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      A Gross Assets by USoA Account

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## DEFERRAL AND VARIANCE ACCOUNTS

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

AND IN THE MATTER OF an Application by
Toronto Hydro-Electric System Limited for an Order or Orders
approving or fixing just and reasonable distribution rates
and other charges, effective January 1, 2020 to December 31, 2024.

The Applicant, Toronto Hydro-Electric System Limited (the “Applicant,” “Toronto Hydro”,
“THESL”, the “Company” or the “Utility”), is a corporation incorporated under the
Business Corporations Act, (Ontario), and is licensed by the Ontario Energy Board (the
“OEB”) under licence number ED-2002-0497 to distribute electricity in the City of
Toronto.

Toronto Hydro hereby applies to the OEB pursuant to section 78 of the Ontario Energy
Board Act, 1998 (the “OEB Act”) as amended, for approval of its proposed:

1) Electricity distribution rates and other charges effective January 1, 2020; and
2) Custom Price Cap Index (“Custom PCI”) framework to set distribution rates
effective for the period January 1, 2021 to December 31, 2024.

This Application is prepared in accordance with the OEB’s:

1) Filing Requirements for Electricity Distribution Rate Applications, issued July
12, 2018 (the “Filing Requirements”);
2) Renewed Regulatory Framework, established through a Report of the Board
on October 18, 2012 under file numbers EB-2010-0377, EB-2010-0378, EB-
The application is supported by pre-filed written evidence, which may be amended from time to time.

I. FORM OF HEARING REQUESTED
Toronto Hydro requests that this application be disposed of by way of an oral hearing.

II. PROPOSED EFFECTIVE DATE
The applicant requests that the OEB make its Rate Order effective January 1, 2020. In the alternative, the Applicant requests an interim Order making the Applicant’s current distribution rates and charges effective on an interim basis as of January 1, 2020 and establishing an account to recover any differences between the interim rates and the actual rates effective January 1, 2020 based on the OEB’s Decision and Order.

III. PROPOSED DISTRIBUTION RATES AND OTHER CHARGES
The Tariff of Rates and Charges proposed in this application is identified in Exhibit 8, Tab 3, Schedule 2. In addition to the evidence in support of those rates and charges for the 2020 test year, Toronto Hydro is filing evidence in support of its Custom Incentive Rate-Setting (“Custom IR” or “CIR”) framework and the rates resulting from it for 2021-2024.
IV. PROPOSED DISTRIBUTION RATES ARE JUST AND REASONABLE

For all the reasons set out in this application, Toronto Hydro submits that the proposed distribution rates and other charges are just and reasonable.

V. SPECIFIC RELIEF REQUESTED

With this application, Toronto Hydro requests:

1) Approval of 2020 base revenue requirement as proposed in Exhibit 6, Tab 1.

2) Approval of 2020 electricity distribution rates and charges as proposed in Exhibit 8, including a number of credits to customers. In particular:
   a) Base distribution rates as set out in Exhibit 8, Tab 1, Schedule 1;
   b) Specific Service Charges as set out in Exhibit 8, Tab 2, Schedule 1; and
   c) Rate riders as set out in Exhibit 9, Tab 3, Schedule 1.

3) Approvals related to deferral and variance accounts as proposed in Exhibit 9. In particular:
   a) To dispose of balances in existing deferral and variance accounts as detailed in Exhibit 9, Tab 1, Schedule 1;
   b) Approval of the continuation of existing deferral and variance accounts, as set out in Exhibit 9, Tab 1, Schedule 1; and
   c) Approval of new deferral and variance account as proposed in Exhibit 9, Tab 1, Schedule 1:
      i) A variance account in respect of excess expansion deposits; and
      ii) Three variance accounts in respect of Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges.

4) Approval of the rate-setting formula and related elements, as proposed in Exhibit 1B, Tab 4, Schedule 1.

5) Approval of annual reporting as proposed in Exhibit 1B, Tab 2, Schedule 1.
6) Other items or amounts that may be requested by the Applicant in the course of the proceeding, and such other relief or entitlements as the OEB may grant.

DATED at Toronto, Ontario, this 15th day of August, 2018.

Applicant: TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

14 Carlton Street
Toronto, Ontario
M5B 1K5

Signed by:

Andrew J. Sasso, Director, Regulatory Affairs
ADMINISTRATION

This Schedule provides information relating to the administration of the Application.¹

1. PRIMARY CONTACT FOR THE APPLICATION
   Andrew J. Sasso
   Director, Regulatory Affairs
   14 Carlton Street
   Toronto, Ontario  M5B 1K5
   Phone: (416) 542-7834
   Fax: (416) 542-2683
   Email: RegulatoryAffairs@TorontoHydro.com

2. LEGAL REPRESENTATION FOR THE APPLICATION
   Charles Keizer – ckeizer@torys.com
   Crawford Smith – csmith@torys.com
   Torys LLP
   79 Wellington Street West
   Toronto, Ontario  M5K 1N2

3. INTERNET ADDRESS
   Toronto Hydro’s main webpage:
   www.torontohydro.com

¹ Section 2.1.4 of the Chapter 2 Cost of Service Filing Requirements.
Regulatory documents will be available under the Regulatory Affairs tab:

http://www.torontohydro.com/sites/electricsystem/Pages/RegulatoryAffairs.aspx

4. MEDIA ACCOUNTS

Twitter – twitter.com/torontohydro
Facebook – facebook.com/torontohydro
Instagram – Instagram.com/torontohydro
YouTube – youtube.com/torontohydro
LinkedIn – linkedin.com/company/toronto-hydro/

5. CHANGES WITH MATERIAL IMPACT TO CUSTOMERS

There are no changes in the Application that result in bill impacts that exceed the 10% bill impact threshold, and any variances or proposals that result in an impact that exceeds Toronto Hydro’s general $1 million revenue requirement materiality threshold have been explained throughout the evidence.

Overall, as a result of Toronto Hydro’s application proposals, rates will change for all customers, including the final year of transition to fully fixed rates for Residential and CSMUR customers.

6. NOTICE OF HEARING PUBLICATION

Toronto Hydro recommends that the Notice of Hearing for its Application be published in the Toronto Star and L’Express newspapers, both of which are paid publications, as well as on the utility’s website www.torontohydro.com. L’Express is a weekly French language newspaper serving Toronto and the Greater Toronto Area, which has a circulation of approximately 22,000 readers per week. The Toronto Star is a daily
newspaper serving Toronto and the surrounding area, has a total average daily
circulation of approximately 360,000 readers.

7. LIST OF POTENTIAL VENUES FOR COMMUNITY MEETINGS

As described in Exhibit 1B, Tab 3, Schedule 4, Toronto Hydro proposes four community
meetings. Toronto Hydro recommends that one meeting be held in each of the
following locations: Scarborough, North York, Etobicoke, and downtown, in order to
reflect the geographic diversity of the service area. Toronto Hydro further recommends
that one of these community meetings be webcast. There are many suitable venues in
Toronto for these community meetings, including civic/community centres, schools and
libraries.

Toronto Hydro will work with the OEB to finalize locations, venues, dates and times for
the community meetings, and to produce bill inserts and other materials, as may be
stipulated by the OEB.

8. BILL IMPACTS

Table 1, below, provides a summary of the distribution-only bill impacts (per sub-total A
of Appendix 2-W, which is filed at Exhibit 8, Tab 7) to be used for the Notice of
Application for a typical residential customer using 750 kWh per month and for a
General Service <50 kW customer using 2,000 kWh per month.
Table 1: Summary of Bill Impacts (Distribution Only)

<table>
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<th>Residential (750 kWh)</th>
<th>GS &lt; 50 kW (2000 kWh)</th>
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9. FORM OF HEARING REQUESTED

Toronto Hydro requests an oral hearing.

10. EFFECTIVE REQUESTED DATE

Toronto Hydro requests new rates to be effective January 1, 2020.

11. DEVIATIONS FROM FILING REQUIREMENTS

Toronto Hydro is filing a Custom Incentive Rate-setting (“Custom IR”) Application. In preparing this Application, Toronto Hydro has followed Chapters 1, 2, and 5 of the OEB’s Filing Requirements for Electricity Distribution Rate Applications issued July 12, 2018 (the “Filing Requirements”). Any departures from the Filing Requirements are noted in the Checklist filed at Exhibit 1A, Tab 3, Schedule 2.

12. METHODOLOGY CHANGES

Since Toronto Hydro’s 2015-2019 Rate Application, the utility has made the following methodology changes:

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Toronto Hydro has transitioned from the Asset Condition Assessment (“ACA”) methodology, originally adopted in 2008, to an ACA model that provides more accurate and comprehensive condition-based analytics, and that better supports expenditure planning over longer time horizons (the Common Network Asset Indices Methodology). For more information on Toronto Hydro’s ACA methodology transition, please see Exhibit 2B, Section D1.

Toronto Hydro has made adjustments to its CPCI formula by incorporating those components (growth, and stretch on capital) ordered by the OEB in its Decision and Order\(^3\) and has proposed a custom stretch factor supported by expert econometric evidence prepared by Power System Engineering Inc.\(^4\)

Toronto Hydro has used the most recent version of the Cost Allocation Model issued by the OEB.

13. PREVIOUS OEB DIRECTIONS

The four OEB Directions identified below are from the 2015-2019 OEB Decision.\(^5\)

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\(^3\) EB-2014-0116, Toronto Hydro-Electric System Limited Decision and Order (December 29, 2015).
\(^4\) For more information, please see Exhibit 2A, Tab 1, Schedule 1.
\(^5\) Supra note 3.
### Table 2: OEB Directions

<table>
<thead>
<tr>
<th></th>
<th>Direction</th>
<th>How the Direction was Addressed in this Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Customer Engagement:</strong> “The OEB finds that Toronto Hydro’s customer engagement efforts undertaken as part of the Application are reasonable as the first such effort in the context of the RRFE. However, there are some deficiencies which the OEB expects Toronto Hydro to address by the time it files its next full cost of service or Custom IR rate application. [...] The OEB agrees with intervenors and OEB staff that Toronto Hydro did not provide its customers with sufficient information on the context of the proposed Application such as its existing benchmarking ranking and its relative levels of productivity and efficiency. Toronto Hydro did not develop its plan in conjunction with its customer engagement activities. It sought input to confirm the plan it had already prepared rather than engaging its customers to ascertain their preferred options in the context of Toronto Hydro’s current cost and reliability situations.&quot;[^6]</td>
<td>Toronto Hydro has addressed the OEB’s direction. For specific details, please see Exhibit 1B, Tab 3, Schedule 1.</td>
</tr>
<tr>
<td>2</td>
<td><strong>Line Losses:</strong> “The OEB expects Toronto Hydro to incorporate the results of the OEB audit into its distribution rates as well as to update its loss factors at its next full cost of service or Custom IR rate application.”[^7]</td>
<td>Toronto Hydro has addressed the OEB’s direction. For specific details, please see Exhibit 8, Tab 1, Schedule 1 for details on how the utility updated its loss factors.</td>
</tr>
</tbody>
</table>

[^6]: Ibid at pp. 7-8.
[^7]: Supra note 3 at p.46.
<table>
<thead>
<tr>
<th>Direction</th>
<th>How the Direction was Addressed in this Application</th>
</tr>
</thead>
</table>
| 3 **Monitoring and Reporting:** “The OEB, however, will expect Toronto Hydro to develop better performance metrics as part of its ongoing customer engagement efforts with the objective of achieving greater conformity with the general intent of the RRFE”<sup>8</sup> | Toronto Hydro has addressed the OEB’s direction. For specific details, please see:  
- Exhibit 1B, Tab 2, Schedule 1 for details on Toronto Hydro’s Outcomes Framework; and  
- Exhibit 2B, Section C for details on Toronto Hydro’s performance measures. |
| 4 **Disposition of Deferral Accounts:** “The OEB approves Toronto Hydro’s proposed disposition of accounts and its request to defer the disposition of the RSVA accounts. Upon conclusion of the OEB audit, the OEB expects Toronto Hydro to request disposition of all the RSVA balances in its next rate application.”<sup>9</sup> | Toronto Hydro has addressed the OEB’s direction. For specific details, please see:  
- EB-2016-0254, Toronto Hydro-Electric System Limited Application to Finalize 2017 Electricity Distribution Rates and Charges (August 23, 2017), Tab 2, Schedule 1 at p.4. |

### 14. CONDITIONS OF SERVICE

Toronto Hydro’s current Conditions of Service, along with revision history for any changes made from the utility’s last Application, can be found at the following link:

http://www.torontohydro.com/sites/electricsystem/business/ConditionsofService/Pages/default.aspx

At this time, Toronto Hydro does not expect any of the proposals in this Application to result in a material change to its Conditions of Service.

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<sup>8</sup> Supra note 3 at p. 47.

<sup>9</sup> Supra note 3 at p. 53.
Toronto Hydro has identified three charges listed in the Conditions of Service that are not on its Tariff of Rates and Charges. Consistent with other similar charges that are recovered through capital contributions, they are not recorded as a Specific Service Charge in Toronto Hydro’s OEB-approved tariff sheet. For more details, please see Exhibit 8, Tab 2, Schedule 1.

15. CORPORATE AND UTILITY ORGANIZATIONAL STRUCTURE

Toronto Hydro’s organizational chart is provided in Figure 1, below.

A corporate entities relationship chart showing the extent to which the parent company is represented on the utility’s Board of Directors and a description of the reporting relationships between utility and parent company is provided in Exhibit 1C, Tab 2, Schedule 1.

There are no planned changes in corporate or operational structure.

Figure 1: Toronto Hydro’s Organizational Chart
16. LIST OF APPROVALS REQUESTED

The list of specific approvals requested as part of this Application are provided at Exhibit 1A, Tab 2, Schedule 1, and Appendix 2-A, reproduced below:

Pursuant to section 78 of the *Ontario Energy Board Act, 1998*, Toronto Hydro seeks the following approvals:

With this application, Toronto Hydro requests:

1) Approval of 2020 base revenue requirement as proposed in Exhibit 6, Tab 1.

2) Approval of 2020 electricity distribution rates and charges as proposed in Exhibit 8, including a number of credits to customers. In particular:

   a) Base distribution rates as set out in Exhibit 8, Tab 1, Schedule 1;
   
   b) Specific Service Charges as set out in Exhibit 8, Tab 2, Schedule 1; and
   
   c) Rate riders as set out in Exhibit 9, Tab 3, Schedule 1.

3) Approvals related to deferral and variance accounts as proposed in Exhibit 9. In particular:

   a) To dispose of balances in existing deferral and variance accounts as detailed in Exhibit 9, Tab 1, Schedule 1;
   
   b) Approval of the continuation of existing deferral and variance accounts, as set out in Exhibit 9, Tab 1, Schedule 1; and
   
   c) Approval of new deferral and variance account as proposed in Exhibit 9, Tab 1, Schedule 1:

      i) A variance account in respect of excess expansion deposits; and
      
      ii) Three variance accounts in respect of Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges.

---

4) Approval of the rate-setting formula and related elements, as proposed in Exhibit 1B, Tab 4, Schedule 1.

5) Approval of annual reporting as proposed in Exhibit 1B, Tab 2, Schedule 1.

6) Other items or amounts that may be requested by the Applicant in the course of the proceeding, and such other relief or entitlements as the OEB may grant.
OEB Appendix 2-A
List of Requested Approvals

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

<table>
<thead>
<tr>
<th></th>
<th>Approval of 2020 base revenue requirement as proposed in Exhibit 6, Tab 1.</th>
</tr>
</thead>
</table>
| 2 | Approval of 2020 electricity distribution rates and charges as proposed in Exhibit 8, including a number of credits to customers. In particular:  
|   | a) Base distribution rates as set out in Exhibit 8, Tab 1, Schedule 1;  
|   | b) Specific Service Charges as set out in Exhibit 8, Tab 2, Schedule 1; and  
|   | c) Rate riders as set out in Exhibit 9, Tab 3, Schedule 1. |
| 3 | Approvals related to deferral and variance accounts as proposed in Exhibit 9. In particular:  
|   | a) To dispose of balances in existing deferral and variance accounts as detailed in Exhibit 9, Tab 1, Schedule 1;  
|   | b) Approval of the continuation of existing deferral and variance accounts, as set out in Exhibit 9, Tab 1, Schedule 1; and  
|   | c) Approval of new deferral and variance account as proposed in Exhibit 9, Tab 1, Schedule 1:  
|   | i) A variance account in respect of excess expansion deposits; and  
|   | ii) Three variance accounts in respect of Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges. |
| 4 | Approval of the rate-setting formula and related elements, as proposed in Exhibit 1B, Tab 4, Schedule 1. |
| 5 | Approval of annual reporting as proposed in Exhibit 1B, Tab 2, Schedule 1. |
| 6 | Other items or amounts that may be requested by the Applicant in the course of the proceeding, and such other relief or entitlements as the OEB may grant. |
**PLANNED EVIDENCE UPDATES**

Table 1, below, provides information relating to updates Toronto Hydro anticipates at this time. The utility reserves the right to add to this list as new information becomes available.

**Table 1: Planned Updates Anticipated as of Sep 14, 2018**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Reference</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Framework</td>
<td>Exhibit 1B, Tab 4, Schedule 1</td>
<td>Toronto Hydro proposes to use the OEB’s I-factor in its CPCI. As the value for I-factor is updated annually, Toronto Hydro will incorporate the updated value into its CPCI, once released, to appropriately adjust base distribution rates for the following year.</td>
</tr>
<tr>
<td>Income Tax/PILs Workform</td>
<td>Exhibit 4B, Tab 2 Schedule 2</td>
<td>Toronto Hydro plans to update the PILS workforms once its 2018 tax return is filed in June 2019.</td>
</tr>
<tr>
<td>Rate Design</td>
<td>Exhibit 8, Tab 1, Schedule 1</td>
<td>Toronto Hydro’s proposed Retail Transmission Service Rates in the model reflect the projected 2020 billing units, applied to the current Uniform Transmission Rates (“UTRs”). Toronto Hydro will update the calculated rates prior to the 2020 rate implementation based on OEB approved UTRs at that time.</td>
</tr>
<tr>
<td>Wireline Pole Attachment Rate</td>
<td>Exhibit 8, Tab 2, Schedule 1</td>
<td>Toronto Hydro plans to update the escalation percentage for the wireline attachment rate once the OEB releases the final inflation factor for 2020.</td>
</tr>
<tr>
<td>Topic</td>
<td>Reference</td>
<td>Details</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Deferral and Variance Accounts- Retail Settlement Variance Accounts</td>
<td>Exhibit 9, Tab 1, Schedule 1</td>
<td>Toronto Hydro will update the evidence and propose to clear the Retail Settlement Variance Accounts balances for the 2018 period when the 2018 balances are finalized.</td>
</tr>
<tr>
<td>Deferral and Variance Accounts- Lost Revenue Adjustment Mechanism Variance Account</td>
<td>Exhibit 9, Tab 1, Schedule 1</td>
<td>Toronto Hydro will update the evidence and propose to clear the Lost Revenue Adjustment Mechanism Variance Account amount for the 2018 period when the 2018 Final CDM Annual Report and Persistence Savings Report is available from the IESO.</td>
</tr>
<tr>
<td>Carrying Charges</td>
<td>Exhibit 9, Tab 1, Schedule 1</td>
<td>Carrying charges have been applied to specific accounts using the OEB’s Prescribed Interest Rate. For the periods up to 2018 Q3, the rates are as determined by the OEB. For the periods 2018 Q4 through 2019 Q4, the 2018 Q3 has been applied as a forecast. Toronto Hydro proposes to update these rates for the actual approved rates at the time of clearance of these accounts.</td>
</tr>
<tr>
<td>Earning Sharing Mechanism (“ESM”)- 2018 Calculation</td>
<td>Exhibit 1B, Tab 4, Schedule 1</td>
<td>Toronto Hydro will update its 2018 ESM calculation when 2018 year-end financial results become available. Toronto Hydro will clear any applicable amounts as part of this Application.</td>
</tr>
<tr>
<td>ESM- 2019 Calculation</td>
<td>Exhibit 1B, Tab 4, Schedule 1</td>
<td>Toronto Hydro will update its 2019 ESM calculation and clear any applicable amounts as part of its 2021 annual rate application.</td>
</tr>
<tr>
<td>2018 Financial Figures</td>
<td>N/A</td>
<td>Toronto Hydro plans to update 2018 financial figures in April 2019.</td>
</tr>
</tbody>
</table>
GENERAL REQUIREMENTS

Ch 1, Pg 2 Certification by a senior officer that the evidence filed is accurate, consistent and complete

Yes Exhibit 1A, Tab 3, Schedule 3

Ch 2, Pg 3 Confidential Information - Practice Direction has been followed

Yes Confidential filing letter and confidential filing

Ch 2 A, Page 2, appendix to the Exhibit 1A, Tab 3, Schedule 1

Yes Exhibit 1A, Tab 3, Schedule 1

2 Chapter 1 appendixes in live Microsoft Excel format; PDF and Excel copy of current tariff sheet

Yes Exhibit 1A, Tab 3, Schedule 1

3 If applicable, late applications filed after the commencement of the rate year for which the application is intended to set rates is converted to the following rate year

N/A

3 Aligning rate year with fiscal year - request for proposed alignment

N/A

5 Text searchable and bookmarked PDF documents

Yes Exhibit 1A, Tab 3, Schedule 1

6 Links within Excel models not broken and models names so that they can be identified (e.g. RRWF instead of Attachment A)

Yes Exhibit 1A, Tab 3, Schedule 1

9 & 10 Proposal for disposition of any balances in existing DVA for renewable generation and smart grid development, if applicable

Yes Exhibit 1A, Tab 3, Schedule 1

14 Statement identifying key elements of the proposals and the Business Plan underpinning application, as guided by the Rate Handbook

Yes Exhibit 1A, Tab 3, Schedule 1

EXHIBIT 1 - ADMINISTRATIVE DOCUMENTS

Table of contents

Yes Exhibit 1A, Tab 1, Schedule 1

Executive Summary

Yes Exhibit 1A, Tab 1, Schedule 1

Administration

Yes Exhibit 1A, Tab 1, Schedule 1

6 & 7 Primary contact information (name, address, phone, fax, email)

Yes Exhibit 1A, Tab 3, Schedule 1

7 Identification of legal (or other) representation

Yes Exhibit 1A, Tab 3, Schedule 1

7 Applicant's internal address for viewing of application and any social media accounts used by the applicant to communicate with customers

Yes Exhibit 1A, Tab 3, Schedule 1

8 Statement identifying customers materially affected by the application including any change to any rate or change and specific statement of what individual customer or customer groups would be affected by the proposed change

Yes Exhibit 1A, Tab 3, Schedule 1

7 Statement identifying where notice should be published and why

Yes Exhibit 1A, Tab 3, Schedule 1

7 A list of one or more accessible community-based venues for each non-contiguous area that the utility serves

Yes Exhibit 1A, Tab 3, Schedule 1

7 Bill impacts - distribution only Impacts for 750 kWh residential and 2000 kWh GWh=50 (sub-total A of Tariff Schedule and Bill Impact Spreadsheet Model) to be used for notice; proposed bill impacts based on alternative consumption profiles and customer groups as appropriate given consumption patterns of a distributors customers

Yes Exhibit 1A, Tab 3, Schedule 4

7 Form of hearing requested and why

Yes Exhibit 1A, Tab 3, Schedule 1

7 Requested effective date

Yes Exhibit 1A, Tab 3, Schedule 1

7 Statement identifying and describing any changes to methodologies used vs previous applications

Yes Exhibit 1A, Tab 3, Schedule 1

8 Description of OEB directives from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application (e.g., filing of a study as directed in a previous decision)

Yes Exhibit 1A, Tab 3, Schedule 1

8 Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided.

Yes Exhibit 1A, Tab 3, Schedule 1

8 Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's Board of Directors and a description of the reporting relationships between utility and parent company management. Also include any planned changes in corporate or operational structure, including any changes in legal organization and control

Yes Exhibit 1A, Tab 3, Schedule 1

8 List of approvals requested (and relevant section of legislation), including accounting orders - a PDF copy of Appendix 2-A should be provided in this section

Yes Exhibit 1A, Tab 3, Schedule 1

Distribution System Overview

8 Description of Service Area (including map, communities served)

Yes Exhibit 1A, Tab 3, Schedule 1

8 & 9 Description of whether the distributor is a host distributor and/or embedded distributor, identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS = 50 kW

Yes Exhibit 1A, Tab 3, Schedule 1

9 Statement as to whether or not the distributor has had any transmission or high voltage assets deemed by the OEB as distribution assets and whether or not there are any such assets the distributor is seeking approval for in this application

Yes Exhibit 1A, Tab 3, Schedule 1

Application Summary

At a minimum, the forms below must be provided. Applicants must also identify all proposed changes that will have a material impact on customers.

9 Revenue Requirement - service RR, increase/decrease ($ and %) from change from previously approved and main drivers

Yes Exhibit 1B, Tab 5, Schedule 1

9 Budgeting and Accounting Assumptions - economic overview and identification of accounting standard used for test year and brief explanation of impacts arising from any change in standards

Yes Exhibit 1B, Tab 5, Schedule 1

9 Load Forecast Summary - load and customer growth, % change in kWh/kW and customer numbers, description of forecasting methods used for customer/connection and consumption/demand

Yes Exhibit 1B, Tab 5, Schedule 1

9 & 10 Rate Base and DSP - major drivers of DSP, rate base for test year, change in rate base from last approved ($ and %), capital expenditures requested for the test year, change in capital expenditures from last approved ($ and %), summary of costs requested for renewable energy connections/expansions, smart grid, and regional planning initiatives, any O.Reg 339/09 planned recovery

Yes Exhibit 1B, Tab 5, Schedule 1

10 OMA Expense - OMA for test year and change from last approved ($ and %), summary of drivers, inflation assumed, total compensation for test year and change from last approved ($ and %)

Yes Exhibit 1B, Tab 5, Schedule 1
### 2019 Cost of Service Checklist

**Toronto Hydro-Electric System Limited**

**EB-2018-0165**

#### Filing Requirement Page Reference

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No/N/A</th>
<th>Evidence Reference, Notes</th>
<th>Date: August 15, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Cost of Capital - summary table showing proposed capital structure and cost of capital parameters used in WACC. Statement regarding use of OEB’s cost of capital parameters, summary of any deviations</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 5, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>10 Cost of Capital - detailed calculation: summary of any deviations from OEB methodologies, significant changes proposed to revenue-to-cost ratios and fixed-variable splits and summary of proposed mitigation plans</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 5, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>10 Detailed and Variance Accounts - total disposition (RPP and non-RPP) disposition period, new accounts requested</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 5, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>10 Bill Impacts - total impacts (%) and % for all classes for typical customers</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 5, Schedule 1</td>
<td></td>
</tr>
<tr>
<td><strong>Customer Engagement</strong></td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 3</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - discussion on how customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - Reference to any other communication sent to customers about the application i.e. bill inserts, town hall meetings or other forms of outreach and the feedback received from customers through these engagement activities</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - Customer Engagement Activities Summary - explicit identification of the outcomes of customer engagement in terms of the impacts on the distributor’s plans, and how that information has shaped the application</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 3</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - All responses to matters raised in letters of comment filed with the OEB</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - Impact of customer engagement activities on the development of the capital plan are to be filed as part of the capital plan requirements in Chapter 5</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - Provide relevant customer and local knowledge for community meeting planning purposes, preparing presentation and other materials as may be required, attending the meeting and having one or more executives of the distributor available to present the distributor’s rate application information and answer customer questions</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 4</td>
<td></td>
</tr>
<tr>
<td>Customer Engagement - Background to advertise the OEB’s community meeting(s) on a bill insert developed by the OEB in the next available billing cycle following the filing of the application or sooner. The OEB may require the distributor to advertise the meeting(s) through other channels</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 3, Schedule 4</td>
<td></td>
</tr>
<tr>
<td><strong>Performance Measurement</strong></td>
<td>Yes</td>
<td>Exhibit 1B, Tab 2, Schedule 2 and Exhibit 1B, Tab 4, Schedule 3</td>
<td></td>
</tr>
<tr>
<td>Performance Measurement - Discussion of performance for each of the distributor’s scorecard measures over the last five years; drivers for its performance, plans for continuous improvement; identify performance improvement targets, forecast of efficiency assessment using the PEG forecasting model for the test year, discussion on how the results obtained from the PEG model has informed the business plan and application</td>
<td>Yes</td>
<td>Exhibit 1B, Tab 2, Schedule 2 and Exhibit 1B, Tab 4, Schedule 3</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Information</strong></td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 3, Appendix A, B and C</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Non-consolidated Audited Financial Statements for 2 most recent years (i.e. 3 years of historical actuals)</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 3, Appendix A, B and C</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Detailed reconciliation of AFS with regulatory financial results filed in the application, with identification of any deviations that are being proposed</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 4</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Annual Report and MD&amp;A for most recent year of distributor and parent company, if applicable</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 5</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Rating Agency Reports, if available: Prospectsheets, etc. for recent and planned public issuances</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 7 and 8</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Any change in tax status</td>
<td>Yes</td>
<td>Exhibit 4B, Tab 2, Schedule 1</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Existing accounting orders and departures from the accounting orders and ULSO</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 9</td>
<td></td>
</tr>
<tr>
<td>Financial Information - Accounting Standards used for financial statements and when adopted</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 2</td>
<td></td>
</tr>
<tr>
<td>Financial Information - All information that accounting treatment of any non-utility business has segregated activities from rate regulated activities</td>
<td>Yes</td>
<td>Exhibit 1C, Tab 3, Schedule 2</td>
<td></td>
</tr>
<tr>
<td><strong>Distributor Consolidation</strong></td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Distributor Consolidation - If a distributor has acquired or amalgamated with another distributor, identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue neutral. The incentive must specify to what extent any commitments made to shareholders are to be funded through rate revenues</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Distributor Consolidation - Description of actual savings as a result of consolidation compared to what was in the approved consolidation application and explanation of how savings are sustainable and the efficacy of any rate plan approved as part of the MAADs application</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Distributor Consolidation - Identify approved ACM or ICM from a previous Price Cap IR application it proposes be incorporated into rate base.</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

**EXHIBIT 2 - RATE BASE**

### Overview

14 Completed Fixed Asset Continuity Schedule (Appendix 2 BA) - in Application and Excel format

14 Opening and closing balances, average of opening and closing balances for gross assets and accumulated depreciation (discussion of methodology if applicant uses an alternative method); working capital allowance (historical actuals, bridge and test year forecast)

15 Continuity statements (year and balance, including interest during construction and overheads); Explanation for any restatement (e.g. due to change in accounting standards)

15 Opening and closing balances of gross assets and accumulated depreciation must correspond to fixed asset continuity statements. If not, an explanation must be provided (e.g. CWIP, AMO). Reconciliation must be between net book value balances reported on Appendix 2 BA and balances included in rate base calculation

### Gross Assets - PP&E and Accumulated Depreciation

15 Summary of approved and actual costs for any ICM(s) and/or ACM approved in previous RRM applications

16 Continuity statements must reconcile to calculated depreciation expenses and presented by asset account

16 All asset disposals clearly identified in the Chapter 2 Appendices for all historical, bridge and test years and if any amounts related to non-utility business disposals have been included in Account 175 IFRS - CGAAP Transitional PP&E Amount

### Allowance for Working Capital

16 Working Capital - 75% allowance or Lead/Lead Study or Previous OEB Direction

16 Cost of Power must be determined by split between RPP and non-RPP Class A and Class B customers based on actual data, use most current RPP (TOU) price, use current UTR. Calculation must fully consider all other impacts resulting from the Ontario Fair Hydro Plan Act, 2017. Distributors must complete Appendix 2 Z - Commodity Expanse.

17 In consideration of the impact of the Fair Hydro Plan, actual data must be split between Class A and Class B customers (RPP and non-RPP).

17 Non-RPP Class B consumption data must be further split between customers eligible for the Global Adjustment (GA) modifier vs. non-eligible. The GA modifier must be applied to eligible customers and a weighted average commodity price must be determined by the split between RPP, eligible non-RPP and non-eligible Non-RPP customers.

17 For customer classes that include Class A customers, distributor must incorporate Class A GA cost by completing the relevant section in Appendix 2 Z.
2019 Cost of Service Checklist
Toronto Hydro-Electric System Limited

EB-2018-0165

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Filing Requirement Page # Reference

Date: August 15, 2018

Yes/No/N/A Evidence Reference, Notes

17 Capital Expenditures
If a distributor expects last year consumption data to vary significantly, a distributor may provide a forecast of the expected split between Class A and Class B and the expected split between RPP, non-RPP eligible for modifer and non-RPP non eligible for modifier consumption data and provide brief explanation of the forecast Yes Yes N/A

18 Complete Appendix 2-AM - four Historical years must be actuals, forecasts for the bridge and last years; at a minimum, for historical years, applicants must provide actual totals for each DSP category. If no previous plan has been filed, applicants are only required to enter their planned total capital budget in the "plan" column for each historical year and for the bridge year including the OEB-approved amount for the last rebasing year Yes Yes Yes Appendix 2-AM (Exhibit 2A, Tab 4, Schedule 3) includes three historical years and two bridge years, which corresponds with the 2015-2019 DSP

19 Yes Yes Yes Exhibit 2B

Policy Options for the Funding of Capital

18 Distributor may propose ACM capital project coming into service during Price Cap IR (a discrete project documented in DSP). Provide cost and materiality calculations to demonstrate ACM qualification N/A

18 Distributor must establish need for and prudence of these projects based on DSP information; identification that distributor is proposing ACM treatment for these future projects; preliminary cost information N/A

18 Complete Capital Module Applicable to ACM and ICM N/A

Addition of Previously Approved ACM and ICM Project Assets to Rate Base

19 Distributor with previously approved ACM(s) and/or ICM(s) - schedule of ACM/ICM amounts proposed to be incorporated into rate base. The distributors must compare actual capital spending with OEB-approved amount and provide an explanation for variances N/A

19 & 20 Balances in Account 1508 sub-accounts, reconciliation with proposed rate base amounts; recalculated revenue requirement should be compared with rate rider revenue N/A

Capitaлизation Policy and Capitalization

20 Changes to capitalization policy since its last rebasing application as a result of the OEB's letter dated July 17, 2012 or for any other reason. The applicant must identify the changes and the impact of the changes Yes Yes Exhibit 2A, Tab 5, Schedule 1

Costs of Eligible Investments for the Connection of Qualifying Generation Facilities

20 & 22 Generation Facilities - If applicable, proposal to divide the costs of eligible investments between the distributor’s ratepayers and all Ontario ratepayers per O.Reg. 330/09. Request for rate protection exceeds the materiality threshold in section 2.0.10 of the Filing Requirements - Appendices 2-FA through 2-FC identifying all eligible investments for recovery Yes Yes N/A

Service Quality and Reliability Performance

22 5 historical years of ESQRs, explanation for any under-performance vis-à-vis standard and actions taken Yes Yes Exhibit 1B, Tab 2, Schedule 3

22 5 historical years of SAIDI and SAIFI - for all interruptions, all interruptions excluding loss of supply, and all interruptions excluding major events. The applicant should also provide summary of major events that occurred since last rebasing. For each interruption set out in section 2.1.4.2.5 of the RRR, for the last 5 years, a distributor must report on the following data: name of the cause of interruption, number of interruptions that occurred as a result of the cause of interruption, Number of Customer Interruptions that occurred as a result of a cause of interruption, and the number of customer-hours of interruptions that occurred as a result of the cause of interruption Yes Yes Exhibit 1B, Tab 2, Schedule 4

22 Explanation for any under-performance vs 5 year average and actions taken Yes Yes Exhibit 2A, Tab 7, Schedule 1 and 2

22 Distributors may propose SAIDI and SAIFI benchmarks different than 5 year average; provide rationale Yes Yes Exhibit 1B, Tab 2, Schedule 2

Ch 5 p6 Appendix 2-AD, completed Appendix 3-A; explanation for section headings other than Chapter 5 headings; cross-reference table Yes Yes Exhibit 2B, Section A2

Ch 5 p7-8 Distribution System Plan Overview - key elements, sources of cost savings, period covered, vintage of information on investment drivers, changes to asset management process since last DSP filing, dependencies Yes Yes Exhibit 2B, Section A

Ch 5 p8-9 Coordinated Planning with third parties - description of co-ordination, deliverables of the Regional Planning Process, or status of deliverables Yes Yes Exhibit 2B, Section B

Ch 5 p8-11 Performance Measurement - identify and define methods and measures used to monitor DSP performance - summary of performance and trends over historical period. Must include SAIFI and SAIDI for all interruptions and all interruptions excluding loss of supply - explain how information has affected DSP Yes Yes Exhibit 1B, Tab 2, Schedule 4 and Exhibit 2B, Schedule C

Ch 5 p11 Realized efficiencies due to smart meters Yes Yes Exhibit 2B, Section E5.4

Ch 5 p12 Asset Management Process Overview - description of AM objectives/corporate goals and how AM ranks objectives for prioritizing investments Yes Yes Exhibit 2B, Sections D1 and D3

Ch 5 p13 Overview of Assets Managed - description of service area (including evolution of features in forecast period affecting DSP), - description of system configuration - service profiles and condition by asset type (tables and/or figures) - date data compiled - assessment of degree the capacity of system assets is utilized Yes Yes Exhibit 2B, Section D2

Ch 5 p13-14 Asset Lifecycle Optimization - description of current lifecycle optimization policies and practices, including asset replacement and refreshment, maintenance planning criteria and assumptions - description of asset life cycle risk management policies and practices, assessment methods and approaches to mitigation Yes Yes Exhibit 2B, Section D3

Ch 5 p14-15 Capital Expenditure Plan Summary for significant projects and activities to be undertaken - capability to connect new load or Gx customers, total annual capital over forecast period by investment category, description of how AMP and Capex planning have affected capital expenditures for each category - list, description and total capital cost of material capital expenditures sorted by category (tables recommended) - information related to Regional Planning Process (Needs Assessment Report, Regional Planning Status Letter, Regional Infrastructure Plan - as appropriate) - description of customer engagement - Dox expectations of system development over next 5 years - list, description and total capital cost of projects planned in response to customer preferences, to take advantage of technology based opportunities, to study innovative processes (table recommended) Yes Yes Exhibit 2B, Sections E1 and E2
<table>
<thead>
<tr>
<th>Reference</th>
<th>Requirement</th>
<th>Yes/No</th>
<th>Evidence Reference, Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ch 5 p16-17</td>
<td>Capital Expenditure Planning Process Overview - description of capex planning objectives/criteria/assumptions, relationship with AM objectives, policy on consideration of non-distribution alternatives, processes used to identify projects in each investment category, customer feedback and impact on plan, method and criteria used to prioritize REG investments</td>
<td>Yes</td>
<td>Exhibit 2B, Section E2</td>
</tr>
<tr>
<td>Ch 5 p17</td>
<td>Rate-Funded Activities to Defer Distribution Infrastructure - CDM programs that target distributor-specific peak demand reductions to address a local constraint of the distribution system</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 2, Schedule 9 and Exhibit 2B, Section E7.4</td>
</tr>
<tr>
<td>Ch 5 p18-19</td>
<td>Capital Expenditure Summary by Investment Category - completed Table 2 of Chapter 5 for historical and forecast period, explanation of markedly different variances plan vs actual, explanation of markedly different variances year over year</td>
<td>Yes</td>
<td>Exhibit 2B, Section E4 and Exhibit 2A, Tab 4, Schedules 2 and 3</td>
</tr>
<tr>
<td>Ch 5 p19</td>
<td>Justifying Capital Expenditures - if fits must enable OEB to assess whether and how a distributor’s DSP delivers value to customers, including by controlling costs in relation to its proposed investments through appropriate optimization, prioritization, and pacing of capital-related expenditures - distributors should also keep pace with technological changes and integrate cost-effective innovative projects and traditional planning needs such as load growth, asset condition and reliability</td>
<td>Yes</td>
<td>Exhibit 2B, Sections E2 and E5-E8</td>
</tr>
<tr>
<td>Ch5 p19-20</td>
<td>Overall Plan - comparative expenditures by category over historical period, forecast impact of system investment on O&amp;M, drivers of investment by category, information related to Do system capability assessment</td>
<td>Yes</td>
<td>Exhibit 2B, Sections A and E</td>
</tr>
<tr>
<td>Ch 5 p20-27</td>
<td>Material Investments - for each project that meets materiality threshold set in Ch 5 p17, general information - total capital, customer attachments, dates, risks, variances, REG investments</td>
<td>Yes</td>
<td>Exhibit 2B, Section E5-E8</td>
</tr>
<tr>
<td><strong>EXHIBIT 3 - OPERATING REVENUE</strong></td>
<td><strong>Load and Revenue Forecasts</strong></td>
<td></td>
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</tr>
<tr>
<td>22</td>
<td>Explanation of causes, assumptions and adjustments for volume forecast. Economic assumptions and data sources for customer and load forecasts</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1 and Appendices</td>
</tr>
<tr>
<td>22</td>
<td>Explanation of weather normalization methodology</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>22</td>
<td>Quantification of any impacts arising from the persistence of historical CDM programs as well as the forecasted impacts arising from new programs in the bridge and test years through the current 6-year CDM framework by customer class</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>23</td>
<td>Completed Appendix 2-B: the customer and load forecast for the test year must be entered on WRRWF, Tab 1b</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 2</td>
</tr>
<tr>
<td>23 &amp; 24</td>
<td>Multivariate Regression Modeling - rationale for choice, regression statistics, explanation of weather normalization methodology, sources of data for endogenous and exogenous variables, any binary variables used to either account for individual data points or to account for seasonal or cyclical trends or for discontinuities in the historical data, explanation of any specific adjustments made, data used in load forecast must be provided in Excel format, including derivation of constructed variables</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1 and Appendices</td>
</tr>
<tr>
<td>24</td>
<td>NA; Model - rationale for choice, data supporting NAC variables, description of accounting for CDM including tiering conditions, discussion of weather normalization considerations</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>24 &amp; 25</td>
<td>CDM Adjustment - account for CDM in 2019 load forecast. Consider impact of persistence of historical CDM and impact of new programs. Adjustments may be required for IEDO-reported results which are full year impacts</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>25</td>
<td>CDM savings for 2019 LRAMVA balance and adjustment for 2019 load forecast; data by customer class and for both kWh and, as applicable, kW. Provide rationale for level of CDM reductions in 2019 load forecast</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>25</td>
<td>Completed Appendix 2-I</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td><strong>Accuracy of Load Forecast and Variance Analyses</strong></td>
<td>Completed Appendix 2-B</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>25</td>
<td>For customer/connection counts - identification as to whether customer/connection count is shown in year end or average format, year-over-year variances in changes of customer/connection counts with explanation of major changes, explanations of bridge and test year forecasts by rate class, for last rebasing variance analysis between last OEB-approved and actuals with explanations for material differences</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>25 &amp; 26</td>
<td>For consumption and demand - explanation to support how kWh are converted to kW for applicable demand-billed classes, year-over-year variances in kWh and kW by rate class and for system consumption overall (kWh) with explanations for material changes in the definition of or major changes over time (should be done for both historical and historical weather-normalized actuals over time), explanations of the bridge and test year forecasts by rate class, variance analysis between the last OEB-approved actuals and the actual and weather-normalized actual results</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>26</td>
<td>For revenues - calculation of bridge year forecast of revenues at existing rates, calculation of test year forecasted revenues at existing and proposed rates, year-over-year variances in revenues comparing historical actuals by bridge and test year forecasts</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td>26</td>
<td>With respect to average consumption, for each rate class, distributors are to provide weather-actual and weather-normalized average annual consumption or demand per customer as applicable for the rate class for last OEB approved and historical, weather normalized average annual consumption or demand per customer for the bridge and test years, explanation of the net change in average consumption from last OEB-approved and actuals from historical, bridge and test years based on year-over-year variances and any apparent trends in data</td>
<td>Yes</td>
<td>Exhibit 3, Tab 1, Schedule 1</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td>Completed Appendix 2-H</td>
<td>Yes</td>
<td>Exhibit 3, Tab 2, Schedule 2</td>
</tr>
<tr>
<td>26 &amp; 27</td>
<td>Variance analysis - year over year, historical, bridge and test</td>
<td>Yes</td>
<td>Exhibit 3, Tab 2, Schedule 1</td>
</tr>
<tr>
<td>27</td>
<td>Any new proposed specific service charges, or proposed changes to rates or application of existing specific service charges</td>
<td>Yes</td>
<td>Exhibit 6, Tab 2, Schedule 2</td>
</tr>
<tr>
<td>27</td>
<td>Revenue from affiliate transactions, shared services, corporate cost allocation. For each affiliate transaction, identification of the service, the nature of the service provided to affiliate entities, accounts used to record the revenue and associated costs (Appendix 2 N)</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 5, Schedule 2</td>
</tr>
<tr>
<td>27</td>
<td>Distributors must identify any discrete customer groups that may be materially impacted by changes to other rates and charges</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>EXHIBIT 4 - OPERATING COSTS</strong></td>
<td><strong>Overview</strong></td>
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<tr>
<td>28 &amp; 29</td>
<td>Brief explanation of test year OM&amp;A levels, cost drivers, significant changes, trends, inflation rate assumed, business environment changes</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 1, Schedule 1 and Exhibit 4A, Tab 2</td>
</tr>
<tr>
<td><strong>Summary and Cost Driver Tables</strong></td>
<td>Summary of recoverable OM&amp;A expenses; Appendix 2-JA</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 1, Schedule 2</td>
</tr>
<tr>
<td>29</td>
<td>Detailed O&amp;M cost drivers; Appendix 2-JB</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 1, Schedule 4</td>
</tr>
<tr>
<td>29</td>
<td>O&amp;M programs table; Appendix 3-JC</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 1, Schedule 4</td>
</tr>
<tr>
<td>29</td>
<td>Recoverable O&amp;M Cost per customer and per FTE; Appendix 2-L</td>
<td>Yes</td>
<td>Exhibit 4A, Tab 1, Schedule 5</td>
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<tr>
<td>Requirement</td>
<td>Evidence Reference, Notes</td>
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<tr>
<td>29 Identification of change in OM&amp;A in test year in relation to changes in capitalized overhead.</td>
<td>Yes Exhibit 4A, Tab 1, Schedule 1 and Appendix 2-D at Exhibit 4A, Tab 5, Schedule 2</td>
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<tr>
<td>29 OMA variance analysis for test year with respect to bridge and historical years; Appendix 2-D</td>
<td>Yes Exhibit 4A, Tab 1, Schedule 1 and Appendix 2-D at Exhibit 2A, Tab 5, Schedule 2; and Exhibit 4A, Tab 2</td>
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<tr>
<td>Program Delivery Costs with Variance Analysis</td>
<td>Yes Exhibit 4A, Tab 1, Schedule 4 and Exhibit 4A, Tab 2</td>
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<tr>
<td>29 &amp; 30 Completed Appendix 2-JC OM&amp;A Programs Table: completed by program or major functions; include variance analysis limited to variances that are outliers, between test year and last OEB approved and most recent actuals, including an explanation for each significant change whether the change was within or outside the applicant's control and explanation of why</td>
<td>Yes Exhibit 4A, Tab 4, Schedules 3 and 4</td>
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<td>30 For each significant change within the applicant's control describe business decision that was made to manage the cost increase/decrease and the alternatives</td>
<td>Yes Exhibit 4A, Tab 2</td>
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<tr>
<td>Workforce Planning and Employee Compensation</td>
<td>Yes Exhibit 4A, Tab 4, Schedule 2</td>
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<tr>
<td>30 Description of previous and proposed workforce plans, including compensation strategy</td>
<td>Yes Exhibit 4A, Tab 4, Schedules 3 and 4</td>
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</tr>
<tr>
<td>30 Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Explanation for all years includes:</td>
<td>Yes Exhibit 4A, Tab 4, Schedules 3 to 6</td>
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<td>- year over year variances</td>
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<td>- basis for performance, eligible employee groups, goals, measures, and review process for pay-for-performance plans,</td>
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<td>- relevant studies (e.g. compensation benchmarking)</td>
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<tr>
<td>30 &amp; 31 Details of employee benefit programs including pensions for last OEB approved, historical, bridge and test; must agree with tax section</td>
<td>Yes Exhibit 4A, Tab 4, Schedules 4 and 6</td>
<td></td>
<td></td>
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<tr>
<td>31 Most recent actuarial report on employee benefits, pension and OPEBs</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 20</td>
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<tr>
<td>Shared Services and Corporate Cost Allocation</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 1</td>
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<tr>
<td>31 Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a &quot;virtual utility&quot;</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 1</td>
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</tr>
<tr>
<td>31 &amp; 32 Allocation methodology for corporate and shared services; list of costs and allocations, including any third-party service</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and most recent actual</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Affiliate Services, One-Time Costs, Regulatory Costs</td>
<td>Yes Exhibit 4A, Tab 5, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Purchased Non-Affiliated Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)</td>
<td>Yes Exhibit 4A, Tab 3, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 For material transactions that are not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the methodology used for selecting the vendor</td>
<td>Yes Exhibit 4A, Tab 3, Schedule 1</td>
<td></td>
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</tr>
<tr>
<td>32 &amp; 33 Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years). If no recovery of one-time costs is being proposed in the test year and subsequent IPRM term, an explanation must be provided</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 20 addresses that there are no one-time costs, other than regulatory costs (below)</td>
<td></td>
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</tr>
<tr>
<td>33 Regulatory costs - breakdown of actual and forecast. Supporting information related to CoS application (e.g. legal fees, consultant fees), proposed recovery (i.e. amortized?). Completed Appendix 2-M</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 18, Appendix A</td>
<td></td>
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<tr>
<td>LEAP, Charitable and Political Donations</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 19</td>
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</tr>
<tr>
<td>33 LEAP - the greater of 0.12% of forecasted service revenue requirement or $2,000 should be included in OM&amp;A and recovered from all rate classes</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 19</td>
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<tr>
<td>33 Detailed information for all contributions that are classified for recovery</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 19</td>
<td></td>
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</tr>
<tr>
<td>33 Charitable Donations - the applicant must confirm that no political contributions have been included for recovery</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 19</td>
<td></td>
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</tr>
<tr>
<td>Depreciation, Amortization and Depletion</td>
<td>Yes Exhibit 4A, Tab 2, Schedule 19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinetics Report</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Depreciation, Amortization and depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must complete Appendix 2-C which must agree to accumulated depreciation in Appendix 2-BA under rate base</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Identification of any Asset Retirement Obligations and associated depreciation, accretion expense</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Identification of historical depreciation practice and proposal for test year. Variance from rate base must be documented and supporting rationale provided.</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 &amp; 35 Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 Explanation of any deviations from the practice of depreciating significant parts or components of PP&amp;E separately</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 For any depreciation/amortization policy or asset service lives changes since its last rebasing application:</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- identification of the changes and detailed explanation for the causes of the changes, including any changes subsequent to those made by January 1, 2013</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- use of Kinetics study or another study to justify changes in useful life</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- list detailing all asset service lives tied to USGA, detail differences in TUL from Kinetics and explain differences outside of minimum and maximum TUL range from Kinetics: Appendix 2-BA</td>
<td>Yes Exhibit 4B, Tab 1, Schedule 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PILs and Property Taxes</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2; Adjustments to OEB models documented in evidence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test years</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
<td></td>
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<tr>
<td>36 Supporting schedules and calculations identifying reconciling items</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 Most recent federal and provincial tax returns</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
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<tr>
<td>35 Financial statements included with tax returns different from those filed with application</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 Calculation of Tax Credits: redact where required (filing of unredacted versions is not required)</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 Supporting schedules, calculations and explanations for other additions and deductions</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
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</tr>
<tr>
<td>36 Completion of the integrity checks in the PILs Model</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 Explanation of how taxes other than income taxes or PILs (e.g. property taxes) are derived</td>
<td>Yes Exhibit 4B, Tab 2, Schedule 2</td>
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</tr>
<tr>
<td>Non-recoverable and Disallowed Expenses</td>
<td>N/A</td>
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<td></td>
</tr>
<tr>
<td>36 Exclude from regulatory tax calculation any non-recoverable or disallowed expenses</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation and Demand Management</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 2019 Cost of Service Checklist

**Toronto Hydro-Electric System Limited**

**EB-2018-0165**

<table>
<thead>
<tr>
<th>Date: August 15, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidence Reference, Notes</td>
</tr>
</tbody>
</table>

### EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

**Capital Structure**

<table>
<thead>
<tr>
<th>Filing Requirement</th>
<th>Page # Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>37, 38 &amp; 39</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- Statement that LDC adopts OEB’s guidelines for cost of capital and confirms that updates will be done. Alternatively - utility specific cost of capital with supporting evidence
- Completed Appendix 2-DB for last OEA approved and test year
- Completed Appendix 2-DB for historical, bridge and test years
- Explanation for any changes in capital structure

### EXHIBIT 6 - REVENUE DEFICIENCY/SUFFICIENCY

**Revenue Requirement Work Form**

<table>
<thead>
<tr>
<th>Filing Requirement</th>
<th>Page # Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>Yes</td>
</tr>
</tbody>
</table>

- If the enhanced RRWF cannot reflect a distributor’s proposed rates accurately, the distributor must file its rate generator model
- New customer class or eliminated customer class - rationale and restatement of revenue requirement from previous CoS

### EXHIBIT 7 - COST ALLOCATION

**Cost Allocation Study Requirements**

<table>
<thead>
<tr>
<th>Filing Requirement</th>
<th>Page # Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>Yes</td>
</tr>
</tbody>
</table>

- Completed cost allocation study using the OEB-approved methodology or a comparable model must be filed reflecting future loads and costs and be supported by adequate explanations and live Excel spreadsheets. Sheets 11 and 12 of the RRWF must also be completed. Live Excel version of 2017 cost allocation model will be filed (updated load profiles or scaled version of HONI CAIF). Model must be consistent with test year load forecast, changes to customer classes and load profiles.
- Explanation provided if a distributor is unable to update its load profiles and confirm that it intends to put plans in place to update its load profiles the next time a cost allocation model is filed
- Hard copy of sheets 14, 18, D-1 and D-2 (first page)

**Class Revenue Requirements**

<table>
<thead>
<tr>
<th>Filing Requirement</th>
<th>Page # Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- Calculation of delivery-related Revenue Deficiency/Sufficiency (excluding cost of power and associated costs: net utility income, rate base, actual return on rate base, indicated rate of return, requested rate of return, deficiency/sufficiency, gross deficiency/sufficiency). Deficiency/sufficiency must also be net of other costs (e.g. LV costs, RSVAs, smart meter or MST meter expenditures/revenues and other DVA balances).
- Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers
- Impacts of any changes in methodologies to deficiency/sufficiency
## Revenue to Cost Ratios

48. To support a proposal to rebalance rates, the distributor must provide information on the revenue by class that would apply if all rates were charged by a uniform percentage. Ratios must be compared with the ratios that will result from the rates being proposed by the distributor.

49. If R:F ratios outside deadband based on model - distributors must include cost allocation proposal to bring them within the OEB approved ranges. In making any such adjustments, distributors should address potential mitigation measures if the impact of the adjustments on the rates of any particular class or classes is significant.

### EXHIBIT 8 - RATE DESIGN

50. Monthly fixed charges - 2 decimal places; variable charges - 4 decimal places.

51. Proposal follows approach set out in Tab 12 of RRWF

52. Rate Design Policy

53. LDCs must propose charges to residential rates consistent with policy to transition to fully fixed monthly distribution service charge.

54. HDR information must be consistent with working capital allowance calculation.

55. Wireline Pole Attachment Charge

56. Record the excess incremental revenue as of September 1, 2018 to the effective date of its rebased rates in a new variance account related to pole attachment charge

## Regulatory Charges

55. Calculation of revenue per class under current and proposed rates; reconciliation of rate class revenue to total revenue requirement (i.e. breakout volumes, rates and revenues by rate component etc.)

56. Completed RRWF - Sheet 13 - rates and charges entered on this sheet should be rounded to the same decimal places as tariff

### Filing Requirement Page # Reference

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No/N/A</th>
<th>Evidence Reference, Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>Yes</td>
<td>Toronto Hydro uses 2 decimal places for fixed charges, 4 decimal places for KVA based charges, and 5 decimal places for KWH based charges</td>
</tr>
<tr>
<td>49</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>Yes</td>
<td>Exhibit II, Tab 1, Schedule I</td>
</tr>
<tr>
<td>51</td>
<td>Yes</td>
<td>Exhibit II, Tab 1, Schedule I</td>
</tr>
<tr>
<td>52</td>
<td>Yes</td>
<td>Exhibit II, Tab 1 and 3</td>
</tr>
<tr>
<td>53</td>
<td>Yes</td>
<td>Exhibit II, Tab 2, Schedule 1</td>
</tr>
<tr>
<td>54</td>
<td>Yes</td>
<td>Exhibit II, Tab 2, Schedule 1</td>
</tr>
<tr>
<td>55</td>
<td>Yes</td>
<td>Exhibit II, Tab 2 and Exhibit 3, Tab 2</td>
</tr>
<tr>
<td>56</td>
<td>Yes</td>
<td>Exhibit II, Tab 2, Schedule 1</td>
</tr>
</tbody>
</table>
### 2019 Cost of Service Checklist

**Toronto Hydro-Electric System Limited**  
**EB-2018-0165**

**Date:** August 15, 2018

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**Filing Requirement**

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<tr>
<td>-</td>
<td><strong>Yes/No/N/A</strong></td>
</tr>
<tr>
<td>-</td>
<td>Evidence Reference, Notes</td>
</tr>
</tbody>
</table>

**Bill Impact Information**

57. Completed Tariff Schedule and Bill Impacts Model. Bill impacts must identify existing rates, proposed changes to rates, and detailed bill impacts (including % change in distribution excluding pass through costs - Sub-Total A; % change in distribution - Sub-Total B; % change in delivery - Sub-Total C, and % change in total bill).

57. Impact of changes resulting from the as-filed application on representative samples of end-users (i.e. volume, % rate change and revenue). Commodity and regulatory charges held constant.

57. Rates and charges input in the tariff schedule and Bill Impacts Model rounded to the decimal places as shown on the existing tariff.

57. Bill impacts provided for typical customers and consumption levels. Must provide residential 700 kWh, residential at the lowest 10th percentile and GSS<50 2,000 kWh. Bill impacts must be provided for a range of consumption levels relevant to the service territory.

57. If applicable, for certain classes where one or more customers have unique consumption and demand patterns, the distributor must show a typical impact and provide an explanation.

**Rate Mitigation**

58. Evidence showing that the monthly service charge would not rise by more than $4 per year due only to the rate design change, and that the total bill impact, reflecting all proposed changes in the application, will not exceed 10%. If either of these criteria is not met, some form of mitigation may be required (i.e. extending transition periods).

58. Evaluation of bill impact for residential customer at 10th consumption percentile. Describe methodology for determination of 10th consumption percentile. File mitigation plan for whole residential class if impact > 10% for these customers.

59. Mitigation plan if total bill increase for any customer class is >10% including: specification of class and magnitude of increase, description of mitigation measures, justification, revised impact calculation. The Tariff Schedule and Bill Impacts Model must reflect any mitigation plan proposed.

59. Rate Harmonization Plans, if applicable - including impact analysis.

---

**EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Evidence Reference, Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>List of all outstanding DVA and sub-accounts; provide description of DVAs that were used differently than as described in the APH</td>
</tr>
<tr>
<td>60</td>
<td>Completed DVA or transitional PP&amp;E account schedule for period following last disposition to present - in Excel format</td>
</tr>
<tr>
<td>60</td>
<td>Confirm use of interest rates established by the OEB by month or by quarter for each year</td>
</tr>
<tr>
<td>60</td>
<td>Explanation if account balances in continuity schedule differ from RRR and AFS</td>
</tr>
<tr>
<td>60</td>
<td>Identification of transitional accounts that will continue to reconcile going forward, with explanation</td>
</tr>
<tr>
<td>60</td>
<td>Statement as to any new accounts, and justification.</td>
</tr>
<tr>
<td>60 &amp; 61</td>
<td>Statement whether any adjustments made to DVA balances previously approved by OEB on final basis; explanation, amount of adjustment and supporting documents</td>
</tr>
<tr>
<td>61</td>
<td>Breakdown of energy sales and cost of power by USoA as reported in AFS mapped and reconciled to USoA. Provide explanation if there is a Material difference between amounts proposed for disposition and amounts reported in RRR for each account.</td>
</tr>
<tr>
<td>61</td>
<td>Statement confirming that IESO GA charge is pro-rated into RPP and non-RPP, provide explanation if not pro-rated.</td>
</tr>
</tbody>
</table>

**Account 1575, IFRS-CGAAP Transitional PP&E Amounts**

- Account 1575 and 1576 cannot be used interchangeably
- Breakdown of balance, including explanation for each accounting change; Appendices 2-6
- Listing and quantification of drivers
- Volumetric rate rider to clear 1575; separate rider must be on a fixed basis for the residential class
- Rate of return component is to be applied to 1575 but not recorded in 1575
- Statement confirming no carrying charges applied to 1575
- Show the balance in DVA continuity schedule

**Retail Service Charges**

- Retail Service Charges - material balance in 1518 or 1548
- Confirm variances are incremental costs of providing retail services; identify drivers for balances
- Schedule identifying all revenues and expenses listed by USoA for 2013, actual/forecast for bridge and test year
- Note whether Article 490 of APH has been followed; explanation if not followed

**Disposition of Deferral and Variance Accounts**

- Identify all accounts for which LDC is seeking disposition; identify DVA for which LDC is not proposing disposition and the reasons why
- Statement whether DVA balances before forecasted interest match the last AFS or explain variances
- Provide an explanation of variance > 5% between amounts proposed for disposition and amounts reported in RRR for each account.
# 2019 Cost of Service Checklist

**Toronto Hydro-Electric System Limited**

**EB-2018-0165**

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<tbody>
<tr>
<td></td>
<td><strong>Global Adjustment</strong></td>
</tr>
<tr>
<td>64</td>
<td>Establishment of a separate rate rider included in the delivery component of the bill that would apply prospectively to Non-RPP Class B customers when clearing balances from the GA Variance Account</td>
</tr>
<tr>
<td>65</td>
<td>GA Analysis Workform in live Excel format; complete GA Analysis Workform; explain discrepancies</td>
</tr>
<tr>
<td>65 &amp; 66</td>
<td>Description of settlement process with IESO or host distributor, specify GA rate used for each rate class, itemize process for providing estimates and describe line-up process, details of method for estimating RPP and non-RPP consumption, treatment of embedded generation/distribution. If distributor uses the actual GA rate to bill non-RPP Class B customers, a proposal must be made to exclude these customer classes from the allocations of the balance of Account 1589 and the calculation of the resulting rate riders</td>
</tr>
<tr>
<td>66</td>
<td>RPP Settlement True-Up - distributors to follow guidance in May 23, 2017 letter pertaining to the period that is being requested for disposition for Accounts 1588 and 1589</td>
</tr>
<tr>
<td>66 &amp; 67</td>
<td>Certification by the CEO, CFO or equivalent that distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of account balances being proposed for disposition</td>
</tr>
<tr>
<td></td>
<td><strong>Establishment of New Deferral and Variance Accounts</strong></td>
</tr>
<tr>
<td>67</td>
<td>New DVA - information provided which addresses that the requested DVA meets the following criteria: causation, materiality, prudence; include draft accounting order.</td>
</tr>
</tbody>
</table>

**TOTAL "NO"**

0
CERTIFICATION OF EVIDENCE

I, Amanda Klein, Executive Vice-President, Regulatory Affairs and General Counsel of Toronto Hydro-Electric System Limited (“Toronto Hydro”), hereby certify that the evidence filed in support of Toronto Hydro’s 2020-2024 Custom Incentive Rate-setting Application (EB-2018-0165) is accurate, consistent and complete to the best of my knowledge.

This certification is given pursuant to the Ontario Energy Board’s Filing Requirements for Electricity Distribution Rate Applications (issued July 12, 2018).

DATED this 15th day of August, 2018.

Amanda Klein
Executive Vice President,
Regulatory Affairs and General Counsel
GLOSSARY

“ACA” refers to Toronto Hydro’s asset condition assessment.

“Affiliate Relationships Code” or “ARC” refers to the OEB’s Affiliate Relationships Code for Electricity Distributors and Transmitters.

“AFS” refers to Toronto Hydro’s audited financial statements.

“AFUDC” refers to Allowance For Funds Used During Construction.

“AILC” refers to Asbestos-Insulated Lead-Covered (cable).

“AM” refers to Asset Management.

“APH” refers to the OEB’s Accounting Procedures Handbook.

“APUL” refers to Assets Past Useful Life.

“ARO” refers to Asset Retirement Obligation.

“ATS” refers to Automatic Transfer Switches.

“AWG” refers to aluminum conductor steel reinforced assets.

“BCE” refers to business case evaluation.

“BOMA” refers to the Building Owners and Managers Association.

“C&I” refers to Commercial and Institutional customers.

“CAF” refers to Customer Action Form, a notice issued to a customer when any deficiencies are found on customer-owned equipment or structures.
“CAIDI” refers to the Customer Average Interruption Duration Index and is a measure (in hours) of the average duration of interruptions experienced by customers, not including MED. CAIDI represents the quotient obtained by dividing SAIDI by SAIFI.

“Capital Expenditures” or “Capex” refers to expenditures relating to property, plant and equipment and intangible assets.

“CC&B” refers to the Customer Care & Billing system, Toronto Hydro’s main customer care interface used for billing and customer information.

“CDM” refers to conservation and demand management.

“CGAAP” refers to Canadian Generally Accepted Accounting Principles.

“CHI” refers to Customer Hours Interrupted.

“CHP” refers to Combined Heat and Power generation.

“CI” refers to Customer Interruptions.

“CIR” or “Custom IR” refers to Custom Incentive Rate-setting.

“CIS” refers to customer information system. Toronto Hydro’s current CIS is the CC&B.

“City” refers to the City of Toronto.

“CNAIM” refers to the Common Network Asset Indices Methodology adopted by Toronto Hydro for asset condition assessment.

“CPCI” or “Custom PCI” refers to Custom Price Cap Index.

“CPCP” refers to a Certified Power Cable Person.
1 “CPLP” refers to a Certified Power Line Person

2 “CRD” refers to Compact Radial Distribution assets.

3 “CSMUR” refers to the Competitive Sector Multi-Unit Residential rate class.

4 “CUPE One” or “CUPE” refers to the Canadian Union of Public Employees, Local One

5 “CWIP” refers to Construction Work In Progress.

6 “DG” refers to distributed generation.

7 “Distribution System Code” or “DSC” refers to the OEB’s Distribution System Code.

8 “DMS” refers to Toronto Hydro’s Distribution Management System.

9 “DR” refers to Demand Response.

10 “DSP” refers to Distribution System Plan.

11 “DST” refers to Distribution System Technologist.

12 “DVA” refers to Deferral and Variance Accounts.

13 “EDS” refers to the OEB’s Electricity Distributor Scorecard.

14 “EHS” refers to Environment, Health, and Safety.

15 “EHSMS” refers to the Environmental, Health, and Safety Management System.


17 “EMS” refers to emergency management services (i.e. police, fire, and ambulance).
“ERM” refers to Enterprise Risk Management.

“ERP” refers to an Enterprise Resource Planning system.

“ESA” refers to the Electrical Safety Authority.

“ESQR” refers to Electricity Service Quality Requirements as mandated by the OEB’s Distribution System Code.

“EUSR” refers to the Electrical Utilities Safety Rules.

“EV” refers to Electric Vehicle.

“FESI” refers to Feeders Experiencing Sustained Interruptions.

“Filing Requirements” refers to Chapters 1, 2 and 5 of the OEB Filing Requirements for Electricity Distribution Rate Applications issued July 12, 2018.

“FIM” refers to Toronto Hydro’s Feeder Investment Model.

“FTE” refers to full-time equivalent.


“GEAR” refers to the Geospatially Enabled Asset Registry, a geospatial information system used by Toronto Hydro that provides a graphic representation of distribution assets and their relationship to other assets within Toronto Hydro’s network.

“GIS” refers to the Geographical Information System.
“GWh” refers to a gigawatt-hour, a standard unit for measuring electrical energy produced or consumed over time. One GWh is the amount of electricity consumed by one million kWh.

“HR” refers to Human Resources.

“HST” refers to Harmonized Sales Tax.

“HV” refers to High Voltage.

“HVAC” refers to Heating, Ventilation, and Air-Conditioning.

“Hydro One” or “HONI” refers to Hydro One Networks Inc.

“HI” refers to Health Index.

“IAS” refers to International Accounting Standards.

“IEEE” refers to the Institute of Electrical and Electronic Engineers Inc.

“IESO” refers to the Independent Electricity System Operator.

“IFRS” refers to the International Financial Reporting Standards.

“IPPR” refers to Toronto Hydro’s Investment Planning and Portfolio Reporting (process).

“IRRP” refers to the Integrated Regional Resource Plan.

“ISA” refers to an in-service addition of assets to the utility’s rate base.

“IT” refers to Information Technology.

“ITIS” refers to the Interruption Tracking Information System.
“IVR” refers to the Interactive Voice Response technology that assists customers with their account management enquiries by providing updated account balances, payment option information, bill amount predictors and other related tools.

“Key Accounts” refers to large customers with average peak loads over 1 MW.

“kW” refers to a kilowatt, a common measure of electrical power equal to 1,000 Watts.

“kWh” refers to a kilowatt-hour, a standard unit for measuring electrical energy produced or consumed over time. One kWh is the amount of electricity consumed by ten 100 Watt light bulbs burning for one hour.

“LCA” refers to a Life Cycle Analysis.

“LDC” refers to Local Distribution Company.

“LEAP” refers to the financial assistance portion of the OEB’s Low-Income Energy Assistance Program.

“LoS” refers to Loss of Supply.

“LRAM” refers to the Lost Revenue Adjustment Mechanism.

“LRAMVA” refers to the Lost Revenue Adjustment Mechanism Variance Account.

“LRT” refers to Light Rail Transit.

“LTEP” refers to the Ontario Long-Term Energy Plan.

“LV” refers to Low Voltage.

“MAIFI” refers to the Momentary Average Interruption Frequency Index.
“MCR” refers to the City of Toronto’s Municipal Consent Requirements for the Installation of Plant Within City of Toronto Streets.

“MED” refers to major event days as defined by Institute of Electrical & Electronic Engineers Inc. specification 1366.

“mIFRS” or “MIFRS” refers to Modified IFRS.

“MS” refers to Municipal Station, a station within the distribution system which is supplied by feeders at 27.6 kV or 13.8 kV and steps down voltage to 13.8 kV or 4.16 kV.

“MW” refers to megawatt, a common measure of electrical power equal to one million watts.

“NBV” refers to Net Book Value.

“NERC” refers to the North American Electric Reliability Corporation.

“OCCP” refers to the Operational Centers Consolidation Program.

“OEB” refers to the Ontario Energy Board.

“OEM” refers to the Original Equipment Manufacturer.


“OM&A” refers to Operations, Maintenance, and Administration.

“OMERS” refers to the Ontario Municipal Employees Retirement System, a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario.
“OMS” refers to Toronto Hydro’s Outage Management System.

“OPA” refers to the Ontario Power Authority.

“OPEBs” refers to Other Post-Employment Benefits.

“OSC” refers to the Ontario Securities Commission.

“OTO” refers to Orders to Operate.

“PCB” refers to polychlorinated bi-phenyl.

“PILC” refers to Paper-Insulated Lead-Covered (cable).

“PILs” refers to the Payment In Lieu of Corporate Taxes.

“PP&E” refers to Property, Plant, and Equipment.

“PPE” refers to Personal Protective Equipment.

“PSC” refers to Power System Controller.

“PSE” refers to Power System Engineering Inc.

“PWU” refers to Power Workers’ Union.

“RCM” refers to Reliability Centered Maintenance.

“REI” refers to Renewable Improvements.

“REG” refers to Renewable Energy Generation.

“RFP” refers to Request for Proposal.
1. “RIP” refers to a Regional Infrastructure Plan.

2. “ROE” refers to Return on Equity.

3. “RPB” refers to Reverse Power Breaker.

4. “RRF” or “RRFE” refers to the OEB’s policy for a Renewed Regulatory Framework for Electricity Distributors.

5. “RRR” refers to the OEB’s Reporting & Record Keeping Requirements.

6. “RTU” refers to a Remote Terminal Unit.

7. “SAIDI” refers to the System Average Interruption Duration Index and is a measure (in hours) of the annual system average interruption duration for customers served, not including MED. SAIDI represents the quotient obtained by dividing the total customer hours of interruptions longer than one minute by the number of customers served.

8. “SAIFI” refers to the System Average Interruption Frequency Index and is a measure of the frequency of service interruptions for customers served, not including MED. SAIFI represents the quotient obtained by dividing the total number of customer interruptions longer than one minute by the number of customers served.

9. “SCADA” refers to Supervisory Control and Data Acquisition.

10. “Society” refers to the Society of Professional Engineers.


13. “TOU” refers to Time of Use billing practices.
“TRIF” refers to Total Recordable Injury Frequency.

“TS” refers to Transformer Station, a point of power supply from the Hydro One transmission system that steps down supply voltage from 230 kV or 115 kV to 27.6 kV or 13.8 kV.

“TTC” refers to Toronto Transit Commission.

“URD” refers to Underground Residential Distribution.

“USGAAP” refers to United States Generally Accepted Accounting Principles.

“USL” refers to the Unmetered Scattered Load rate class.


“Watt” or “W” refers to a common measure of electrical power. One Watt equals the power used when one ampere of current flows through an electrical circuit with a potential of one volt.

“WCA” refers to the Working Capital Allowance.

“WMS” refers to the Warehouse Management System.

“WSIB” refers to the Workplace Safety and Insurance Board.

"XLPE" refers to Cross-Linked Polyethylene
DISCLAIMER

The information in these materials is provided to the OEB for the purposes of Toronto Hydro’s electricity distribution rates application pursuant to the OEB’s Custom Incentive Rate-Setting framework (the “Application”). Toronto Hydro does not warrant the accuracy, reliability, completeness, or timeliness of the information and undertakes no obligation to revise or update these materials, except as required for purposes of providing new information that represents a material change to the evidentiary record in the Application before the OEB. Toronto Hydro (including its directors, officers, employees, agents, and subcontractors) hereby waives any and all liability for damages of whatever kind and nature which may occur or be suffered as a result of the use of these materials or reliance on the information therein.

These materials may also contain forward-looking information within the meaning of applicable securities laws in Canada (“Forward-Looking Information”). The purpose of the Forward-Looking Information is to provide Toronto Hydro’s expectations and future operational, capital and revenue requirements for 2020 through 2024, and may not be appropriate for other purposes. All Forward-Looking Information is given pursuant to the “safe harbour” provisions of applicable Canadian securities legislation. All information, other than statements of historical fact, which address activities, events or developments that we expect or anticipate may or will occur in the future, are Forward-Looking Information. The words “aims”, “anticipates”, “believes”, “budgets”, “commits”, “can”, “could”, “estimates”, “expects”, “focus”, “forecasts”, “future”, “intends”, “may”, “might”, “plans”, “propose”, “projects”, “schedule”, “seek”, “should”, “strives”, “trend”, “will”, “would”, “objective”, “outlook” or the negative or other variations of these words or other similar words or expressions are often intended to
identify Forward-Looking Information, although not all Forward-Looking Information contains these identifying words.

The Forward-Looking Information reflects the current beliefs of, and is based on information currently available to, Toronto Hydro’s management. The Forward-Looking Information in these materials includes, but is not limited to, statements regarding Toronto Hydro’s future results and performance, as well as expected nature, timing and cost of capital and operational programs. The statements that make up the Forward-Looking Information are based on estimates and assumptions made by the utility’s management in light of past experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes to be reasonable in the circumstances, including, but not limited to, expected load and customer growth, externally driven plant relocation requests, changes in funding requirements, no unforeseen delays and costs in capital projects, no unforeseen changes in the legislative and operating framework for electricity distribution in Ontario, the receipt of applicable regulatory approvals and requested rate orders, no unexpected delays in obtaining required approvals, the receipt of applicable IESO approvals, the ability of the utility to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner, no unfavourable changes in government regulation, the level of interest rates and Toronto Hydro’s ability to borrow, and all other assumptions regarding general business and economic conditions.

The Forward-Looking Information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the Forward-Looking Information. The factors which could cause results or events to differ from current expectations include, but are not limited to, risks
associated with the rate of deterioration of Toronto Hydro’s assets; risks associated with
execution of Toronto Hydro’s capital and maintenance programs necessary to maintain
the performance of our aging distribution assets and make required infrastructure
improvements; risks associated with capital projects; risks associated with electricity
industry regulatory developments and other governmental policy changes; risks
associated with the timing and results of regulatory decisions regarding Toronto Hydro’s
revenue requirements, cost recovery and rates; risks associated with information
system security and with maintaining complex information technology systems; risks
associated with the possibility that advances in technology may compete with Toronto
Hydro by affecting energy consumption levels and, as a result, customer demand for
Toronto Hydro’s services, risk to Toronto Hydro’s facilities and operations posed by
unexpected weather conditions caused by climate change and other factors, terrorism
and pandemics; risks related to Toronto Hydro’s work force demographic and its
potential inability to attract, train and retain skilled employees; risks associated with
possible labour disputes and Toronto Hydro’s ability to negotiate appropriate collective
agreements; unexpected increases or decreases in load and customer growth, and
legislative, judicial or regulatory developments that could affect Toronto Hydro’s ability
to meet the goals set out in this application. Toronto Hydro cautions that this list of
factors is not exclusive.

All Forward-Looking Information in these materials is qualified in its entirety by the
above cautionary statements, except as required by law, or by the OEB for the purposes
of the Application.