	-	-	-	-	-	-	-	-	-
Preventative and Predictive Station Maintenance Program	-	-	-	-	-	-	-	-	-	-	-
Corrective Maintenance	7	7	5	3	3	3	3	4	4	4	(1.0)
Emergency Response	48	39	35	24	26	29	28	29	29	29	(6.0)
Disaster Preparedness Management Program	10	9	8	5	8	8	8	8	8	8	-
Control Centre Operations	81	78	84	97	108	113	117	119	120	120	36
Customer Operations	115	8	18	27	35	38	40	42	44	47	29
Asset and Program Management	165	144	143	153	184	198	212	217	219	219	76
Work Program Execution	366	415	420	446	478	498	511	520	535	544	124
Fleet and Equipment Services	24	16	16	18	20	20	20	20	19	20	4
Facilities Management	26	24	22	23	23	24	24	22	22	22	-
Supply Chain Services	29	24	26	30	37	37	39	39	40	40	14
Customer Care	110	102	106	115	140	146	146	150	151	151	45
Human Resources, Environment and Safety	69	69	71	74	82	85	85	85	85	85	14
Finance	80	87	85	90	99	103	106	106	106	106	21
Information Technology	105	102	106	113	118	124	126	128	128	129	23
Public, Legal and Regulatory Affairs	60	63	69	73	83	85	85	85	85	85	16
Charitable Donations (LEAP)	-	-	-	-	-	-	-	-	-	-	-
Common costs and Adjustments	-	-	-	-	-	-	-	-	-	-	-
Allocation and Recoveries	-	-	-	-	-	-	-	-	-	-	-
Total	**1,321**	**1,203**	**1,227**	**1,307**	**1,463**	**1,531**	**1,572**	**1,596**	**1,617**	**1,631**	**404**

Toronto Hydro has also listed FTE changes for Asset and Program Management which is one of the segments under the System Planning Program, and External Work Execution and Internal Work Execution under Work Program Execution Program in the table below.

Table 2: Annual FTE by SEC Requested Programs

Programs	Actual			Bridge		Forecast					2022-2029 Variance
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
System Planning – Asset and Program Management	62	70	81	82	98	105	115	119	120	120	39
External Work Execution – Work Program Execution	54	56	68	83	99	107	113	117	120	120	52
Internal Work Execution – Work Program Execution	312	359	352	363	379	391	398	403	415	424	72
Total	**428**	**485**	**501**	**528**	**576**	**603**	**626**	**639**	**655**	**664**	**163**

QUESTION (B):

b) Please confirm that all of the increased positions listed in Sections 5.1.1-5.1.7 are OM&A, and the remaining 404-299 = 105 will be capitalized. If not confirmed, please provide the breakdown of the 404 FTEs between OM&A and capital, for each year, for each program.

RESPONSE (B):

The increases in positions listed in Sections 5.1.1 - 5.1.7 contribute to both capital and OM&A work. The difference between the 404 FTE from Appendix 2-K and the 266 headcount from Sections 5.1.1-5.1.7 is not due to capitalization. The table below shows the breakdown of the FTE increases between capital and OM&A.

Table 3: 2023-2029 Annual FTE increase compared to 2022 Actuals

	Bridge		Forecast					2022-2029 Increase
	2023	2024	2025	2026	2027	2028	2029	
Total FTE increases Per Year	80	156	68	41	24	21	14	404
FTE Increase Capital	49	72	37	28	18	15	12	231
FTE Increase OM&A	31	84	31	13	6	6	2	173

QUESTION (C):

c) For each of the 404 planned new positions, please provide the name of the position, the program, and the planned year for hiring.

RESPONSE (C):

Please see the response to (a) above. For further information regarding the breakdown of position type, please see Exhibit 4, Tab 4, Schedule 3, Table 1 at pages 12-13.

QUESTION (D):

d) Please provide an update on the status of the hiring for 2023. Which positions were filled and which have not been filled.

RESPONSE (D):

For 2023, based on organizational priorities, 97% of planned positions were filled. Positions filled included a cross section of jobs and skills discussed in Exhibit 4, Tab 4, Schedule 3, Table 1 at pages 12-13.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-93

Reference: Exhibit 4, Tab 2, Schedule 1, Pages 32-33, Figure 15

QUESTION (A):

a) Please explain why the Average Number of Sustained Outages per Feeder decreases with four years between trimming versus three years.

RESPONSE (A):

The reliability data and observations provided in Figure 15 show that the average number of sustained outages per feeder increases from year 1 to year 3 and then decreases at year 4. This pattern underscores that feeders experiencing a large number of sustained outages are typically trimmed within 1-3 years and usually do not go 4 years without trimming. Feeders with good reliability tend to reach the 4-year mark, but will eventually experience outages comparable to the system average.

QUESTION (B):

b) How were the forecasts for five and six years developed?

RESPONSE (B):

Toronto Hydro forecasted the number of sustained outages per feeder for years 5-6 using linear regression based on the average number of historical sustained outages per feeder.

QUESTION (C) AND (D):

c) Toronto Hydro is piloting multiple technologies, such as LiDAR and satellite imagery in order to adopt a data and condition-based approach for feeder-based tree trimming. How would the technologies referenced affect the amount of tree trimming required?

d) Provide a forecast of the potential savings.

RESPONSE (C) AND (D):

Implementing technologies such as LiDAR and satellite imagery enables Toronto Hydro to transition towards a data and risk-based approach for vegetation management. By leveraging these advanced technologies, the utility can conduct more precise assessments of vegetation encroachment on power lines and have better insights into the risk posed by tree contacts. Through more accurate identification of hazardous trees and proactive mitigation, Toronto Hydro can further optimize each feeder's unique cycle. While the technology might not greatly reduce the total amount of trimming, it will allow the utility to prioritize the work by directing resources to areas with the highest risk of causing outages by minimizing spend on conventional time-based trimming.

Toronto Hydro has observed an optimization of resource allocation from an Intelligent Vegetation Management System ("IVMS") pilot project, which was limited to North York and Etobicoke regions, as part of the annual cycle trim. A complete deployment and integration of IVMS with the utility's existing process is required to enable accurate forecasting of potential savings. Preliminary estimates from the pilot project show that Toronto Hydro was able to validate feeders experiencing sustained outage due to potential tree contacts and identify low-risk areas within the piloted regions resulting in reallocation of around $280,000 to other areas for cycle trim in 2024. However, to provide a more accurate forecast, Toronto Hydro will need to analyze data from a broader implementation of the system over time, considering factors such as operational efficiency gains and improvement to future reliability. As the utility continues to refine and expand the IVMS project, it expects to gain clearer insights into the long-term cost-saving benefits it offers to Toronto Hydro.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-94

Reference: Exhibit 4, Tab 2, Schedule 2, Table 7

QUESTION:

Contact Voltage scanning costs are increasing by 11% in 2025 over 2024 and 10% in 2028 over 2027. Please explain what is causing these increases above and beyond "inflationary pressures".

RESPONSE:

Above and beyond inflationary pressures, the increases in expenditures for the years specified are attributed to an increase in the number of wards planned for scanning. Specifically, Toronto Hydro plans to scan 15 wards in 2024 and 2027 and 16 wards in 2025 and 2028.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-95

References: Exhibit 4, Tab 2, Schedule 1
Exhibit 4, Tab 2, Schedule 3
Exhibit 4, Tab 2, Schedule 4

QUESTION:

These Preventive and Corrective Maintenance programs all have as an objective "Contribute to the overall system performance and reliability – as measured by performance metrics like SAIFI, SAIDI…" The total cost of these programs is forecasted to increase 58% from 2020 to 2029. Please quantify the expected impact of this spending on SAIDI and SAIFI for 2024-2029.

RESPONSE:

It is unclear how the 58 percent increase for the three programs referenced was calculated, as Toronto Hydro is forecasting the increase from 2020 to 2029 to be 49 percent.

The increased spending in the Preventative and Predictive Maintenance programs is driven by factors other than just reliability, as discussed in Toronto Hydro's response to interrogatory 2B-Staff-179. Similarly, the Corrective Maintenance program (Exhibit 4, Tab 2, Schedule 4) serves to mitigate safety, environmental, operational, or compliance risks in addition to system reliability risks.

Certain maintenance activities such as the activities performed under the Vegetation Management segment as described in Section 7 of Exhibit 4, Tab 2, Schedule 1, can have a direct and immediate impact on preserving system reliability and can be quantified to some degree as shown in Figure 15. Toronto Hydro expects longer-term system reliability benefits by correcting and repairing deficiencies or substandard conditions before they lead to failure through the Corrective Maintenance program. An example is the installation of an animal guard for a transformer to mitigate the risk of future animal contacts which can lead to an outage, which in some cases can be

highly impactful, as was evident on the February 1, 2024 incident of a racoon making contact with a Hydro One owned station power transformer. Because these reliability benefits are related to the prevention of failures that may or may not occur and are influenced by a variety of factors such as an asset's type, age, and environmental conditions it is exposed to, it can be difficult to quantify the impact Toronto Hydro's Preventative and Predictive Maintenance and Corrective Maintenance Programs can have on mitigating system reliability risks.

Furthermore, Toronto Hydro notes that any reliability-related increases in spending are intended to keep up with increasing challenges (e.g., expanding tree canopy, increasing corrective work request backlog) and are not meant to drive overall improvement. Therefore, while Toronto Hydro cannot specifically quantify the SAIDI and SAIFI impact of the increased maintenance spending, the impact of this spending is inherently reflected in the extrapolation of the utility's historical reliability performance into the future.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-96

Reference: Exhibit 4, Tab 2, Schedule 4

Preamble: With respect to the Corrective Maintenance Program:

QUESTION (A):

a) [p.6] For each year between 2020 and 2023, and for each of P1 to P3, please provide the percentage of deficiencies that are resolved with the specified timeframe (i.e. P1 within 15 days.)

RESPONSE (A):

Please see Table 1 for the percentages of deficiencies resolved within the specified timeframes over 2020-2023.

Table 1: Percentages of Deficiencies Resolved Within Timeframe

Priority	2020	2021	2022	2023
P1	25%	56%	59%	65%
P2	44%	66%	72%	79%
P3	47%	30%	28%	10%

QUESTION (B):

b) [p.10] Please provide a revised version of the information requested in part (a), further broken down by risk level (high, medium, and low).

RESPONSE (B):

P1 priority is always considered as high risk and is issued out and assigned to construction team immediately (e.g. oil leak). P2 priority is considered as medium risk and is also issued out and assigned to construction team promptly. In 2023, Toronto Hydro introduced the breakdown of risk

level (high, medium and low) within the P3 backlog to help triage and expediate deficiencies that pose the greatest safety, environmental, reliability, and financial risk. Please see Table 2 for the breakdown by risk level of P3 deficiencies resolved within timeframe in 2023.

Table 2: Breakdown by Risk Level of P3s Resolved within Timelines

Risk Level	2023
High	67%
Medium	18%
Low	15%

QUESTION (c):

c) [p.6] For each year between 2020 and 2023, what percentage of P4 deficiencies are ultimately resulted in work being done to address the deficiency. Please provide a breakdown of the information by risk level.

RESPONSE (C):

P4 deficiencies are the lowest risk level when compared to P1, P2 and P3. As described in Exhibit 2B, Section D3 at page 9, P4 notifications are for deficiencies that are to be monitored but for which no work requests are issued. P4 deficiencies do not include a risk level. If the deficiency for P4 items worsens then the request can be reprioritized to P1, P2 or P3 and issued out for execution.

QUESTION (D):

d) [p.10] Please explain how Toronto Hydro classifies deficiencies as high, medium or low risk.

RESPONSE (D):

Within the P3 backlog, Toronto Hydro categorizes the work based on the corrective action (e.g. anchor replacement, bollard installation, trip hazard, etc.) required to address the deficiency. Depending on the corrective action, Toronto Hydro takes into account the location of the hazard (e.g. main trunk versus lateral/sub-lateral, sidewalk vs. boulevard) plus the number of customers

affected. For example, if a bollard needs to be straightened or replaced and it is located in a high traffic area, then the risk level would be higher than a low traffic area. Furthermore, if a deficiency can cause a safety or environmental issue (e.g., removing an abandoned transformer to avoid potential PCB oil leak) then this would be flagged as higher priority compared to a bent ventilation grill on a boulevard. Toronto Hydro considers the impact to safety, environmental, reliability, and financial risks to triage and expediate deficiencies that pose the greatest risk in these areas.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-97

References: Exhibit 4, Tab 2, Schedule 5, Page 22

QUESTION:

Costs in this segment are increasing by $3.9 million between 2022 and 2025, partially related to "…a new contract for external resources will become effective in 2025." Please provide further details on this contract.

RESPONSE:

Toronto Hydro's emergency response field services are provided by external contractors working under multi-year contracts. The contracts require the service providers to supply fully qualified powerline technicians, vehicles, and tools at an hourly rate on a 24/7/365 basis. The current contract expires in early 2025. In anticipation, Toronto Hydro undertook an extensive RFP process throughout 2023 to secure new multi-year contracts with qualified vendors at current market rates. The contracts for emergency response services were ultimately awarded to two respondents. The term for the new contracts begins in 2025.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-98

Reference: Exhibit 4, Tab 2, Schedule 7, Pages 24-25

With respect to Control Centre Operations:

QUESTION (A):

a) Costs are increasing by $1.8 million between 2022 and 2025 due to an increased headcount. Please provide details on existing headcounts, new positions to be added by year, and position descriptions.

RESPONSE (A):

Table 1 below provides details on existing headcount and new positions to be added by year:

Table 1: Control Centre Operations Headcount by Function – 2022 to 2025

	2022	2023	2024	2025
Distribution System Operations Management and power system controllers	66	65	66	67
Control Centre Support (Work and Outage Scheduling, Grid Analytics, SCADA Support) Management, engineers, technologists and analysts	17	33	39	42
Energy Centre Management and consultants	2	2	3	5
Total Headcount	85	100	108	113

Toronto Hydro notes that between 2022 and 2023, eleven existing FTEs were remapped from the Emergency Response (Exhibit 4, Tab 2, Schedule 5) and Disaster Preparedness Management (Exhibit 4, Tab 2, Schedule 6) programs to the Control Centre Operations program. Accordingly, of the fifteen incremental headcounts shown in 2023 relative to 2022, only four are net new.

Please refer to pages 39-43 of Exhibit 4 Tab 1, Schedule 1 and Toronto Hydro's response to 4-CCMBC-16(b) and (c) for further discussion of headcount drivers for the 2022-2029 period.

QUESTION (B):

b) Between 2025-2029 costs are increasing by $2.2 million to "maintain the resourcing capacity and capabilities". Please expand on what this entails, e.g., new positions, new contracts, etc.

RESPONSE (B):

Cost increases between 2025 and 2029 in this program are based on forecasted increases to compensation costs and a forecasted increase of Energy Centre professionals from 5 in 2025 to 8 in 2029, and an increase of Control Centre support professionals from 42 in 2025 to 44 in 2029.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-99

Reference: Exhibit 4, Tab 2, Schedule 8, Pages 5 - 9

With respect to the Customer Operations Program:

QUESTION (A):

a) For each year between 2020 and 2029, please provide a breakdown of Customer Operations – Public Safety & Damage Prevention to show total cost for locates.

RESPONSE (A):

The total cost for locates, i.e. excluding the effects of the *Getting Ontario Connected Act* Variance Account, is the total cost of the Public Safety and Damage Prevention segment, reflected in Table 6 on page 29 of Exhibit 4, Tab 2, Schedule 8.

QUESTION (B):

b) Please further breakdown the increases in the cost of locates each year between 2020 and 2029 by each of the following drivers: the proliferation of large multi-unit segment locates and the requirements of the Getting Ontario Connected Act. (GOCA).

RESPONSE (B):

For a breakdown of costs attributable to the *Getting Ontario Connected Act* ("GOCA") and recorded in the associated variance account for the period of April 1, 2023 to December 31, 2024, please refer to Toronto Hydro's response to 4-Staff-296(e). With respect to the proportion of costs that will be attributable to the effects of the GOCA over the 2025-2029 rate period, as discussed in the pre-filed evidence,[1] there remains a great degree of uncertainty regarding the full extent of locates costs due

[1] Exhibit 4, Tab 2, Schedule 8 at p. 9-10 and 29-30.

to past and ongoing legislative amendments. To the extent that any additional material developments affect Toronto Hydro's forecasts for the Public Safety and Damage Prevention segment, the utility will adduce additional evidence while the evidentiary record is open. In any case, Toronto Hydro has requested the continuation of a variance account to capture locates costs in the 2025-2029 period to adequately fund non-discretionary locates work[2] and also produced a forecast of estimated costs in the event that the OEB does not grant that request.[3]

For a breakdown of costs attributable to multi-unit segment locates, please refer to the below table. Toronto Hydro is also showing 2019 to demonstrate the trend from before the onset of the COVID-19 pandemic (10% increase between 2019 and 2022). The utility forecasts increased volumes of multi-unit segment locate tickets at the levels seen in 2022 to continue into the 2025-2029 rate period, given the high level of complex construction activity happening in the city of Toronto from large building developments and infrastructure projects. Although the proportion of costs attributable to multi-unit segments in 2023 were lower than forecasted—potentially due to macroeconomic factors such as high interest rates—Toronto Hydro maintains its forecast for the reasons discussed above.

Table 1: 2019-2029 Multi-Segment Locates Costs ($ Millions)

Actual					Bridge		Forecast				
2019	**2020**	**2021**	**2022**	**2023**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
21.8%	25.5%	25.9%	31.6%	23.9%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%
n/a	$1.2	$1.1	$1.7	$1.6	$2.3	$2.1	$2.1	$2.2	$2.2	$2.3	$2.3

*This table compares the proportion of costs in the Customer Operations – Public Safety & Damage Prevention segment from multi-segment locates versus other locate types.

[2] Exhibit 9, Tab 1, Schedule 1 at p. 27.
[3] *Supra* note 1 at p. 30, lines 1-9.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-100

Reference: Exhibit 4, Tab 2, Schedule 8, Page 10, 26

QUESTION (A):

a) Toronto Hydro attributes the cost increase under the Customer-Owned Equipment Services segment over 2025-2029 to the increase in customer demand for vault access services, including repeat customer requests. Please confirm that Toronto Hydro allows one vault access every 12 months at no charge, however customers pay for subsequent requests. If confirmed, please explain how costs are being increased.

RESPONSE (A):

Toronto Hydro confirms that property owners can request one free 4-hour appointment on a rolling 12 month schedule to access their customer-owned vault. Free access is at the cost of Toronto Hydro. Should the property owner require additional hours or visits they are required to cover the cost of this.

The forecasted cost increases are primarily due to rising demand for the program. Toronto Hydro is seeing an increase in the number of property owners scheduling free and paid vault access appointments each year as well as an increase in the number of customer-owned vaults added through the growth and development in the City of Toronto. In addition to volume driven increases, annual costs increase due to inflationary impacts to annual costs.

QUESTION (B):

b) For Key Accounts, please outline the increases in headcount contributing to the 2022-2029 increases.

RESPONSE (B):

Below is Table 1 which outlines the headcount for Key Accounts from 2022-2029.

Table 1: Key Accounts Headcount – 2022 to 2029

	2022	2023	2024	2025	2026	2027	2028	2029
Key Account Headcount	5	7	7	7	7	7	7	7

QUESTION (C):

c) Please provide the number of Key Accounts for 2023 and a forecast for 2024-2029.

RESPONSE (C):

As of January 2024, Toronto Hydro has 513 Key Account customers (connected loads greater than 1 MVA). This represents 423 unique customers (entities), some with multiple connected loads. As noted in subsection 5.1.4.1 of Exhibit 2B, Section 5.1,[1] Toronto Hydro has experienced a higher than anticipated increase in system access requests for large projects, which is forecasted to continue through the 2024-2029 period. Based on customer driven connections projects currently in design and construction, Toronto Hydro estimates an additional 60-70 new key accounts to be added over the 2024-2029 period. This estimate is exclusive of customer driven projects that are not yet submitted to Toronto Hydro and customer conservation measures that may reduce their load below the 1 MVA threshold.

[1] At p. 21-22.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-101

Reference: Exhibit 4, Tab 2, Schedule 10, Page 5

The evidence states that "an appropriate resource level has each manager, with a supporting analyst, executing approximately $11-13 million in capital projects annually." For each year 2022-2029, please provide the following information: Total capital projects, # of managers with an analyst.

RESPONSE:

Please see Table 1 below summarizes the number of projects and respective managers with an analyst within the external work program. Toronto Hydro is unable to provide the number of projects beyond 2024 as they have yet to be planned, designed, and issued for execution. The utility typically plans capital projects on a 30-month rolling forecast.

Table 1: Summary of Capital Projects

Year	# of Capital Projects	# Managers with Analyst
2022	281	14
2023	486	17
2024	490	17
2025	N/A	19
2026		21
2027		23
2028		23
2029		23

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-102

Reference: Exhibit 4, Tab 2, Schedule 12, p.14

An increase of $1.7M in Facilities Maintenance Services from 2022-2025 is to address increased security. Please provide details of:

QUESTION (A)

a) How the $1.7 has been/is to be spent?

RESPONSE (A):

The $1.7M is to be spent towards:

- Improving CCTV uptime:
  - Troubleshooting connectivity issues
  - Addressing obstructions
  - Focusing and re-positioning cameras for increased effectiveness
  - Camera cleaning and general troubleshooting/repairs.

- Maintaining site accessibility:
  - Card access uptime
  - General door repairs
  - Reducing mean time to repair for gates and automated doors

- System configuration (implementing advanced capabilities for existing systems):
  - Continued implementation of video analytics
  - Testing and tuning analytics to minimize false alarms/noise
  - Testing and tuning door alarms
  - Auditing and configuring (virtual) video surveillance tours

- Improving effectiveness of the Physical Security Operations Centre by validating system maps and embedded instructions/procedures.
- Any additional physical security controls or enhancements driven by cyber security needs.

QUESTION (B)

b) Data supporting the statement of increased criminal activity.

RESPONSE (B):

From 2022 to 2023, Toronto Hydro experienced a combined 43% increase in trespassing, theft, and police requests. This year over year trend is in line with the major crime indicators ("MCI") published by Toronto Police Services, which increased 40% from 2022 to 2023. This includes the subcategory of "Theft Over $5,000".

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-103

References: Exhibit 4, Tab 2, Schedule 13, Page 24

Preamble:

Supply Chain Services is expected to experience a $7.7 million increase from 2022 to 2025.

QUESTION (A):

a) Please provide more details on the increased costs due to external contract costs and a new contract setting process.

RESPONSE (A):

Of the $7.7 million increase, $3.8 million is due to increases in Third-Party Logistics ("3PL") and Third-Party Procurement ("3PP") costs (i.e., external contract costs) and expected costs from the new contract setting process.

The increased external contract costs are due to higher volumes of requests for materials and a challenging procurement environment as described in Exhibit 4, Tab 2, Schedule 13 at page 17. Material handling costs are driven by the projected throughput of materials and associated resources required to support the execution of the capital expenditure plan over the 2025-2029 period (see Table 12 of Exhibit 2B, Section A).

Third-Party Logistics and Third-Party Procurement provider services are competitively sourced. As the contract for the 3PP and 3PL provider is set to expire at the end of 2024, Toronto Hydro is initiating a new contract setting process to competitively source the services in 2025. Through the existing service provider contract, Toronto Hydro negotiated rates based on material throughput, which is reflected in the costs incurred for the current period. New rates as a result of the new

contract setting process for the forecast period are assumed to be a reflection of the current global inflationary pressures resulting from major world events in the 2020-2024 rate period.

QUESTION (B):

b) Please explain the purpose of the review of Toronto Hydro's Procurement Policy.

RESPONSE (B):

As described in Exhibit 4A, Tab 2, Schedule 13, at page 13, in 2023, Toronto Hydro initiated an independent review and analysis of its Procurement Policy to ensure it was in line with industry standards and to establish ongoing supply chain market intelligence reports to enable continuous improvement of the utility's procurement practices.

Toronto Hydro expects that the engagement of procurement consulting services will enhance the overall maturity of the supply chain and procurement function and result in the following benefits and outcomes:

- Update Policy and other related documents to improve operational effectiveness through incorporation of leading practices into the Procurement Policy;
- Adopt a category-based approach to managing and maximizing value from key areas of spend to achieve cost efficiencies in sourcing execution;
- Develop foundational procurement operational excellence capabilities to improve supplier performance and innovation and realize efficiencies through the implementation of buying channel strategy;
- Establish a sustainable and social procurement framework aligned with enterprise Environmental, Social and Corporate Governance ("ESG") policy to enable a wider supplier base and increase brand reputation as a leading organization; and
- Enhance Ariba functionality and promote collaboration to increase user productivity and user experience.

QUESTION (C):

c) Please quantify the savings expected from the "$0.8 million increase driven by procurement consulting services to conduct a review of Toronto Hydro's Procurement Policy and establish the delivery of ongoing supply chain market intelligence reports."

RESPONSE (C):

As noted in its response to part (b), to further strengthen Toronto Hydro's procurement strategy and procurement practices, Toronto Hydro engaged a procurement consulting service for an independent review of its Procurement Policy to highlight areas of improvement to align the policy to peer organizations and leading practice.

At this time, Toronto Hydro is unable to comment on the specific amount of expected savings. While future cost savings is a goal in the long-term, the resulting policy analysis and market intelligence reports will provide insights to emerging opportunities and potential threats to the business to allow for better strategic decision making and improved sourcing strategies. The outcomes of the procurement consulting service will enhance the maturity of the supply chain and procurement function and result in operational efficiencies and increased productivity in the long term.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-104

Reference: Exhibit 4, Tab 2, Schedule 14

QUESTION (A):

a) Toronto Hydro notes that for 2022-2025 costs are increasing in Customer Care due to fewer business resources capitalized to projects, primarily meter technology projects and the CIS project. Please provide details on how many resources were capitalized in which years, whether they were backfilled and when they return to OM&A work.

RESPONSE (A):

Resources in the Customer Care program often work on both operational functions and capitalizable projects and technology initiatives in any given year. The first row of the table below shows the average number of business FTEs that were capitalized as a result of project and technology initiative work.

Only resources working in a full-time capacity on the Customer Information System ("CIS") upgrade project are backfilled and although Toronto Hydro aims to do so on a one-to-one ratio, in any given year, the actual backfill resourcing level may be slightly higher or lower than an exact one-to-one ratio due to the high attrition rates of contracted staff. The declining number of FTEs capitalized for the CIS Upgrade project in row two, between the years 2022 and 2026, indicate the timing of the return of these FTEs to OM&A work, as well as the approximate number of backfills whose release date would roughly correspond.

	Actual	Bridge		Forecast
	2022	2023	2024	2025
Total - # of FTEs Capitalized	31	25	24	18
CIS Upgrade Project - # of FTEs Capitalized (included in above) and approximate # of backfills	18	16	14	5

QUESTION (B):

b) For 2025-2029 please provide information on the number of FTEs in Customer Care which are forecasted to be capitalized and backfilled.

RESPONSE (B):

Similar to the response in Part A, staff working full time on the CIS project are backfilled on a one-to-one basis, as broken out in row 2 of the below table. Please see Toronto Hydro's response to 4-SEC-89 subpart b, Table 2 for total labour cost transfers and capitalization from the Customer Care program.

	Forecast				
	2025	**2026**	**2027**	**2028**	**2029**
Total - # of FTEs Capitalized	18	13	13	13	13
CIS Upgrade Project - # of FTEs Capitalized (included in above) and approximate # of backfills	5	0	0	0	0

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-105

Reference: Ex.4-2-14, p.17, 27,30, Table 5

Preamble:

With respect to the Customer Care program:

QUESTION (A):

a. Please show the breakdown of the Collections costs in Table 5, including the amounts for bad debt.

RESPONSE (A):

Segment	Summary in millions									
	Actual			Bridge		Forecast				
Collections	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Net Payroll	$ 0.6	$ 0.8	$ 0.5	$ 0.5	$ 0.9	$ 1.2	$ 1.5	$ 1.6	$ 1.7	$ 1.8
External/ Contract Costs	$ 2.6	$ 2.4	$ 3.1	$ 4.3	$ 4.3	$ 4.0	$ 4.1	$ 4.2	$ 4.2	$ 4.3
Bad Debt	$ 21.7	$ 5.8	$ 4.2	$ 4.8	$ 4.9	$ 5.0	$ 5.1	$ 5.2	$ 5.3	$ 5.4
Grand Total	$ 24.9	$ 9.0	$ 7.8	$ 9.6	$ 10.2	$ 10.2	$ 10.9	$ 11.0	$ 11.3	$ 11.6

Note: Variances due to rounding may exist.

QUESTION (B):

b. Please explain why bad debt is increasing by inflation from 2022 to 2029, given the increase in pre-authorized debit ("PAD") of 15% and the remote disconnection for Smart Meters, both of which Toronto Hydro states reduce the risk of bad debt.

RESPONSE (B):

Although pre-authorized debit ("PAD") and the ability to remotely disconnect customers are tools that help control the risk of bad debt, there are several other factors, including economic conditions, electricity rate increases, potential regulatory changes, sudden bankruptcies, that contribute to the overall bad debt. To account for these factors outside the utility's control, Toronto Hydro forecasted bad debt using a 2% inflation factor from 2024 to 2029.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-106

Reference: Exhibit 4, Tab 2, Schedule 14, Page 12

Preamble:

With respect to the Customer Care program:

QUESTION (A):

a) Please provide the percentage of customers that are on or are forecast to be on e-billing for each year between 2022-2029.

RESPONSE (A):

Table 1: Percent of Customer on E-bills

Year	2022	2023	2024	2025	2026	2027	2028	2029
Percent of customer on ebills	48.3%	50.9%	53.5%	55.2%	56.7%	57.8%	59.2%	60.1%

QUESTION (B):

b) What is the annual saving per customer that switches to e-billing?

RESPONSE (B):

Table 2: Estimated Annual Saving per Customer on E-bills

Year	2022	2023	2024	2025	2026	2027	2028	2029
Estimated annual saving per customer on ebills	$11.58	$11.17	$11.53	$11.86	$12.22	$12.58	$12.94	$13.30

QUESTION (C):

c) What savings have been included for 2025-2029 related to e-billing?

RESPONSE (C):

Toronto Hydro expects to save approximately $0.8M over the 2025 to 2029 period, with annual incremental amounts shown in the table below. Savings resulting from transitioning customers to ebills are primarily seen in forecast paper, printing, and postage costs, partially offset by the cost of producing an ebill.

Table 3: Expected Annual Savings

Year	2025	2026	2027	2028	2029	Total
Expected Annual Savings	$0.18M	$0.16M	$0.14M	$0.16M	$0.12M	$0.8M

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-107

Reference: Exhibit 4, Tab 2, Schedule 15, Page 7

Please quantify the "additional legal costs" forecast to result from the renegotiation of the PWU and Society IT collective agreements and specific which year they will be incurred

RESPONSE:

Toronto Hydro's 2020-2029 legal budget for this program is set out in the table below. This budget relates to a number of activities, including: arbitrations, grievances, civil matters, human rights claims, environmental and safety compliance. The costs specifically associated with renegotiation of the collective agreements in any given year are not material.

Table 1: Summary of Additional Legal Costs related to Renegotiation of PWU and Society IT Collective Agreements ($)

Segment Name	Cost Element	2025	2026	2027	2028	2029
Human Resources Environment and Safety	Legal Fees	1,362,412	1,389,660	1,417,453	1,445,802	1,474,719
Human Resources Environment and Safety Total		1,362,412	1,389,660	1,417,453	1,445,802	1,474,719

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-108

References: Exhibit 4 Tab 2, Schedule 16, Pages 11, 16, & 19

QUESTION (A):

With respect to the Finance Program:

a) How many additional resources are being hired in 2022-2025 in the Controllership segment to "support the increased size and complexity of the capital program and to support the 2025-2029 rate application."

RESPONSE (A):

Between 2022-2025 Toronto Hydro is adding seven (7) additional resources in the Controllership segment, of these resources, four (4) resources are to backfill open positions that were left vacant in 2022 whereas the remaining three (3) are forecasted to support the increased size and complexity of the capital program and to support the 2025-2029 rate application.

QUESTION (B):

b) Please provide details of what the $0.5 million per year from 2025-2029 for the Controllership is specifically for, i.e. FTEs, contracts, etc.

RESPONSE (B):

Please see the discussion of cost drivers at Exhibit 4, Tab 2, Schedule 16 page 5. The average increase of $0.5 million per year from 2025-2029 in the Controllership segment is due to forecasted general compensation increase of existing employees.

QUESTION (C):

c) Please provide details of what the $1.0 million per year from 2025-2029 for Financial Services is specifically for, i.e., FTEs, contracts, etc.

RESPONSE (C):

Please see the discussion of cost drivers at Exhibit 4, Tab 2, Schedule 16 pages 5-6. The average increase of $1.0 million per year from 2025 to 2029 in the Financial Services segment is driven forecasted increase in insurance premiums ($0.8 million) and forecasted general compensation increase of existing employees ($0.2 million).

QUESTION (D):

d) What is the dollar relationship between increases in rate base to increase in property and liability insurance premiums?

RESPONSE (D):

There are three primary drivers for insurance premiums: (i) self-insured deductible, (ii) policy limit, and (iii) the value of the insured assets. Insurance premiums are also a function of specific loss ratios on policies experienced by the underwriters, while Toronto Hydro has enjoyed a claims free record across many of its policies, its liability insurance premium has been affected by losses experienced by the underwriters. For more information, please see Exhibit 4, Tab 2, Schedule 16, Section 6.2.

QUESTION (E):

e) Please provide details of what the $0.8 million per year from 2025-2029 for External Reporting is specifically for, i.e., FTEs, contracts, etc.

RESPONSE (E):

It is Toronto Hydro's understanding that in the question, SEC made a typographical error in quoting the annual variance from 2025-2029 for External Reporting. In responding to this interrogatory Toronto Hydro believes the correct annual increase is $0.2 million per years from 2025-2029.

Please see the discussion of cost drivers at Exhibit 4, Tab 2, Schedule 16 page 5. The average increase of $0.2 million per year from 2025-2029 in the External Reporting segment is due to forecasted general compensation increase of existing employees.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-109

Reference: Exhibit 4, Tab 4, Schedule 17, Page 7, Table 3

With respect to the Information Technology Program:

QUESTION (A):

a) For each segment in Table 3, please breakdown the costs which are related to subscription fees, licensing fees, maintenance contracts, and consulting.

RESPONSE (A):

Toronto Hydro does not differentiate between licensing fees and maintenance contracts. Table 1 below shows maintenance (including licensing fees), subscription and consulting costs for 2020-2029.

1 **Table 1: Maintenance, Subscription and Consulting Costs 2020-2029**

Security & Enterprise Architecture	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Bridge**	**2024 Bridge**	**2025 Forecast**	**2026 Forecast**	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Maintenance	1.7	2.4	2.5	3.6	4.1	4.5	4.9	5.7	6.2	6.8
Subscription	0.0	0.0	0.1	0.2	0.2	0.3	0.4	0.4	0.5	0.6
Consulting	0.3	0.4	1.1	1.4	2.4	2.3	2.1	1.7	1.5	1.6

IT Operations	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Bridge**	**2024 Bridge**	**2025 Forecast**	**2026 Forecast**	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Maintenance	15.6	17.3	17.8	16.8	17.1	16.4	16.2	16.7	16.9	17.1
Subscription	0.3	0.3	0.7	0.4	0.8	0.0	0.0	0.0	0.0	0.0
Consulting	0.2	1.1	1.2	1.1	1.1	1.1	1.0	1.1	1.1	1.2

Project Execution	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Bridge**	**2024 Bridge**	**2025 Forecast**	**2026 Forecast**	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Maintenance	0.0	0.0	0.0	0.0	0.0	1.3	1.7	1.6	1.7	1.8
Subscription	1.6	2.2	2.4	3.0	3.1	4.1	4.8	5.2	5.8	6.4
Consulting	0.1	0.4	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1

IT Governance	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Bridge**	**2024 Bridge**	**2025 Forecast**	**2026 Forecast**	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subscription	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consulting	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Total All Segments	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Bridge**	**2024 Bridge**	**2025 Forecast**	**2026 Forecast**	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Total Maintenance	17.3	19.7	20.3	20.4	21.2	22.2	22.8	24	24.8	25.7
Total Subscription	1.9	2.5	3.2	3.6	4.1	4.4	5.2	5.6	6.3	7.0
Total Consulting	0.6	2.0	2.6	2.5	3.6	3.5	3.3	2.9	2.7	2.9

QUESTION (B):

b) For each year between 2024 to 2029, please provide a listing of all forecasted subscription fees, licensing fees and maintenance contracts. For those that are new in a year please indicate if they are replacing a previously capitalized solution.

RESPONSE (B):

Toronto Hydro is unable to provide the requested information within the interrogatory response timelines, as the utility has over 180 IT maintenance contracts (including licensing) and subscription contracts, some with start or end dates outside of the indicated period. Disclosing a full list of such information would also require significant time and effort for legal analysis (e.g. whether vendor consent is required or any confidential information is involved) for each contract. Furthermore, providing a full list of the contracts within scope may expose Toronto Hydro to risks by identifying the utility's cybersecurity vendors and controls. As an approximation of the requested information, Table 2 below shows a breakdown of current maintenance and subscription contracts by the four segments of the Information Technology OM&A program.

Table 2: Total Number of Maintenance (including Licensing) and Subscription Contracts by Segment

Segments	Maintenance Contracts (including licensing)	Subscription Contracts
Security & Enterprise Architecture	36	9
IT Operations	87	27
Project Execution	20	10
IT Governance	0	0
Total	**143**	**46**

Toronto Hydro is currently unable to provide a list of new contracts anticipated for the 2024-2029 period or verify whether these contracts will replace previously capitalized solutions until project evaluation and prioritization is completed for the 2025-2029 timeframe in accordance with Toronto

Hydro's IT Investment Planning Process.[1] Furthermore, through the application of Toronto Hydro's procurement policy and processes[2], the utility determines the solution that fulfills Toronto Hydro's business needs, and based on the selected solution, new contracts are established.

QUESTION (C):

c) For each year please provide a list of forecasted consulting contracts.

RESPONSE (C):

For the reasons outlined in the response to subpart (b), Toronto Hydro is unable to provide the requested information within the interrogatory response timelines. As an approximation of the requested information, Table 3 below shows a breakdown of current consulting contracts by the four segments of the Information Technology OM&A program.

Table 3: Total Number of Consulting Contracts by Segment

Segments	Consulting Contracts
Security & Enterprise Architecture	9
IT Operations	10
Project Execution	6
IT Governance	1
Total	**26**

QUESTION (D):

d) For Project Execution, please provide a listing of forecasted new IT cloud solutions, year of implementation, dollars associated with project initiation, planning and execution versus monitoring and control.

[1] Exhibit 2B, Section D8, subsection D8.5 at p. 7-10.
[2] Exhibit 4, Tab 3, Schedule 1, Appendix A.

RESPONSE (D):

Toronto Hydro is currently unable to provide a detailed list of forecasted IT cloud solutions for the 2025-2029 period pending the evaluation and prioritization of projects through the utility's IT Investment Planning Process.[3] At a high level, Toronto Hydro plans to deploy cloud-based solutions to support vegetation management and customer relationship management, and enhance mobile workforce management during the 2025 to 2029 rate period. However, these initiatives need to be assessed in accordance with the IT Investment Planning Process, including whether, when and what cloud solutions will be implemented. In addition, based on industry trends, Toronto Hydro anticipates that its reliance on cloud-based solutions may increase, as many vendors are opting to offer cloud-only solutions with no on-premise options.

[3] Exhibit 2B, Section D8, subsection D8.5 at p. 7-10.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-110

Reference: Exhibit 4, Tab 2, Schedule 18; Appendix 2-M

With respect to Public, Legal and Regulatory Affairs:

QUESTION (A):

a) [p.19] Toronto Hydro provides three reasons for the increase in legal costs between 2022 to 2025, including (i) increased volumes of customer connections activity, (ii) higher procurement activity, and (iii) enhanced scope complexity in planning and coordination with third parties. Please provide actual numbers of customer connections and procurement contracts for 2022 to 2023 and a forecast of activity for each year between 2024 and 2029.

RESPONSE (A):

For 2020-2022 contract volumes, please see Figures 1 and 2 at pages 15 and 16 of the referenced evidence. For 2023 data please see the table below.

Table 1: Legal Services Contract Volumes (2023)

Contract Type	2023
Procurement Contracts initiated by Supply Chain	329
Offers to Connect Requiring Expansion	38

Toronto Hydro is unable to forecast the number of contracts that it will receive in the future period, but reasonably expects that higher volumes of supply chain work and customer connection gross expenditures forecasted as part the 2025-2029 Investment Plan (as shown in the table below), will drive a corresponding increase in contract volumes as part of this segment.

Table 2: Supply Chain and Customer Connections Expenditures

	2020-2024 ($M)	2025-2029 ($M)	Percent Change
Supply Chain	77.9	122.5	57%
Customer Connections – Capital Expenditures (Gross)	689.9	949.8	38%

QUESTION (B):

b) Please provide the number of FTEs in each segment for each year between 2022 and 2029.

RESPONSE (B):

Please refer to Toronto Hydro's response to interrogatory 4-VECC-74.

QUESTION (C):

c) [Appendix 2-M] Please provide a table that shows for each of EB-2018-0165 (actuals) and EB-2023-0195 (forecast) application, total one-time application costs, broken down by category (i.e. legal costs, consultant/expert witness costs, incremental operating expenses with staff resources, intervenor costs, OEB section 30 costs, and other costs.)

RESPONSE (C):

Please find attached to this response a corrected and updated Appendix 2-M based on 2023 actuals.[1] The table below compares total one-time application costs for EB-2018-0165 (2020 CIR actuals) and EB-2023-0195 (2025 CIR forecast).

Table 3: 2020 vs. 2025 One Time Application Costs

Expense Category	EB-2018-0165 2020 CIR Actuals	EB-2023-0195 2025 CIR Forecast	2020 vs. 2025 Variance
Legal Costs	$3,173,427	$2,627,790	-17.19%
Consultant/Expert Witness Costs	$ 3,447,033	$4,043,400	17.30%

[1] Toronto Hydro corrected a minor calculation error in cells D8 and D9 with respect to 2020 Actuals, and C8 and 9 with respect to OEB Approved for printing and miscellaneous expenses.

Expense Category	EB-2018-0165 2020 CIR Actuals	EB-2023-0195 2025 CIR Forecast	2020 vs. 2025 Variance
Incremental Operating Expenses[2]	-	$559,628	N/A
Intervenor Costs	$827,228	$1,000,000	20.89%
OEB s. 30 Costs	$494,244	$600,000	21.40%
Other costs (printing and miscellaneous)	$133,614	$50,000	-62.58%
Total	**$8,075,546**	**$8,880,818**	**9.97%**

QUESTION (D):

d) [Appendix 2-M] With respect to one-time legal costs related to this application, what was the total actual legal costs incurred by Toronto Hydro up until it filed its application?

RESPONSE (D):

Please see sum of Legal Cost for 2022 and 2023 Actuals in the updated Appendix 2-M attached.

QUESTION (E):

e) [Appendix 2-M] Please provide an updated version of Appendix 2-M that forecasts regulatory costs through to the end of 2029.

RESPONSE (E):

Toronto Hydro does not have an Appendix 2-M for the 2030 rebasing application. One fifth of the 2025 Rate Application total costs shown in the table above will be amortized into the 2025-2029 annual budget for the Regulatory Affairs segment in the Public, Legal and Regulatory Affairs program.

Table 4: Amortized Total Costs Based on Updated 2-M

	2025	2026	2027	2028	2029
2025 CIR Forecast	$1,776,164	$1,776,164	$1,776,164	$1,776,164	$1,776,164

[2] Incremental expenses associated with project resource secondments and overtime pay.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-111

References: Exhibit 4, Tab 4, Schedule 1

QUESTIONS (A and B):

With respect to workforce vacancies:

a. What vacancy rate is Toronto Hydro forecasting as part of its 2025 to 2029 budget?
b. What is the actual vacancy rate that Toronto Hydro experienced annually between 2020 and 2024.

RESPONSE TO (A) AND (B):

The table below shows Toronto Hydro's 2020-2029 vacancy rates:

Headcount	Actual				Bridge	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Vacancy Rate	13%	14%	7%	0%	8%	8%	7%	7%	6%	6%

The historical vacancy rates are higher than the forecast vacancy rates because in the preparation of the 2023-2029 workforce plan, Toronto Hydro refined its methodology of forecasting vacancies associated with retirements and other exits. As a result, the 2020-2022 vacancy rates do not reflect an apples-to-apples comparison of the 2023-2029 vacancy rates. Toronto Hydro also notes actuals for these three years (i.e., 2020-2022) reflect extraordinary workforce challenges associated with retirements, voluntary exists and recruitment processes that were highly impacted during this time, as noted in the evidence in Exhibit 1B, Tab 3, Schedule 3 starting on page 14. Furthermore, Toronto Hydro notes that the forecast vacancy rates for 2023 and 2024 are higher than the 2025-2029 forecast due an overall higher volume of hiring in the bridge years. As the hiring volumes stabilize, the vacancy rate is expected to stabilize in the outer years of the plan. Toronto Hydro also notes that its 2023 actual vacancy rate is 0% reflecting the utility's commitment to implementing its workforce plan as put forward in the rate application.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-112

Reference: Exhibit 4, Tab 4, Schedule 2; Appendix 2-K

With respect to Appendix 2K, please provide a revised version of Appendix 2-K that includes:

QUESTION (A):

a) 2023 year-end information.

RESPONSE (A):

Please refer to 4-AMPCO-84g.

QUESTION (B):

b) A breakdown of the non-management categories into, i) PWU, ii) Society, and iii) Non-Union.

RESPONSE (B):

Please refer to 4-AMPCO-84a. Toronto Hydro declines to provide a breakdown on a union basis as it is irrelevant for the purposes of determining reasonable costs. As an alternative, Toronto Hydro has consolidated the information relating to the PWU and Society into one category labelled "Union".

QUESTION (C):

c) For salary and wages, a breakdown of the total costs as between base salary, overtime and incentive pay.

RESPONSE (C):

Please refer to 4-AMPCO-84f

QUESTION (D):

d) For Total Benefits, a breakdown of the total costs between active benefits and pension.

RESPONSE (D):

Table 1: 2020-2024 Total Benefits Breakdown

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge
Active Benefits	19.6	18.5	19.9	20.8	30.8
Pension Contributions	17.1	15.8	16.3	18.4	22.8
Post Employment Benefits costs	15.7	14.6	13.9	13.5	13.0
TOTAL	**52.4**	**49.0**	**50.1**	**52.7**	**66.6**

Note: Numbers in table may not sum due to rounding

Table 2: 2025-2029 Total Benefits Breakdown

	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Active Benefits	35.7	40.4	45.1	50.4	56.2
Pension Contributions	24.8	26.4	28.0	29.6	31.0
Post Employment Benefits costs	14.1	15.0	15.8	16.6	17.4
TOTAL	**74.5**	**81.8**	**88.9**	**96.6**	**104.6**

Note: Numbers in table may not sum due to rounding

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-113

References: Exhibit 4A, Tab 4, Section 2, OEB Appendix 2-K

With respect to compensation costs:

QUESTION (A):

a) Has Toronto Hydro done a benchmarking study on the overtime it pays? If so, please provide a copy.

RESPONSE (A):

Toronto Hydro has not done a benchmarking study specifically on overtime paid.

QUESTION (B):

b) Please provide the list of assumptions that underlie the compensation forecasts related to all future collective agreements and non-management compensation increases.

RESPONSE (B):

As noted in Exhibit 4, Tab 4, Schedule 4 at page 3, in consultation with its compensation expert Mercer Canada, Toronto Hydro relied on a historical information to forecast reasonable future compensation levels for each employee group noted in the response to 4-AMPCO-84(a). More specifically:

- To determine base salaries, Toronto Hydro applied an annual percentage increase derived based on a historical rolling average of wage and salary increases, including union step increases for progression reflecting performance and development.
- To determine incentive pay, Toronto Hydro applied the approach described in the response to interrogatory 4-AMPCO-87(d).

- To determine pensions and benefits, Toronto Hydro assumed no change in pension contribution rates or benefits plan design or programs. In addition, post-employment benefits forecasts were determined with a third-party actuarial analysis.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-114

References: Exhibit 4A, Tab 4, Section 2, OEB Appendix 2-K

With respect to pension and benefits:

QUESTION (A):

a) Please explain the 12% increase in Total Benefits/Management FTE in 2023.

RESPONSE (A):

The increase in benefits costs per FTE from 2022 to 2023 is primarily driven by health and wellness benefits claims, and the underlying compensation costs upon which OMERS pension plan contributions are calculated. Toronto Hydro's health and wellness benefits are an important component of a market-competitive total compensation strategy that supports the utility's ability to attract and retain talent in a highly competitive labour market. The utility has made recent enhancements to health and wellness benefits coverage to promote a healthy workforce. For example, see Exhibit 4, Tab 4, Schedule 4, page 16, which describes how partway through 2022, Toronto Hydro enhanced its coverage for mental health services (e.g. psychologists and social workers) in recognition of the rising importance of mental health wellness.

OMERS is a multi-employer defined benefit pension plan in which both participating employers and their employees are required to make contributions based on pensionable earnings. Contribution rates are determined by OMERS; neither Toronto Hydro nor its employees have the option to reduce these contribution rates. Benefits costs are also impacted by increases in Canada Pension Plan contributions, Employment Insurance contributions and other benefits insurance premiums (e.g. life insurance, long-term disability).

QUESTION (B):

b) Please explain why the Total Benefits/Non-Management FTE increase from 3% to 7% in 2024.

RESPONSE (B):

The increase in benefits costs per FTE from 2023 to 2024 are driven by many of the same factors as outlined above in response a).

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-115

Reference: Exhibit 4, Tab 4, Schedule 5

QUESTION (A):

With respect to the Mercer, Non-Executive Compensation and Benefits Review:

a) Please explain all changes in the methodology from the Mercer compensation study included in the EB-2018-0165 application, and explain the reasons for any changes in the chosen peer groups.

RESPONSE (A) PREPARED BY MERCER:

The methodology used in the Mercer Study filed in the EB-2018-0165 application is consistent with the methodology used in the most recent Mercer Study. Changes in the composition of the peer groups are not driven by changes in the inherent design of the peer groups (i.e. an Energy Peer Group and General Industry Peer Group), but by factors such as the availability of data. Specifically, though Mercer tries to maintain a consistent peer group, Study over Study, factors such as changes in an organization's desire to participate in a survey or changes in the availability of data may impact the composition of a peer group.

QUESTION (B):

b) In the previous study, Toronto Hydro was described as being "positioned within a market competitive range relative to the 50th percentile of the energy market, and are below the general industry market", whereas in this study Toronto Hydro is "positioned within a market competitive range relative to the 50th percentile of the energy market, and are above the general industry market." Please identify the specific grades and reasons for this change in findings.

RESPONSE (B) PREPARED BY MERCER:

The change in Toronto Hydro's Study over Study competitiveness, relative to the General Industry peer group, may be attributed to different factors. Within the market, changes in the peer organizations that provided data and changes in how peer organizations matched jobs to survey sources can impact Study results. Additionally, the continued introduction of Defined Contribution plans, that are less generous than the Defined Benefit plans seen amongst the majority of Ontario Local Distribution Companies, had an impact on Toronto Hydro's positioning relative to the General Industry Peer Group. With regards to Toronto Hydro, changes in the incumbents / jobs within each grade, due to changes in Toronto Hydro's workforce composition since the last Study, may also have an impact on Study results. We note that not all grades experienced a Study over Study increase in competitiveness relative to the General Industry Peer Group.

QUESTION (C):

c) [Appendix A] With respect to the general industry peer group:

i. How many of the 24 companies are in the energy industry? Please list them.

ii. Please confirm that 5 of the 24 companies (EPCOR Utilities, Capital Power, Hydro One, TransAlta, and SaskPower) in the general industry peer group are also in the energy peer group?

iii. Please provide a revised version of the results table on p.5 removing all energy industry companies from the general industry peer group results.

iv. In other compensation benchmarking studies undertaken by Mercer, it has considered a much wider array of non-energy sector companies in its general peer group. Please explain why it did not do so in this study.

RESPONSE (C) PREPARED BY MERCER:

i. Kindly refer to our response to Question B in interrogatory 4-CCMBC-20. The question above misunderstands the number of organizations in the General Industry Comparator Group. The 24 organizations included in Appendix A, on page 8 of the Mercer report, represents only a sample of organizations included in the General

Industry comparator group. Over 90 organizations were included in the General Industry comparator group, of which energy companies represent only a subset.

ii. 5 of the 24 organizations listed in the second table in Appendix A, which reflect only a sample of organizations in the general industry comparator group, are also in the list of organizations for the Energy Peer Group. However, as mentioned in our response to question (i) above, the 24 organizations represent only a sample of the over 90 organizations included in the General Industry Comparator Group.

iii. Revising the results on p.5, of the Mercer Study, to remove all Energy Industry companies from the General Industry peer group would be inconsistent with the methodology of the Study. Specifically, the intention of the Mercer Study is to compare Toronto Hydro to both the Energy Peer Group and a General Industry Peer Group. The Energy industry is a subset of the General industry; as such, removing Energy companies from this peer group would create a comparison and results that are not representative of the methodology or intention of the Study.

iv. As indicated in our responses to questions (i) and (ii) above, Mercer in fact included a broader array of non-energy companies in the General Industry Peer Group, not only the smaller group of companies the question assumes.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4-SEC-116

Reference: Exhibit 4, Tab 4, Schedule 5

With respect to the Mercer, Non-Executive Compensation and Benefits Review:

QUESTION (A):

a) For each of the Toronto Hydro groups, please provide a table that shows the total number of employees, the number of employees that were benchmarked and the variance to P50 for that group.

RESPONSE (A) PREPARED BY MERCER:

The table below presents the total number of employees and total number of benchmark employees, for each Toronto Hydro group, represented in the Study. As indicated in the Mercer report, the Study's main objective was to benchmark a representative sample of Toronto Hydro's employee population at an organization level. With this approach, the incumbents included in the Study represent approximately 67% of Toronto Hydro's employee population considered in-scope for the review. Mercer believes this to be a statistically reliable and representative sample for assessing the overall competitive levels of total remuneration for Toronto Hydro's employees. When assessing market competitiveness, Mercer defines competitiveness on an overall/aggregate basis as being within +/- 5% of the target market positioning (i.e. being within +/-5% of the 50th percentile or median).

The numbers in Table 1 below represent Toronto Hydro's population at the time the Study was conducted.

Table 1: Toronto Hydro Population

Employee Group	Total Employees	Total Employees in Benchmarked Jobs
PWU	495	400
Society (STI & SE)	139	129
Non-Union	547	274

Given that the Study was designed to assess Toronto Hydro's competitiveness at an overall level, without undertaking a new Study, generating accurate and representative variances by each employee group cannot properly be done using the current Study methodology. Doing so would deviate from the intention of the Study and yield results that are not consistent with the Study's methodology and purpose. Having said that, we note that the table presented on page 5 (we consider the cover page as page 1), of the Mercer report, presents market findings for the SIT, SE and PWU unions.

QUESTION (B):

b) For each Grade that was used in the benchmarking, please provide the total number of employees that Toronto Hydro has and the number of employees that were benchmarked.

RESPONSE (B) PREPARED BY MERCER:

Please refer to Table 2 below for a summary of the in scope total number of employees in each Toronto Hydro grade, and the number of employees from each grade that were benchmarked and included in the Study. As indicated in the response to question (A) above, the focus of the Mercer Study was to achieve an appropriate representation of Toronto Hydro's employee population at an organization level. Any variations in representation by grade can be attributed to the number of employees in a grade as well as the types of jobs in a grade.

Table 2: Toronto Hydro Employee Grades

Grade	Total Employees	Total Employees in Benchmarked Jobs
PWU	495	400
SE	70	68
SIT	69	61
Y3	39	11
Y1	31	6
W4	60	18
W3	87	52
W2	19	8
V4	5	5
V3	34	19
V2	92	38
V1	75	61
V0	42	13
U2	8	8
U1	45	32
T1	10	3

QUESTION (C):

c) For each of the Toronto Hydro groups, please provide an estimate of the dollar difference between the weighted average total compensation for Toronto Hydro employees and the P50 median used in the study. Please provide the amount for the year the study is representative of and for each year up to 2029. Please provide a step-by-step explanation of how the estimate was reached and include all supporting calculations so the numbers can be verified.

RESPONSE (C) PREPARED BY MERCER:

When assessing organization market competitiveness, Mercer defines competitiveness, on an overall/aggregate basis, as being within +/- 5% of the target market positioning (i.e. being within 5% of the market 50th percentile). As such, when assessing the competitiveness of Toronto Hydro's

compensation program relative to the market, +/- 5% of the market 50th percentile should be the basis of that assessment. Similarly, Mercer's view is that a dollar differential calculation should be done on this basis and with this focus.

With that said, Mercer has estimated Toronto Hydro's weighted average dollar difference relative to the market competitive range. Specifically, we have calculated any amounts by which Toronto Hydro is above or below the upper end of the market competitive range, i.e. in relation to P50 plus 5%. Focusing on the market competitive range is particularly appropriate given Toronto Hydro's need to be competitive, for a highly skilled and specialized workforce, in a hyper competitive market as well as retain tenured staff with specialized skills.

Table 3 below presents the estimated dollar difference between the weighted average total compensation for Toronto Hydro compared to the market competitive range (+\- 5% of market 50th percentile), of the Energy peer group. This comparison focuses on the Energy Peer Group because, as indicated in the Mercer Study, it represents the most comparable peer group given the need for industry specific skillsets. In addition, the PWU employee population were not compared to the General Industry Peer Group given the energy specific responsibilities seen in the majority of the PWU benchmark jobs. Without this data, we would not be able to accurately estimate an overall dollar difference for the General Industry Peer Group.

Table 3: Total Compensation Difference Relative to Market Competitive Range in CAD ($M)

Total Compensation Dollar Difference Relative to the Market Competitive Range (+/- 5% of market P50)
-$4.58

Because the question above requests the total dollar difference be calculated relative to the P50 / market median, we have also provided the estimated dollar difference between the weighted average total compensation for Toronto Hydro compared to the market median/P50 in Table 4.

Table 4: Total Compensation Difference Relative to Market P50 in CAD ($M)

Total Compensation Dollar Difference Relative to Market P50
$3.89

The estimated total compensation dollar differences were calculated by determining the weighted average total compensation between Toronto Hydro versus (a) the market competitive range and then (b) the market P50, for the Toronto Hydro employee population considered in-scope for the review. This involves (i) calculating any amounts by which Toronto Hydro was above or below the upper end of the market competitive range, i.e. above or below P50 plus 5%; and (ii) calculating any amounts by which Toronto Hydro was above or below the market P50. To reiterate, any market positioning within +/- 5%, of the market median, on an overall basis is deemed to be market competitive.

Dollar difference values, beyond the year of the current Study, are not available and cannot be done in a manner that yields substantive results because the methodology of the Study reflects a point in time approach. Specifically, the Study was not designed to be forward looking – its purpose was to assess the competitive positioning of Toronto Hydro, on an overall basis, compared to 2022 market rates.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-57

References: Exhibit 4, Tab 1, Schedule 1, Page 10

"Neither cutting compensation costs nor cutting headcount are viable strategies to manage these key objectives within a standard IRM funding framework. Managing workforce-related costs downwards to live within a standard IRM funding paradigm would entail a reduction to Toronto Hydro's overall staffing complement of up to 200 resources by the end of the rate period, putting total FTEs below 2015 levels.....

QUESTION (A):

a) Please show the calculations which supports this statement. Please provide and describe all assumptions

RESPONSE (A):

The table below provides the estimation of the number of FTE reductions required to live within a standard IRM funding paradigm.

Table 1: FTE Reduction Estimation for Standard IRM Funding Paradigm

	Test	Forecast				Total
	2025	**2026**	**2027**	**2028**	**2029**	
OM&A Ask	343.0	358.0	370.2	385.5	399.6	**1,856.3**
OM&A Funding (I-X)	343.0	347.8	352.7	357.6	362.6	**1,763.7**
(I-X)		*1.4%*	*1.4%*	*1.4%*	*1.4%*	
Funding Gap (A)	**-**	**10.2**	**17.5**	**27.9**	**37.0**	**92.6**

	Test	Forecast				Total
	2025	**2026**	**2027**	**2028**	**2029**	
Avg. Annual Compensation per FTE[1]	191,631	200,300	209,785	219,746	230,280	
Labour Capitalization Rate[2]	50%	50%	51%	51%	51%	
Cumulative FTE Reductions		218	218	218	218	
Forecasted OM&A Reduction (B)	**-**	**21.7**	**22.6**	**23.6**	**24.6**	**92.5**
Variance (C)=(A)-(B)	**-**	**(11.5)**	**(5.1)**	**4.3**	**12.4**	**0.1**

[1] Exhibit 4, Tab 4, Schedule 1, Appendix 2-K
[2] Exhibit 4, Tab 4, Schedule 2, Appendix 2-D

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-58

Reference: Exhibit 4, Tab 1, Schedule 1, Pages 15-17

"Toronto Hydro spends considerably less OM&A relative to capital in comparison to the peer group, in many years showing an OM&A-to-CAPEX ratio of less than half that of the peer group."

QUESTION (A) AND (B) :

a) Why is the proportion of OM&A to capital spending a relevant comparison statistic? Specifically, what is THESL attempting to demonstrate with this statistic vis-à-vis its performance compared to other distributors in Ontario?

b) A similar comparison is made with respect to FTEs against capital expenditures. However, different utilities may employ different labour strategies (i.e., internal and contracted labour) which impact the FTEs reported to the OEB. What evidence/studies has THESL completed to understand the relevance or comparability of an FTE against capital expenditure statistic?

RESPONSE (A) AND (B):

The OM&A to CAPEX and FTE to CAPEX ratio show that Toronto Hydro has been delivering customer outcomes (see Exhibit 1B, Tab 3, Schedule 2) and executing its capital program with OM&A expenditure and FTE levels that are comparatively much lower than its Ontario peers.

As Toronto Hydro's capital work program increases, OM&A expenditure levels (a large portion of which are driven by workforce requirements) must also increase to support the safe and effective execution of the capital work program. As detailed in the pre-filed evidence, this includes

costs/expenses associated with skilled trades and technical resources in System Planning and Program Execution functions (including Control Centre), as well as back-end support functions such as Finance and Legal Services to process higher volumes of capital work (e.g. procurements, contract negotiations, claims/disputes, financial management).

These ratios, along with the other key metrics in the referenced evidence, show that Toronto Hydro has a comparatively thin OM&A budget and FTE/workforce contingent compared to its Ontario peers. In doing so, they support that the need for incremental investment in Toronto Hydro's operations and workforce is reasonable from a top-down benchmarking perspective.

FTE metrics related to CAPEX and customers, and similar metrics presented in the evidence normalize industry data that is readily available through the OEB's yearbook to account for the size and scale of a company's workforce, providing a standardized basis for comparison. These metrics are relevant for assessing operational efficiency (i.e., allocation of resources) and evaluating workforce needs for a top-down comparative perspective. They also offer insights into how effectively the workforce is being leveraged to generate value (per customer) or manage capital investments (per CAPEX and net fixed assets).

With the advent of the OEB's RRR open data initiative, these types of analyses have become more accessible for internal teams to undertake. As such, Toronto Hydro did not engage an expert to complete this work. In preparing the analysis, Toronto Hydro did general research to understand the relevance or comparability of FTE metrics, the findings of which are described above.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-59

Reference: Exhibit 4, Tab 1, Schedule 1

QUESTION (A):

a) With respect to OM&A per MWh of Load what proportion of THESL's load is bulk metered in comparison with the average (or median) bulk metered load of other Ontario electricity distributors?

RESPONSE (A):

Toronto Hydro does not have insight into the bulk metered loads of other Ontario electricity distributors. Given the City of Toronto's housing density and number of condominiums, it is reasonable to assume that Toronto Hydro's proportion is substantially higher than most of the Ontario electricity distributors.

QUESTION (B):

b) What proportion of THESL's MWh load is provided to customers of GS>50 or higher customer class? How does this compare with the median or average of other Ontario distributors (for the purpose of this response please do not include Hydro One).

RESPONSE (B):

Close to 70% of Toronto Hydro's electricity consumption serves customers in the GS>50kW or greater rate classes, while on average about 60% of Ontario's electricity consumption (excluding Hydro One) is supplied to customers in the same rate class.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-60

Reference: Exhibit 4, Tab 1, Schedule 1

QUESTION (A):

a) Please provide a table for the years 2020 through 2029 (forecast) which shows the various components of sub/suite metered customers costs to THESL.

RESPONSE (A):

Toronto Hydro tracks costs by the Uniform System of Accounts (USoA) in accordance with the OEB's Accounting Procedures Handbook for Electricity Distributors, instead of by rate class. The utility allocates total costs among rate classes in accordance with the OEB's Cost Allocation Model. The 2025 costs attributed to Toronto Hydro's Competitive Sector Multi-Unit Residential (CSMUR) rate class) are provided in Table 1 below. Toronto Hydro does not have cost for CSMUR rate class for 2026-2029 since there is no Cost Allocation Model for these years. Toronto Hydro has not proposed Cost Allocation Model for 2026-2029 in this rate application.

Table 1: Toronto Hydro's Competitive Sector Multi-Unit Residential Rate Classes

Description	Amount
Distribution Costs	$3,883,556
Customer Related Costs	$5,890,549
General and Administration	$7,660,181
Depreciation and Amortization	$9,254,603
PILs	$989,887
Interest	$5,079,920
Direct Allocation	$5,797,120
Allocated Net Income	$7,843,988
Revenue Requirement	**$46,399,804**

QUESTION (B):

b) Please identify in Appendix 2-JC the categories from which the costs shown in response to question (a) are drawn.

RESPONSE (B):

Toronto Hydro prepared Appendix 2-JC by Programs and Segments instead of rate class. Therefore, Toronto Hydro is not able to provide breakdown of OM&A costs shown in response to question (a).

QUESTION (C):

c) Please explain and delineate the OM&A cost differences between servicing a bulk metered residential building and an equivalent load large load class customer.

RESPONSE (C):

Please refer to Toronto Hydro's response to 4-SEC-91(a).

QUESTION:

d) What rate class does a typical high-rise (or in Clearspring terminology "skyscraper") suite metered residential building reside?

RESPONSE (D):

The individual units in a typical high-rise building that is suite metered by Toronto Hydro would be placed in the Competitive Sector Multi-Unit Residential rate classification or the Residential rate classification based on the type of meter technology utilized. High-rises that are bulk metered by Toronto Hydro (and that may or may not be sub-metered by unit sub-metering providers downstream of the bulk meter) could range from the General Service 50 to 999 kW up to the Large Use service classification.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-61

References: Exhibit 4, Tab 1, Schedule 1, Tab 4, Schedule 4

QUESTION (A):

a) Please provide the most current actual FTEs as per Appendix 2-K format (with students removed).

RESPONSE (A):

Please refer to 4-AMPCO-84 g). Students are not included.

QUESTION (B):

b) For the years 2020 and 2024 please provide a table which shows:
   i. all THESL's job positions/classifications;
   ii. annotation for each position/classification to show whether the position is new or eliminated since 2020;
   iii. the number of persons employed in that position/classification;
   iv. the number of current vacancies in that position/classification; and,
   v. the salary range for that position/classification (if confidentiality is a concern - show salary range for only those positions with 5 or more employees or if the salary band is otherwise generally made available - for example in job postings).

RESPONSE (B):

Toronto Hydro is unable to provide the requested information and believes this request is, in any event, overly broad. Toronto Hydro continuously assesses jobs/positions in the ordinary course of business. Given the dynamic nature, reconciliation of historical job/position information would be a significant and cumbersome undertaking for results that would not be incrementally useful to

similar evidence that is already on the record in Exhibit 4, Tab 4, Schedule 3. Toronto Hydro has prepared responses to this interrogatory on the basis of that evidence by workforce segment. Those segments as described in Exhibit 4, Tab 4, Schedule 3 pages 13-22.

i. ii. iii. Below is a table that provides requested detail organized by workforce segment, reported by headcount, including the total number of positions and persons employed as of December 31, 2023:

Table 1: Number of Positions by Work Segment

	Administrative & Support	Designated & Technical Professionals	Certified & Skilled Trades	Front Line Leadership	Senior Management	Total
Number of Positions	**13**	**21**	**10**	**12**	**16**	**72**
Total Number of Employees (Headcount)	**165**	**564**	**325**	**195**	**89**	**1338**

Please note, the numbers referenced in headcount, not FTE, and won't reconcile to Appendix 2-K.

iv. Please refer to IR 4-SEC-92 (d) for status of vacancies.

v. With respect to salary ranges, Toronto Hydro does not believe that the requested information is probative because this information does not provide an evaluative basis to assess whether the ranges are commensurate with position and the experience. That information is provided in the Mercer Non-Executive Compensation Study Exhibit 4A, Tab 4, Schedule 5, Non-executive Compensation and Benefits Review (Mercer Canada) which shows that Toronto Hydro's compensation strategy consistently yields costs (i.e. salary and wages) that are market-competitive with the 50th percentile within both the energy sector and general industry.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-62

Reference: Exhibit 4, Tab 2, Schedule 1, Page 34

"Given the nature of the workload completed by the External Work Execution segment, Toronto Hydro must increase the number of contract managers and project management staff to ensure the utility is able to effectively manage external contractors as the capital program grows. From the end of 2022 to 2029, Toronto Hydro intends to increase resourcing in this area by 74 percent from 69 to 120 staff. In Toronto Hydro's experience, an appropriate resource level has each manager, with a supporting analyst, executing approximately $11 to 13 million in capital projects annually."

QUESTION (A):

a) Please explain how the correlation between dollars of capital and internal management staff is derived and relevant. For example, it is not clear why a single project with high-cost materials would need as much or more internal management resource than a greater number of smaller projects but with lower cost materials.

RESPONSE (A):

The ratio is based on Toronto Hydro's historical experience managing and overseeing capital work executed by external resources. As detailed in the evidence at Exhibit 4, Tab 2, Schedule 10 at pages 8-9 the ratio covers oversight responsibilities and work activities which include, but are not limited to, providing oversight of contractor services and administering support of the specific projects assigned to external contractor crews, such as:

- Job package development and issuance;
- Liaising with system planners to address specific design matters;
- Field issues management;
- Ordering of materials;

- Facilitating changing of project scopes;
- Monitoring contractor safety and quality practices;
- Invoicing and receipting; and
- Inspection of newly constructed assets.

The External Work Execution segment also proactively engages with customers through the Community Relations team (See Exhibit 4, Tab 2, Schedule 18). This is an integral part of the project management and execution process. In addition to working with the Community Relations team, Project Execution Managers may also meet directly with customers on site to address any concerns that customers may have, before, during and after construction.

Table 1 below provides the actual and forecast work to be completed/executed by external service providers over the 2020-2029 period. For the purpose of determining the 2025-2029 resource requirement in this segment, Toronto Hydro applied the historical ratio of approximately $11 to 13 million of gross capital expenditure per manager.[1] This an appropriate assumption because the nature and mix of the work to be undertaken by external service providers over the 2025-2029 period is consistent with historical experience.

Table 1: Gross Capital Expenditure Output by Manager Calculation

Year	Number of Planned Capital Projects	Manager Head Count	Gross Capital Expenditure ($ Millions)	Gross Capital Expenditure per Manager ($ Millions)
2020	150	16	$129.56	$8.10
2021	224	13	$147.10	$11.32
2022	281	14	$186.04	$13.29
2023	486	17	$204.77	$12.05
2024	490	17	$212.86	$12.52

[1] For more details, refer to Exhibit 4, Tab 2, Schedule 10 at page 5-6. and Exhibit 4 Tab 1 Schedule 1, 5.1.1 – External Work Execution at pages 34-36.

Year	Number of Planned Capital Projects	Manager Head Count	Gross Capital Expenditure ($ Millions)	Gross Capital Expenditure per Manager ($ Millions)
2025	Project details for the 2025-2029 period are not available (see 2B-AMPCO-29)	19	$233.18	$12.27
2026		21	$239.40	$11.40
2027		23	$259.14	$11.27
2028		23	$274.32	$11.93
2029		23	$290.16	$12.62

QUESTION (B):

b) In 2022 the total capital expenditure is reported as 713.7 ('000) or $10.3M per staff of 69. The largest amount of spending in the rate plan occurs in 2028 at 970.9 ('000) which would equate to $8.1M implying a smaller dollar project value for THESL staff to manage than was the case in 2022. Please clarify how there is an equivalence as between 2022 capital spending with 69 staff and the average capital spending for the rate period and the 120 proposed staff need to manage external contractors in the future.

RESPONSE (B):

Toronto Hydro notes that the referenced $713.7 million from Exhibit 2B, Section E4 Table 2 (page 7 of 23) includes capital expenditures not managed by External Work Execution staff. This amount includes expenditures associated with General Plant programs such as Fleet & Facilities, IT & OT, as well as capital work executed by the internal staff. The total capital expenditures managed by resources in this segment is outlined in Table 1 above.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-63

References: Exhibit 4, Tab 2, Schedule 4, Page 2

Preamble:

"Furthermore, the increase in corrective work requests is due to enhanced inspection forms and introducing new inspection work, such as cable diagnostic testing, which identifies additional deficiencies that may need to be addressed. This results in approximately $20 million worth of backlog for the lower priority ("P3", requiring resolution within 180 days) work requests, which will need to be addressed before the issues worsen and cause a system fault which may lead to a power outage, or other safety incidents"

QUESTION (A):

a) Please confirm (or correct) that the implication of the above reference is that the cable diagnostic program has added an incremental $4M per year to the Corrective Maintenance budget.

RESPONSE (A):

The implication that cable diagnostic testing has added an incremental $4 million per year to the Corrective Maintenance budget is incorrect. Cable diagnostic testing is just one of a number of factors driving the approximate $20 million backlog. As noted in Exhibit 4, Tab 2, Schedule 4 at page 2, other drivers include deteriorating asset condition, enhanced inspection forms that enable better visibility of deficiencies, and new inspection programs (of which cable diagnostic testing is an example). Furthermore, Toronto Hydro clarifies that, while it intends to reduce the backlog and ensure that higher-risk P3 deficiencies are addressed, the utility's plan is not actually designed to completely eliminate it.

QUESTION (B):

b) THESL is proposing a 35% increase in System Renewal capital spending (2B/E1). This implies significant incremental replacement of aged assets with new ones. Since new assets require less maintenance than old, what was the reduction in annual corrective maintenance spending made due to the planned increase in capital asset replacements during the rate plan period?

RESPONSE (B):

Toronto Hydro did not reduce its forecast spending in the Corrective Maintenance program due to the increase in System Renewal spending as the utility does not expect the capital increase to reduce the amount of Corrective Maintenance work required. Please refer to Toronto Hydro's response to interrogatory 2B-Staff-180 for more details.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-64

Reference: Exhibit 4, Tab 2, Schedule 5, Pages 17-

Table 4: Emergency Response Program Expenditures ($ Millions)

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Emergency Response	22.1	23.0	22.0	20.4	23.1	25.9	26.4	27.2	27.9	28.6
Total	**22.1**	**23.0**	**22.0**	**20.4**	**23.1**	**25.9**	**26.4**	**27.2**	**27.9**	**28.6**

"Between 2025 and 2029 costs in this segment are expected to increase by $2.7 million, or an average of $0.7 million per year, to maintain the resourcing capacity and capabilities required to support the volume and complexity of work discussed above"

QUESTION (A):

a) The Emergency Response spending was on average $21.9 million between 2020 and 2023. It is unclear how the $4 million increase for 2025 was derived. Please clarify.

RESPONSE (A):

Year over year costs for the Emergency Response program are volatile due to the inherent uncertainty in forecasting the volume and nature of emergency events and the volume and magnitude of storm events in a given year. Toronto Hydro forecasts the costs for this program using historical average event volumes and known/anticipated changes to underlying labour and contract rates. In 2025, new contracts will take effect with rates that are representative of the current market for skilled electrical contractors working 24/7/365 and high economic inflation. As a result, there is a step increase in costs expected in 2025 relative to 2024. Please refer to the year-over-year variance analysis on pages 22-23 of Exhibit 4, Tab 2, Schedule 5 for more details.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-65

Reference: Exhibit 4, Tab 2, Schedule 8, Pages 5-

Table 3: Customer Operations Expenditures by Segment ($ Millions)

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Customer Connections	3.7	1.6	1.6	3.2	3.6	3.2	3.3	3.5	3.6	3.8
Key Accounts	-	0.5	0.8	0.9	1.2	1.5	1.5	1.7	1.8	1.9
Public Safety & Damage Prevention	4.7	4.4	5.4	7.3	6.8	6.7	6.9	7.0	7.2	7.3
Customer-Owned Equipment Services	0.9	1.0	1.2	1.2	1.2	1.3	1.4	1.5	1.5	1.6
Total	**9.3**	**7.5**	**9.0**	**12.6**	**12.8**	**12.7**	**13.1**	**13.7**	**14.1**	**14.6**

QUESTION (A):

a) Please confirm (or correct) that the Public Safety line includes spending for locates, but no costs forecast for the implications of Bill 93.

RESPONSE (A):

As discussed in Toronto Hydro's response to 4-Staff-296(b), the forecast costs of the Public Safety and Damage Prevention segment for 2023 and 2024 in Table 6 of the Customer Operations program evidence[1] include all locate costs and do not incorporate the effects of the variance account for those years. For more information about the 2025-2029 period please refer to Exhibit 4, Tab 2, Schedule 8,[2] in particular Tables 6 and 7.

QUESTION (B):

[1] Exhibit 4, Tab 2, Schedule 8 at p. 29.
[2] At p. 29, lines 8-25 and p. 30, lines 1-9.

b) What were the actual costs for Public Safety category (or the category which includes locates) in 2023?

RESPONSE (B):

Please refer to Toronto Hydro's response to 4-Staff-296(c).

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-66

Reference: Exhibit 4, Appendix 2-K Feb 8/24 update

QUESTION (A):

a) Please modify the most recent Appendix 2-K to include for each year the total labour amount capitalized and expensed or confirm that the amounts are the same as those shown in Appendix 2-D under the line "Labour Capitalization" (also updated Feb 8/24).

RESPONSE:

Please refer to Toronto Hydro's response to interrogatory 4-AMPCO-84, subpart (h).

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC -67

Reference: Exhibit 4, Tab 2, Schedule 9, Asset and Program Management

QUESTION (A)

a) Please show the number of FTEs employed in this program in each year 2020 through 2029.

RESPONSE (A):

Please see Toronto Hydro's response to interrogatory 4-SEC-92 a).

QUESTION (B):

b) Are the number of FTE's employed in this program in any way correlated with the level of capital expenditures? If yes, please explain how.

RESPONSE (B):

Yes. The FTEs covered by this program are required to plan and estimate capital investments in the system, accommodate new and expanding customer loads and DER connection applications as part of the Capacity Planning function, manage expenditure programs and maintain related financial and operational reporting, develop standards and policies to adapt to increasing and evolving customer demands, and undertake initiatives (such as ISO 55001 alignment and the development of new analytical tools) to find efficiencies and improve the quality of asset management and planning outputs within the prevailing financial constraints (among many other responsibilities). All of these activities scale in correlation with the size of the capital program. However, the relationship is not one-to-one. Increases in capital expenditures can also be partly due to input price inflation and changes in the nature of the work required (and the associated costs). Please

see response to 4-Staff-309, part (b) for additional details on the System Planning portion of this program.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-68

Reference: Exhibit 4, Tab 2, Schedule 10, Work Program Execution

"Work Program Execution (the "Program") is responsible for oversight, administrative training, and other functions performed in the process of executing Toronto Hydro's capital and maintenance work programs, which are not eligible for capitalization in accordance with the utility's capitalization policy."

"Over the 2025-2029 rate period, the utility expects the cost of this Program to increase by an annual growth rate of 5 percent."

QUESTION (A):

a) Please show the number of FTEs employed in this program/segment in each year 2020 through 2029.

RESPONSE (A):

Toronto Hydro has provided breakdown of FTE by program in response to 4-SEC-92 a).

QUESTION (B):

b) Which programs as delineated in Appendix 2-JC is spending in this program correlated (for example is it only related to spending in the Preventative and Predictive programs or other programs as well)?

RESPONSE (B):

Spending in the Work Program Execution program is correlated to expenditure in capital and maintenance programs as detailed in Exhibit 4, Tab 2, Schedule 10, as well as, Exhibit 4, Tab 1,

Schedule 1 at pages 34-38. Please also see interrogatories 4-Staff-297 a) and 4-SEC-89 b). Within OM&A programs listed in Appendix 2-JC, spending this program is correlated to the following OM&A programs:

- Preventative and Predictive Overhead Line Maintenance
- Preventative and Predictive Underground Line Maintenance
- Preventative and Predictive Station Maintenance
- Corrective Maintenance
- Emergency Response
- Customer Operations

QUESTION (C)

c) How was the 5% figure derived?

RESPONSE (C):

The 5% figure was derived by calculating compound annual growth rate (CAGR) of OM&A between 2029 OM&A forecast of $19.4 million and 2025 OM&A forecast of $16.0 million as presented in Exhibit 4, Tab 2, Schedule 10, Table 3. Please see the formula below which was used to derive the 5% CAGR figure.

$$CAGR = \left(\frac{\$19.4}{\$16.0}\right)^{1/4} - 1$$

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-69

Reference: Exhibit 4, Tab 2, Schedule 10, Work Program Execution

Table 1: Supply Chain Services Program Summary

Supply Chain Program Summary									
Outcomes: Operational Effectiveness - Reliability, Environmental, Financial Performance									
Segments: • Supply Chain Services									
Program Costs ($ Millions)									
2020A	**2021A**	**2022A**	**2023B**	**2024B**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
15.8	12.9	13.8	16.7	18.8	21.5	23.5	24.9	25.5	27.1

Table 3: On-cost rates for 2023-2029

Year	**Actual**			**Bridge**		**Forecast**				
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
On-Cost Rate	12.0 %	10.5 %	10.0 %	13.1 %	13.3 %	13.2 %	13.6 %	13.8 %	14.5 %	14.9 %

QUESTION (A)

a) Please show the number of FTEs employed in this program/segment in each year 2020 through 2029.

RESPONSE (A):

Please see the response to interrogatory 4-SEC-92 (a) for the number of FTEs employed under Supply Chain Services for 2020 through 2029.

QUESTION (B):

b) Are the "on-cost" rates the same as the labour capitalization rate for this program area?

RESPONSE (B):

No. On-cost rates are not the same as the labour capitalization rate for this program. On-cost rates provide a recovery for a number of costs associated with this program as described in Exhibit 2A, Tab 4, Schedule 2 at page 2. The recovery of these costs are not part of the Supply Chain Program. These recoveries are presented as part of the Allocations and Recovery Program as described in Exhibit 4, Tab 2, Schedule 21.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-70

Reference: Exhibit 4, Tab 2, Schedule 14, Billing, Remittance

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Billing, Remittance and Meter Data Management	19.4	18.9	19.4	20.9	23.1	23.7	25.0	25.4	26.2	27.0

a) What is the reason(s) for the 10% increase as between 2023 and 2024 in this segment?

RESPONSE:

The $2.2M change in budget between 2023 and 2024 is driven by a number of factors including change in net payroll costs due to filling vacancies, higher contract costs and increases in postage and payment processing fees. These increases are offset by decreases in temporary staff costs and greater ebill adoption.

The largest contribution to the change is 15 headcount to restore staffing levels and support insourcing and modernization efforts. These positions were to be filled over 2022, 2023 and 2024; however, the challenging post-COVID labour market plus key leadership vacancies moved the hiring efforts into late 2023 and 2024.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-71

Reference: Exhibit 4, Tab 2, Schedule 14, Customer Relationship

Table 6: Customer Relationship Management Segment Expenditures ($ Millions)

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Customer Relationship Management	11.4	11.4	12.1	14.4	15.1	14.7	15.7	16.1	16.9	17.5

QUESTION (A):

a) For each year 2020 to 2025 (forecast) please provide a table showing the number of FTEs in this segment, the total compensation and, separately, the number of residential, GS<50, GS>50 customers in each year (year average).

RESPONSE (A):

This response should be considered in conjunction with Exhibit 4, Tab 2, Schedule 14, Pages 34-46, which detail a number of functions within this segment where staffing is not directly related to the changes in the utility's customer count over the period.

Segment		**Cost in $ millions**					
		Actual			**Bridge**		**Forecast**
	Expense Type	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Customer Relationship Management	Compensation	5.5	5.2	5.6	6.4	7.8	8.6
Segment		**# of FTEs**					
		Actual			**Bridge**		**Forecast**
		2020	**2021**	**2022**	**2023**	**2024**	**2025**
Customer Relationship Management	Total	37.3	35.2	36.8	41.5	48	50.5

For customer numbers by rate class, please refer to Table 2 in Exhibit 3, Tab 1, Schedule 1, at Page 3.

QUESTION (B):

b) What is the assumed customer growth (residential + GS<>50) for the years 2026 through 2029.

RESPONSE (B):

Please refer to Table 2 in Exhibit 3, Tab 1, Schedule 1, at Page 3.

Year		**Residential**	**Competitive Sector Multi-Unit Residential**	**General Service <50 kW**	**General Service 50-999 kW**	**General Service 1,000-4,999 kW**	**Large Use**	**Total**	**Absolute Growth**	**% Growth Rate**
2026	Forecast	618,292	100,404	73,632	9,712	462	48	802,551	2,969	0.37%
2027	Forecast	618,985	102,150	73,857	9,725	460	47	805,224	2,674	0.33%
2028	Forecast	619,849	103,674	74,165	9,740	463	46	807,938	2,713	0.34%
2029	Forecast	620,742	104,994	74,455	9,754	461	46	810,452	2,515	0.31%

Note: This table is excluding Streetlighting and Unmetered load customer numbers.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC -72

Reference: Exhibit 4, Tab 2, Schedule 15, Human Resource

Table 3: Human Resource and Safety Program Expenditures ($ Millions)

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Environment, Health & Safety	2.4	2.3	2.4	3.0	3.1	3.3	3.4	3.6	3.8	3.9
Human Resource Services & Systems, Organizational Effectiveness & Employee Labour Relations	5.9	6.3	5.9	8.0	9.4	10.0	10.4	10.8	11.3	11.8
Talent Management, Change Leadership & Sustainability	7.2	9.0	8.4	7.9	8.8	9.3	9.4	9.8	10.2	10.6
Total	**15.5**	**17.6**	**16.7**	**18.9**	**21.3**	**22.6**	**23.2**	**24.2**	**25.3**	**26.3**

QUESTION (A):

a) For each year 2020 to 2029 what are the forecast FTEs employed in this segment?

RESPONSE (A):

Table 1: FTEs in Human Resources, Environment and Safety Segment

Segment Name	Actuals			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Human Resources Environment and Safety	69	69	71	74	82	85	85	85	85	85

QUESTION (B):

b) What are the number of new hires in each year (actual and forecast)?

RESPONSE (B):

The figures in the table below represent FTEs:

Table 2: New Hire FTEs

Actuals			Bridge		Test				
2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
2	0	2	3	8	3	0	0	0	0

QUESTION (C):

c) What is THESL's annual churn (vacancy) rate?

RESPONSE (C):

Please refer to Toronto Hydro's response to interrogatory 4-SEC-111.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-73

Reference: Exhibit 4, Tab 5, Schedule 1

Table 2: Summary of the Costs of Shared Services Provided by and Received by Toronto Hydro to/from THC ($ Millions)

Segment	Approved	Actual			Bridge		Forecast				
	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Services Provided by Toronto Hydro	3.9	2.7	2.6	3.0	3.1	2.9	3.2	3.4	3.4	3.6	3.9
Services Recovered by Toronto Hydro	4.6	4.0	3.8	4.6	3.6	4.1	4.2	4.4	4.4	4.6	4.9

QUESTION (A):

a) It is unclear to us what this table is attempting to demonstrate. Please confirm (or correct) that the first row shows total payment amounts remitted by THC to THESL for services provided (i.e., a credit) and the second row shows the total payments remitted by THESL for services provided by THC (i.e., a debit).

RESPONSE (A):

Confirmed.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-74

Reference: Exhibit 4, Tab 2, Schedule 18

Table 3: Legal Services and Regulatory Affairs Program Expenditures ($ Millions)

Segment	Actual			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Legal Services	6.1	5.7	5.8	7.9	9.2	9.8	10.3	10.7	11.2	11.6
Regulatory Affairs	3.8	4.4	4.1	5.6	6.4	7.0	7.1	7.5	7.9	8.1
OEB Fees	3.4	3.2	3.6	4.0	4.4	4.5	4.6	4.6	4.7	4.8
Regulatory Applications (Custom IR)	1.6	1.6	1.6	1.6	1.6	2.0	2.0	2.0	2.0	2.0
Communications & Public Affairs	3.6	4.1	4.1	5.5	6.4	6.6	6.9	7.1	7.3	7.6
Total	**18.5**	**19.0**	**19.2**	**24.7**	**28.0**	**29.9**	**30.9**	**32.0**	**33.2**	**34.2**

QUESTION (A):

a) Please provide the number of FTEs (year average) for this segment for each year 2020-2029 (forecast).

RESPONSE (A):

The projected number of FTE for 2020 to 2029 for the Public, Legal and Regulatory Affairs segment is displayed in the below table:

Table 1: Projected Number of FTE for 2020 - 2029 for PLRA Segment

Segment Name	Actuals			Bridge		Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Legal Services	26	24	25	28	34	36	37	37	37	36
Communications & Public Affairs	18	19	22	21	23	23	23	23	23	23
Regulatory Affairs	16	19	22	23	25	26	26	26	26	26
Total	**60**	**63**	**69**	**73**	**83**	**85**	**85**	**85**	**85**	**85**

QUESTION (B) :

b) Please provide the actual OEB annual cost assessment for 2023.

RESPONSE (B):

Please see Appendix 2-M filed in response to 4-SEC-110.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4-VECC-75

Reference: Exhibit 4, Tab 2, Schedule 18

a)

	Regulatory Costs (One-Time Application)	2025 Test Year Budget	Incurred to date
1	Expert Witness costs		
2	Legal costs		
3	Consultants' costs		
4	Incremental operating expenses associated with staff resources allocated to this application.		
5	Incremental operating expenses associated with other resources allocated to this application.		
6	Intervenor costs		
	TOTAL		

QUESTION (A):

a) Please complete the above table for the one-time application costs that are to be amortized over the rate plan period.

RESPONSE (A):

Please see Toronto Hydro's response to interrogatory 4-SEC-110. The one-time application costs incurred to date are listed in the 2022 and 2023 actuals columns of the updated OEB Appendix 2-M.

QUESTION (B):

b) Are the amortized costs of this application included in the presentation tables on OM&A (e.g. Appendix 2-JC etc.)?

RESPONSE (B):

The amortized costs are not broken out in the noted appendices, but are included in the presentation of the Regulatory Affairs segment at Exhibit 4, Tab 2, Schedule 18.