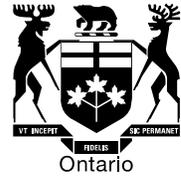


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BY E-MAIL

April 18, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Board Staff Submission
Toronto Hydro-Electric System Limited
Application for 2011 Electricity Distribution Rates
Board File Number EB-2010-0142**

Please find the attached Board staff submission in the above proceeding. Please forward the following to Toronto Hydro-Electric System Limited and all other parties to this proceeding.

Sincerely,

Original Signed By

Martin Davies
Project Advisor, Applications & Regulatory Audit

Attachment



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Toronto Hydro-Electric System Limited

EB-2010-0142

April 18, 2011

INTRODUCTION

On August 23, 2010 Toronto Hydro-Electric System Limited (“Toronto Hydro” or the “Applicant”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) requesting an order or orders of the Board approving or fixing just and reasonable distribution rates and other charges, effective May 1, 2011.

Aecon Utilities, a division of Aecon Construction, the Association of Major Power Consumers in Ontario (“AMPCO”), Building Owners and Managers Association of the Greater Toronto Area (“BOMA”), Canadian Union of Public Employees (Local One) (“CUPE One”), the Consumers Council of Canada (“CCC”), Energy Probe Research Foundation (“Energy Probe”), Entera Utility Contractors Co. Limited, Pollution Probe Foundation (“Pollution Probe”), Powerline Plus Ltd., the School Energy Coalition (“SEC”), the Smart Sub-metering Working Group (“SSMWG”) and the Vulnerable Energy Consumers’ Coalition (“VECC”) were granted intervenor status in this proceeding. Powerline Plus Ltd. withdrew as an intervenor during the course of the proceeding. All parties that applied for cost eligibility were determined to be eligible except CUPE One.

On March 25, 2011, a Settlement Agreement was filed with the Board which proposed the settlement of most outstanding issues in this proceeding.

On March 29, 2011, the Board announced its acceptance of the Settlement Agreement.

Unsettled issues remained in five areas, which were:

- (1) Incentive Regulation Mechanism (“IRM”) (relating to Issue 1.5)
- (2) Emerging Requirements (relating to Issues 4.1, 4.2, 9.1, 9.2 and 9.3);
- (3) Deferral and Variance Accounts (relating to Issue 6.1);
- (4) Suite Metering (relating to Issues 7.2 and 7.3); and
- (5) Cost Allocation (relating to Issues 7.1 and 7.4).

Staff's submissions are related to the issues in all of the above areas except for suite metering on which staff has no submissions.

Staff's submission reflects observations and concerns which arise from staff's review of the case record including the oral hearing which was held from March 29th to the 30th 2011 and is intended to assist the Board in evaluating Toronto Hydro's application and in setting just and reasonable rates.

IRM

Background

On November 11, 2010, the Board issued its *Issues List Decision and Procedural Order No. 2* which determined that Issue 1.5, which was defined as follows, would be on the Approved Final Issues List:

"When would it be appropriate for Toronto Hydro to commence filing rate applications under incentive regulation? Is this application an appropriate base case for a future IRM application? If not, why not?"

On March 1, 2011, the Board released a letter entitled *Electricity Distributors Scheduled to Apply for Rebasing for 2012 Rates*. Toronto Hydro was not included on this list.

On March 25, 2011, Toronto Hydro filed its Settlement Proposal with the Board. Issue 1.5 was among the unsettled issues.

On the same date, Toronto Hydro filed a letter with the Board entitled *Notice of Filing Intentions for 2012 Distribution Rates*. In this letter, Toronto Hydro advised the Board and other stakeholders of its intention to file a non-IRM cost-of-service ("COS") application for 2012 rates. Toronto Hydro noted that the Board and intervenors in its application for 2011 rates were aware of Issue 1.5 and stated that it did not wish to disturb or depart from the process the Board had already established for determination of that issue and consequently had filed a copy of the letter in the present proceeding.

With respect to when it would be appropriate for it to commence filing rate applications under incentive regulation Toronto Hydro argued¹ that for the period until its rate base stabilizes (i.e., when annual capital expenditures level off and are matched by depreciation), it would not be appropriate for Toronto Hydro to file rate applications under the existing Third Generation Incentive Regulation Mechanism (“3GIRM”).

Toronto Hydro argued that the reason it would not be appropriate for it to file rate applications under the existing 3GIRM is most directly because 3GIRM effectively freezes its revenue requirement during the period between rebasing applications. Toronto Hydro submitted that this would not be either compatible or compensatory with a significantly increasing rate base and with the provision of the goal of providing the greatest practical degree of ‘rate smoothing.’ Toronto Hydro argued that it had demonstrated in its past three COS rate filings that substantial year-over-year increases in rate base are and will continue to be a necessity and that it cannot carry out vital infrastructure renewal if capital expenditures are limited to the current level of depreciation.

With respect to whether or not this application is an appropriate base case for a future IRM application, and, if not, why not (the second question raised by Issue 1.5), Toronto Hydro submitted that the present application was not an appropriate base, first, due to the marked inadequacy of a frozen revenue requirement in circumstances where a significant level of capital expenditures exceeding depreciation (“CEEDs”) is required and second because the operation of 3GIRM in years between rebasing does not compensate for what Toronto Hydro characterized as the approved rate base that will actually exist at the end of the rebasing year. Toronto Hydro argued that in essence, the second question takes as a premise the proposition that 3GIRM is appropriate for it and since it strongly disputes that premise, it cannot agree that its application for 2011 revenue requirement and rates could then serve as the basis for a rate making system that is itself inappropriate for it.

Toronto Hydro argued that it had filed its 2011 application expressly as a non-IRM COS application and not as a rebasing application, and in the event that it had known its application would be treated as a rebasing application, it would have brought forward a significantly different application and made significantly different business and operating plans in contemplation of that outcome. These would have included the budgeting of

¹ Toronto Hydro-Electric System Limited, Argument-in-Chief (“Argument-in-Chief”), April 4, 2011, pp.4-13

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significantly more for reactive maintenance and also the inclusion of potential incurrence of program wind-down costs in order to arrest or substantially slow its infrastructure renewal program. As well, in order to deal with its concerns related to what it characterized as the half-year rule problem, Toronto Hydro stated that it would have proposed rates to support the full year end rate base for 2011, offset in that year by the establishment of a one-year negative rate rider to compensate rate payers for the revenue requirement difference between 2011 average rate base and 2011 year-end rate base.

Toronto Hydro submitted that it had and continues to have a legitimate expectation that its 2011 application would be heard as a stand-alone COS application. This is because it has not had its rates set on an IRM basis for the past three years, has not been within the IRM framework, and could therefore not be 'rebased' as though it were in that framework. Toronto Hydro argued that were the Board to now treat its 2011 application as an application for rebasing, it would deny the Applicant the right to know the case it must meet and respond accordingly. Toronto Hydro further argued that such an action by the Board would be a breach of natural justice and procedural fairness if the Board was to now fundamentally change the nature of the relief sought by Toronto Hydro in its 2011 application and thereby change the underlying regulatory framework.

Discussion and Submission

Staff notes that unlike other distributors Toronto Hydro has been filing COS applications in recent years. In this context, staff is concerned that Toronto Hydro should not be receiving treatment different from those distributors, unless such treatment can be justified by circumstances unique to Toronto Hydro. It is not clear to staff that any of the reasons Toronto Hydro has provided as to why it must file COS applications annually are unique to it, nor why such available IRM mechanisms as the Incremental Capital Module ("ICM") could not be used to deal with its circumstances.

Staff notes in this context that the Board, in its letter of April, 20 2010 *Early Rebasing Applications*, stated the criteria it would use to determine whether or not early rebasing by an applicant was justifiable:

A distributor, including the four distributors referred to above, that seeks to have its rates rebased in advance of its next regularly scheduled cost of service proceeding must justify, in its cost of service application, why an early rebasing is required notwithstanding that the "off ramp" conditions have not been met. Specifically, the distributor must clearly

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demonstrate why and how it cannot adequately manage its resources and financial needs during the remainder of its IRM plan period. Distributors are advised that the panel of the Board hearing the application may consider it appropriate to determine, as a preliminary issue, whether the application for rebasing is justified or whether the application as framed should be dismissed.

Distributors are also advised that the Board may, where an application for early rebasing does not appear to have been justified, disallow some or all of the regulatory costs associated with the preparation and hearing of that application, including the Board's costs and intervenor costs. In other words, the Board may order that some or all of those costs be borne by the shareholder.

Staff submits that in the event Toronto Hydro does file a COS rebasing application for 2012 rates, the Board should, at that time, review such an application using the criteria outlined above.

Staff believes that in order to facilitate the Board's deliberations on whether or not any such application should be allowed to proceed, Toronto Hydro should be required to provide detailed qualitative and quantitative evidence as to why the ICM model would be inadequate to address its capital requirements.

Staff submits that the Board should neither determine that now is the appropriate time for Toronto Hydro to commence filing rate applications under incentive regulation, nor that the present application is an appropriate base case for a future IRM application, as such a determination would, in staff's view, be premature.

Staff takes this position for three reasons:

First, Board staff notes that a settlement was reached on most issues in this proceeding. While Board staff views the settlement as a positive outcome, the fact remains that there was no testing of Toronto Hydro's future capital plans on the record of this proceeding.

Second, many of the issues raised by Toronto Hydro e.g. the proposed approach to the half year rule are generic in nature. Staff believes that issues of this kind may require consideration in a broader context than that of the present application.

Finally, this matter raises potential legal issues that remain to be resolved. Staff notes that the key legal concern discussed during the oral hearing was whether, if the Panel in

this proceeding determined that 2012 would be the appropriate time for Toronto Hydro to commence filing rate applications under incentive regulation, it has the jurisdiction to compel Toronto Hydro to make such an application? During the oral hearing, Toronto Hydro stated that its position was that the Board did not have such jurisdiction.² In its Argument-in-Chief, Toronto Hydro also raised a number of additional legal concerns which were noted earlier in this submission.

EMERGING REQUIREMENTS

Background

The Board determined in its *Decision on Confidentiality and Procedural Order No. 4* that three proposed expenditures included by Toronto Hydro as part of its capital budget would not be eligible for settlement, which were: (1) the energy storage project included under emerging requirements, (2) the electric vehicle charging infrastructure program included under smart grid as part of emerging requirements, and (3) the fleet & equipment services expenditures under the general plant category, due to the inclusion of vehicle purchases related to the green initiative.

On March 25, 2011 Toronto Hydro sent a letter to the Board withdrawing its energy storage proposal and the associated revenue requirement from its application in this proceeding.

During the oral hearing, the Board heard evidence on the remaining two projects, namely the electric vehicle charging station pilot project (“EV Pilot”) and the premiums proposed for the greening the fleet initiative (“Greening the Fleet”).³

Electric Vehicle Charging Infrastructure Program

Background

Toronto Hydro has proposed a \$600,000 pilot project for an ‘Electric Vehicle Charging Infrastructure’. Toronto Hydro stated that this project is a response to the Provincial Government’s target that one in 20 vehicles in Ontario be electric by 2020 as well as to

² Transcript of Proceeding (“Transcript”), V2, p. 54 L12 L22

³ Transcript, V1, p. 86. L6 to p. 133, L23.

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the intention of several auto manufacturers to start selling plug-in electric vehicles (“EV”) to consumers in the City of Toronto in 2011. Toronto Hydro gave evidence that it plans to install and monitor approximately 30 to 40 EV charging stations across the City.⁴

Toronto Hydro stated that charging stations can be installed behind existing meters, making them invisible to the distribution utility, or as separately metered connection points, allowing the utility to monitor, measure, and better forecast the effect of EV loads on the Toronto Hydro distribution system. Toronto Hydro further stated that its EV Pilot seeks to understand the real-time impact of EVs on its distribution system, including load impacts and power quality effects.⁵

Toronto Hydro submitted that the EV Pilot will assist in the development of safety, operating and control procedures and practices related to EV charging infrastructure connected to the Toronto Hydro grid. Furthermore, Toronto Hydro argued that this project will allow it to understand the design, specification, standards, metering, communications, security, privacy, and billing and data requirements related to EV charging.⁶

Discussion and Submission

Staff notes that this project was filed as a smart grid demonstration project. Toronto Hydro stated in this context that the imminent arrival of the electric vehicle in the Toronto market necessitated an impact assessment prior to its filing of its Green Energy and Green Economy Act (“GEA”) Plan.

Staff agrees with Toronto Hydro that a project of this nature requires lead time to produce conclusive data in relation to the impact of EVs and the required charging infrastructure on the grid.

Staff notes that the amount of \$600,000 proposed by Toronto Hydro to be spent on this project is modest with reference to the Applicant’s overall capital budget.

Staff believes that Toronto Hydro has adequately justified this expense.

⁴ Argument-in-Chief, p. 14.

⁵ Argument-in-Chief, p. 15.

⁶ Argument-in-Chief, p. 15.

However, staff notes that the benefit arising from the undertaking of this project should be maximized. Staff notes in this context that the Board has stated its disclosure requirements regarding distribution system plans relating to the connection of renewable generation and the development of a smart grid in its filing requirements related to distribution system plans released in March of last year:

...the Board intends to maintain an on-line repository of smart grid study and demonstration project reports. To maximize the utility of this repository, the Board expects distributors to avoid to the maximum extent possible any restrictions on the disclosure of information. Distributors must in all cases ensure that any information disclosure restrictions that cannot be avoided will not hinder meaningful reporting or replication of the results of the study or demonstration project.⁷

Staff submits that although Toronto Hydro did not file the EV Pilot as part of its GEA Plan, it should adhere to the approach outlined above in order to ensure that the benefits of its undertaking of this project are maximized.

Staff also notes that issues may arise as this new technology develops related to the development of the EV charging station market structure and the appropriate role for distributors such as Toronto Hydro in that marketplace. Staff considers that while it is premature to address these issues at this time, there may be a need for such issues to be addressed in the future.

Vehicle Purchases Related to the Green Initiative

Background

Toronto Hydro proposed a premium for “greening the fleet” of \$2,012,000 under the general plant category of fleet & equipment services for the purchase of 69 electric or hybrid vehicles.

⁷ EB-2009-0397 *Filing Requirements: Distribution System Plans – Filing under Deemed Conditions of Licence*, March 25, 2010, p.20.

Toronto Hydro stated that in support of its environmental strategy to be carbon neutral by 2020, it had adopted purchasing and operating initiatives intended to reduce carbon emissions, including the continued introduction of “greener” technology to its fleet.⁸

Toronto Hydro submitted that emission reductions would result from its efforts to green the fleet. In response to an Energy Probe interrogatory⁹, Toronto Hydro stated that emissions reductions of approximately 113 tonnes CO₂e would be expected in the full year of 2012. During cross examination by Board staff, Toronto Hydro stated that this is about two and a half percent of its overall emission reduction target of 4,500 tonnes of CO₂e.¹⁰ In response to a BOMA interrogatory,¹¹ Toronto Hydro stated that a fuel saving of 36,429 liters is expected as a result of the introduction of electric/hybrid vehicles in 2011, representing an annual cost reduction of approximately \$34,670.

Toronto Hydro argued that this initiative was reasonable and appropriate in light of its corporate objective to be carbon neutral by 2020.

Discussion and Submission

Board staff is satisfied that the proposed expenditures are justified based on the evidence provided by Toronto Hydro during this proceeding.

DEFERRAL AND VARIANCE ACCOUNTS

Background

Issue 6.1, which was defined as “Is the proposal for the amounts, disposition and continuance of Toronto Hydro’s existing Deferral and Variance Accounts appropriate?” was not settled. There were three deferral accounts which were discussed during the oral hearing. These were: (1) Late Payment Charges (1508), (2) IFRS Costs (1508) and Line Loss Variance Account (1588).

⁸ Argument-in-Chief, p.16

⁹ Exhibit R1 Tab 6 Schedule 41.

¹⁰ Transcript, V1, p.129, L22 – L27.

¹¹ Exhibit R1 Tab 3 Schedule 9.

(1) Late Payment Charges (1508)

On February 22, 2011, the Board issued its EB-2011-0295 Decision and Order in the Late Payment Penalty Generic Hearing (the “LPP Decision”). The LPP Decision determined that Toronto Hydro could recover from its ratepayers an amount of \$7.5 million over a 24 month period starting May 1, 2011.

On February 25, 2011, Toronto Hydro filed a letter with the Board updating its original forecast to reflect the findings of the LPP Decision.

On March 25, 2011, Toronto Hydro filed a letter with the Board which requested, among other things, that rates be implemented August 1, 2011, rather than May 1, 2011 as had been proposed in the application. Toronto Hydro proposed, in this context, that the LPP rate rider also be implemented on August 1 for a period of 21 months rather than the 24 months authorized in the LPP Decision.

During the oral hearing, the Panel expressed the belief that it had the authority to make a determination on Toronto Hydro’s request without the need to seek a vary order on the LPP Decision.¹²

Discussion and Submission

Staff accepts Toronto Hydro’s proposed 21 month implementation period for the rate rider arising out of the LPP Decision.

(2) IFRS Costs (1508)

Toronto Hydro’s application had proposed that a balance of \$7.1 million in Account 1508 related to IFRS costs to the end of 2010 and including a forecast component be cleared. Toronto Hydro stated that this account had recorded incremental IFRS transition costs as directed by the Board and that the costs reflected incremental operating expenditures associated with preparing the transition to IFRS accounting in January 2011.¹³

¹² Transcript, V2, p.74 L23 – L27.

¹³ EB-2010-0142 Toronto Hydro-Electric System Limited 2011 *Electricity Rate Application* (“Application”), Exh J1/Tab 1/Sch 2/ pp.6-7.

On March 29, 2011, at the commencement of the oral hearing, Toronto Hydro entered into the record¹⁴ a revised detailed breakdown of IFRS costs which showed a reduction of these costs to \$6.1 million.

Toronto Hydro noted that any IFRS costs incurred after the end of December 2010 were included as part of its 2011 OM&A budget envelope. Toronto Hydro further noted that at the time its application had been filed in August 2010, the transition to IFRS was to occur in January 2011. However, in September 2011, the Accounting Standards Board had issued a decision stating that qualified entities with rate-regulated activities would be permitted to defer the adoption of IFRS for one year, up to January 1, 2012. Toronto Hydro stated that it had chosen to defer the adoption of IFRS and as a result had been able to reduce the amount it was seeking to clear to \$6.1 million. Toronto Hydro explained that this reduction was mainly due to its ability to use internal resources to do the required work in 2011 instead of having to rely on external consultants to meet the earlier deadline.¹⁵

Toronto Hydro submitted that these costs were necessary and prudently incurred in light of the mandatory transition to IFRS. Toronto Hydro further stated that the Accounting Update which resulted in a \$23.7 million dollar reduction in 2011 Base Distribution Revenue Requirement was only possible as a direct result of the work which it had completed in preparation for IFRS. Toronto Hydro submitted that this included a number of extraordinary expenses that were unique to it in light of the new obligations IFRS imposed including the de-recognition of assets, componentization of assets, the development of a supportable depreciation methodology and direct attribution of labour costs to capital projects.

Toronto Hydro stated that it had been able to reduce customer rates in the short term with the use of information such as the revised depreciation rates. Toronto Hydro argued that the costs it incurred in connection with the mandatory transition to IFRS were prudently incurred and resulted in a material reduction in 2011 Base Distribution Revenue Requirement, which reduction had been accepted by the parties in the Board approved Settlement Agreement.

Discussion and Submission

¹⁴ Exhibit KH1.7.

¹⁵ Argument-in-Chief, pp. 18-19.

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Staff notes that the amount of IFRS costs claimed for recovery by Toronto Hydro is the highest that has been sought for recovery by an applicant to date. This was demonstrated during cross examination by SEC, during which IFRS costs proposed for recovery by other applicants were cited and the highest number found by SEC was \$3,861,300 by Enbridge Gas Distribution. The highest number for an electricity distributor was Horizon Utilities Limited's amount of \$565,479.¹⁶

Staff further notes that Toronto Hydro's request for recovery of this amount represents the first time the Board has been asked to approve the disposition of IFRS costs recorded in account 1508.

Staff submits in this context that before making a determination on the appropriateness of the cost recovery requested by Toronto Hydro, it would be helpful for the Board to see other claims for recovery in order to assist it in assessing the reasonableness of Toronto Hydro's claim. Accordingly, staff submits that the Board should consider allowing Toronto Hydro to recover 50% of the amount of these costs at the present time with the remainder to remain in the deferral account and be assessed for recovery in a future proceeding. Staff is of the view that carrying charges on the remaining balance should continue to apply.

(3) Line Loss Variance Account (1588)

Pollution Probe cross-examined Toronto Hydro during the oral phase of this proceeding on the issue of whether or not the Board should continue its practice of maintaining for Toronto Hydro Account 1588, the RSVA Power variance account.¹⁷

Toronto Hydro submitted that the Board had previously dealt with this issue in its EB-2007-0680 Decision related to Toronto Hydro's 2008-2009 rate years. The Board had found, at that time, that it would not be appropriate for it to direct a different regulatory treatment for the Applicant than for the sector as a whole by eliminating the provision for a true-up. Toronto Hydro also noted that the Board had observed that Toronto Hydro's line losses did not appear to be excessive.

¹⁶ Transcript, V2, p.33 L6 – L22, and Exhibit KH2.1

¹⁷ Transcript, V1, p. 159, L. 12 to p.183, L 2.

Toronto Hydro argued that there had been no fundamental change in circumstances that would warrant a departure from the Board's existing practice regarding line losses.¹⁸

Discussion and Submission

Staff is in agreement with Toronto Hydro that there have been no fundamental changes in circumstances since the Board's EB-2007-0680 Decision that would justify a departure from the Board's existing practice regarding line losses.

COST ALLOCATION

Background

There were two unsettled issues in the area of cost allocation, other than the suite metering issues on which, as previously noted, staff has no submissions. These were 7.1 "Is Toronto Hydro's cost allocation appropriate?" and 7.4 "Are the proposed revenue to cost ratios for each class appropriate?"

Toronto Hydro noted that in respect of Issue 7.1, parties were able to settle the appropriateness of its cost allocation with one exception, which was that intervenors did not agree with the methodology used by Toronto Hydro to account for the transformer allowance. Where Issue 7.4 was concerned, parties were unable to reach an agreement on Toronto Hydro's proposed revenue to cost ratios for each class.

Toronto Hydro submitted that it had used the Board's cost allocation model, adjusted for a shortcoming in the way transformer allowance costs were allocated in the model to allocate the revenue requirement and to form the basis for determining rates for each of the classes. Toronto Hydro further submitted that in any event, its approach had only been used to derive "starting point" revenue to cost ratios.

Toronto Hydro argued that even if parties disagreed with the method used to derive these "starting point" revenue to cost ratios, the costs that it proposed to collect from each class were completely independent of this starting point. As such, Toronto Hydro

¹⁸ Argument-in-Chief, pp. 19-20.

submitted that any concerns with the “starting point” revenue to cost ratios are at most academic in that they do not in any way alter its proposed cost allocation.

Where its proposed revenue to cost ratios are concerned, Toronto Hydro submitted that they are within the Board’s guidelines and a continual incremental move toward full cost recovery for all classes is appropriate.¹⁹

Discussion and Submission

Staff notes that Toronto Hydro’s overall approach to cost allocation is essentially the same as that which it has used in previous applications and was accepted by the Board and intervenors as part of the Settlement Agreement related to its 2010 revenue requirement application (EB-2009-0139).

Staff further notes that what is referred to by Toronto Hydro as the shortcoming in the way transformer ownership allowance costs were allocated in the Board’s cost allocation model is generally recognized and is one of the matters dealt with in the Board’s EB-2010-0219 *Report of the Board: Review of Electricity Distribution Cost Allocation Policy* of March 31, 2011.

Finally, staff notes that all of Toronto Hydro’s proposed cost allocation ratios are within the Board guidelines.

Staff accepts Toronto Hydro’s positions on these matters.

IMPLEMENTATION DATE

Background

On March 25, 2011, Toronto Hydro filed a letter with the Board formally requesting an order of the Board making its existing distribution rates interim, effective May 1, 2011.

The Board granted this request during the first day of the oral hearing.

¹⁹ Argument-in-Chief, pp. 24-26.

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In its letter, Toronto Hydro also proposed to implement the approved final rates for 2011, including the LPP rate riders on August 1, 2011, together with a set of fixed term rate riders to collect foregone revenue for May, June and July 2011.

Toronto Hydro submitted that this was the first viable implementation date given the practical impossibility of implementing rates on May 1, 2011 and Toronto Hydro's subsequent billing system conversion, which had been scheduled to occur after the initially envisaged May 1, 2011 implementation. Toronto Hydro added that it was particularly concerned with the practical difficulties and associated risk of attempting to implement new rates in the middle of a major billing system conversion.²⁰

Discussion and Submission

Staff notes that no parties expressed concerns with Toronto Hydro's proposal and that based on the total bill impact information filed by Toronto Hydro regarding the impact of this proposal, most customer classes would be experiencing either decreases in their bills, or increases of less than 1.5 percent.

Staff accepts Toronto Hydro's positions on this matter.

- All of which is respectfully submitted –

²⁰ Argument-in-Chief, pp. 3-4.