

January 16, 2015

RESS, EMAIL & COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

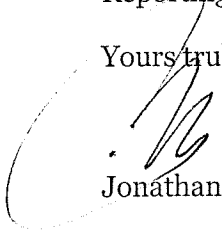
Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (“Toronto Hydro”) Custom
Incentive Rate Application (EB-2014-0116)**

We are counsel to the applicant, Toronto Hydro, in the above referenced proceeding. On January 13, 2015 Toronto Hydro filed its responding submission on the December 31, 2014 motion filed by the Association of Major Power Consumers in Ontario (“AMPCO”). Subsequent to the responding submission being filed, Toronto Hydro continued to make further inquiries in an effort to determine whether AMPCO’s information requests could be satisfied, in whole or in part, through any methods other than those explained in the Responding Submission. The enclosed Affidavit of Ms. Angela Rouse, Toronto Hydro’s Supervisor of Capital Planning and Reporting, is provided in connection with those continued efforts.

Yours truly,



Jonathan Myers

cc: A. Klein and D. Coban, THESL
C. Keizer and C. Smith, Torys LLP
All Parties

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule. B;

AND IN THE MATTER OF an application by Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2015 and for each following year effective January 1 through to December 31, 2019.

AFFIDAVIT

I, Angela Rouse, of the City of Toronto, in the Province of Ontario, MAKE AN OATH AND SAY:

1. I am the Supervisor of Capital Planning & Reporting for Toronto Hydro Electric System Limited ("Toronto Hydro") and, as such, have knowledge of the matters to which I herein depose.
2. As the Supervisor of Capital Planning & Reporting, my responsibilities include capital planning, compliance reporting and centralized capital management reporting. In connection with these areas of responsibility, I was asked to determine whether any of the information requested in the December 31, 2014 Notice of Motion from the Association of Major Power Consumers in Ontario ("AMPCO") could be obtained through Toronto Hydro's financial reporting system.
3. I have determined that although some information could be obtained from Toronto Hydro's financial reporting system for the years 2012 and 2013 within a reasonable period of time, the information for these years cannot be provided for all specific assets requested by AMPCO because the assets are not necessarily represented in Toronto Hydro's financial reporting system in the same manner that AMPCO is requesting. In addition, AMPCO's request refers to assets forecasted to be replaced or taken out of service in a particular year, whereas the information that could be obtained from the financial system within a reasonable period of time refers to assets placed into service in a given year. If the assets placed into service are not like-for-like with the assets taken out of service, the information in the financial reporting

system cannot be reconciled back to the information that AMPCO is requesting. As such, the data that can be provided for 2012 and 2013 would not be exactly as per AMPCO's request.

4. In addition, as further explained below, the requested information for the years 2010, 2011 and 2014 is not available in the same manner as 2012 and 2013 and could instead only be ascertained through the manual mapping process described in the January 14, 2015 affidavit of Mike Walker. The requested forecast information for the years 2015-2019 is also not available in the same manner through Toronto Hydro's financial reporting system, as described below.

Treatment of Capital Projects in Toronto Hydro's Financial Reporting System

5. Once a project is completed in the field, Toronto Hydro's practice is to extract the relevant transactional details from Toronto Hydro's Enterprise Resource Planning ("ERP") system, Ellipse. The extracted project information will include labour hours, vehicle hours, material or equipment quantities and associated costs. Supplementary detail for externally contracted costs booked to the completed project are obtained from other internal, customized systems. The labour costs within the project are spread across the work orders associated with the construction of the assets based on timesheets prepared by internal crews or based on the billing sheets from external contractors. Toronto Hydro will then undertake a manual process to identify the major asset categories, as defined in accordance with Toronto Hydro's capitalization policy and the Ontario Energy Board's Accounting Procedures Handbook, to which the material or equipment used in the project corresponds.
6. Once the material and equipment is associated with the relevant major asset categories, Toronto Hydro will apply a methodology to attribute related design costs, engineering capital, allowance for funds used during construction, as well as other costs, to the corresponding major assets. The material and equipment quantities that are associated with the major asset categories are then used to represent the asset quantity and an upload sheet is prepared to record the total costs and quantities by asset class in the financial assets sub-ledger.
7. The process described above is an ongoing one in that it involves daily activity, carried out manually throughout the year, by a dedicated team. Through this process, the actual costs associated with all in-service additions since 2010 are represented in Toronto Hydro's financial asset sub-ledger. Moreover, the quantities of in-service assets since 2010 can be extracted from the financial asset sub-ledger using the corresponding project number.

However, as described below, only the information relating to assets that went into service during 2012 and 2013 has been mapped to specific programs.

Availability of Information Requested by AMPCO

8. Each of Toronto Hydro's 2012 and 2013 capital projects has been manually mapped to the corresponding program, as such programs are defined in its Distribution System Plan ("DSP"). This mapping exercise was carried out for purposes of preparing the rate application and involved a labour-intensive process that took several months. As a result of that effort, Toronto Hydro now has the capability to extract from its financial reporting system listings of specific projects that have been carried out in connection with specific DSP programs. Using such listings, Toronto Hydro can extract from the financial asset sub-ledger the total costs and quantities of materials and equipment that were placed into service as a result of the completion of each particular project for each DSP program. However, there are several important limitations on the cost and material/equipment quantity information that is available through Toronto Hydro's financial reporting system. These are described below.
9. First, because the manual mapping exercise described above has not been undertaken for 2010 and 2011 capital projects, the corresponding information is not able to be extracted from the financial asset sub-ledger to align with the DSP programs. While Toronto Hydro did map the historical project spending for those years at a program level, this does not provide the capability to extract the necessary listings of specific projects carried out in connection with particular DSP programs. As such, the requested information for 2010 and 2011 can, instead, only be determined through the challenging and labour-intensive mapping exercise that is described in the January 14, 2015 Affidavit of Mike Walker.
10. Second, not all capital expenditures in the years 2012 and 2013 would have gone into service in those same years. As a result, the information that Toronto Hydro is able to extract from the financial asset sub-ledger for 2012 and 2013 will not represent the total capital expenditures in those years. Consequently, the information will not match the capital spending tables that are presented in the relevant DSP program descriptions.
11. Third, the cost information that can be extracted from the financial reporting system includes costs for the particular project that has been placed into service, regardless of the year in which funds were spent. As such, a project that was placed into service in 2012 and for which information would therefore be available in the financial asset sub-ledger may include

expenditures from prior years, which would have been presented as construction work-in-progress. Similarly, a project which was placed into service in 2012 may have lagging costs that are reflected in the 2013 in-service additions. For these reasons, the data that Toronto Hydro is able to extract from the financial reporting system is not representative of unit costs.

12. Fourth, the assets reflected in Toronto Hydro's financial reporting system are not necessarily grouped or represented in the same level of detail as the assets that are reflected in the DSP programs which AMPCO's motion request relates to. As an example, transformers in the rear lot conversion program could be mapped to one of the following two asset categories in the financial reporting system: underground transformer or pole mount transformers. In addition, the information that could be obtained from the financial system relates to assets that are placed into service in a given year, whereas AMPCO's request refers to assets that Toronto Hydro has forecasted to be replace (i.e. take out of service) in a particular year. If the assets placed into service are not like-for-like with the assets taken out of service, the information in the financial reporting system cannot be reconciled back to the information that AMPCO is requesting. Consequently, to provide the information in a manner that is aligned with the presentation of assets in the DSP program descriptions would require the challenging and labour-intensive mapping exercise that is described in the January 14, 2015 Affidavit of Mike Walker.
13. Fifth, the process of mapping projects that went into service during 2014 to specific DSP programs has not been completed. Moreover, the 2014 financial year has not yet been closed out or audited. As such, the information that AMPCO has requested in respect of 2014 cannot be extracted from Toronto Hydro's financial reporting system on a DSP program by program basis and, instead, would need to be determined through the mapping exercise that is described in the January 14, 2015 Affidavit of Mike Walker.
14. Sixth, because 2015 is a forecast year, actual costs and in-service additions for 2015 (i.e. the type of information that is available for 2012 and 2013) cannot be extracted from Toronto Hydro's financial reporting system. The 2015 forecast was determined in a different manner, through a process whereby the estimates were developed using the labour and material/equipment costs allocated to work orders. For the 2015 forecast, the estimated labour hours and material/equipment units would have been inputted into Ellipse, but when this information was extracted and loaded into the financial planning system, it would have been done using costing information for each work order to allocate the costs to the assets

and the material or equipment quantity information would consequently not be available in the financial planning system. In addition, design and engineering capital estimates are created separate from the construction project and the amounts would not be reflected in the project by project breakout of assets.

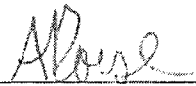
15. Finally, as no actual cost or in-service information is available for the 2016-19 forecast years, the type of information that is available for 2012 and 2013 is not available from Toronto Hydro's financial reporting system in respect of the 2016-19 forecast years. Rather, for 2016-2019 the forecast in-service additions is based on the historical percentage of the total DSP program capital expenditures coming into service or the latest program projections, not on detailed project level information. As such, the information requested for those years is not available.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 16th day of January, 2015



Commissioner for Taking Affidavits

Daliana Coban LSUC#
62139A



Angela Rouse