

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 1:

Reference(s): Exhibit K1, Table 1, Schedule 1, page 10, Table 5

THESL includes the actual individually-metered suite numbers for 2007 and 2008, and forecasts for 2009 and 2010 for new individually-metered condominium suites, and condominiums converted from bulk metered to individually-suite metered units (Table 5).

- a) Please provide a breakdown between the number of new versus converted condominium suite meters installed in each of the years identified in Table 5.
- b) Does THESL offer suite metering to commercial properties? If so, does Table 5 include any meters installed in commercial applications, and if so, how many in each year?
- c) Of the 4,964 individually-metered suites (cumulative) forecast for the end of 2009, what percentage or number are forecast to be revenue generating at the end of 2010? Does THESL adjust its revenue forecasts to reflect the fact that some of the forecast metered suites will not be revenue producing in 2010?
- d) If the answer to (d) above is No, are there individually-metered suites which are not included in any of the individual year and cumulative numbers in Table 5 because they are not forecast to be in service in any of the subject years?
- e) When does THESL count a newly constructed (i.e., not a conversion from a bulk meter) individually metered suite as a customer? Does this occur when the meter is installed, upon registration of the condominium's declaration, upon occupancy or at some other time?

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

RESPONSE:

a)

Individually-Metered Suites (cumulative)

Year	New Buildings	Conversions - Bulk to Individual
2007 Actual	1409	154
2008 Actual	1995	710
2009	3373	1591
2010	5554	3010

b) THESL does offer suite metering to commercial properties. Table 5 includes 25 meters that are installed at retail suite meter locations.

c) All of the 4,964 individually-metered suites forecast for the end of 2009 are expected to be generating revenue before year-end 2010. THESL bases its revenue forecasts on the number of customers expected to be consuming electricity, not the number of new meters expected to be installed.

d) Yes. Each year shown in Table 5 includes some meters that were installed in the previous year but not placed into service during the year of installation.

e) THESL typically reports a suite metered customer as a new customer at the time of the first reading of the meter, which occurs shortly after occupancy and the creation of an accompanying new THESL account.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 2:**

2 **Reference(s):** **Exhibit D1, Tab 8, Schedule 7, page 3**
3 **Exhibit K1, Tab 1, Schedule 1, page 10, Table 5**
4

5 THESL states, at D1/T8/S7, p. 3, that in consideration of anticipated requests for THESL
6 to provide both new and existing condominium buildings with individual suite metering,
7 the forecasted capital spend is \$2.4 million in 2010, for a total of 5,400 individual-suite
8 meter installations.

- 9 a) Please reconcile this with Table 5, which contemplates an increase in individually-
10 metered suites on a cumulative basis of only 3,600, in 2010.
11 b) What is the number of suite meters which THESL has used for 2010 for the purposes
12 of developing its revenue forecasts?
13

14 **RESPONSE:**

15 a) THESL anticipates purchasing 5,400 suite meter units in 2010. THESL anticipates
16 that most will be installed in 2010. THESL forecasts that 3,600 of the meters will be
17 installed on revenue producing accounts, with the balance to be phased in by early
18 2011.
19

20 b) THESL has used 3,600 additional suite meter accounts for revenue forecasting
21 purposes in 2010.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 3:

Reference(s): Exhibit D1, Tab 3, Schedule 1, page 3

THESL forecasts an increase in distribution expenses of \$21 million in 2009, in comparison to 2008 Historical. The pre-filed evidence states: "The increase is primarily due to higher operations costs due to an expanding workforce and an increase in external vendor costs related to suite metering."

Please provide:

- a) The actual external vendor costs relating to the Suite Metering Program for the years 2008 and 2009 (to date), the forecast external vendor cost in 2009 and 2010, broken down between payments on account of OM&A and payments on account of capital (e.g. costs to purchase and install suite meters)
- b) In each of the above years, please advise of the actual number of suite meters installed or forecast (whether operational or not) for which payment was made to the external vendor.
- c) Please confirm that the external vendor used for the suite metering program is Trilliant.
- d) Please advise how the customers of Trilliant, a licensed sub-metering company, have been treated? Have these customers been transferred to THESL and if so, are they part of the suite metering customer count at Exhibit K1, Tab 1, S1, p. 10, Table 5? How many customers were transferred and what are financial details of the transfer?

RESPONSE:

- a) External vendor costs paid from 2008 to 2010 for the purchase and installation of suite meters are as follows:

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1

	External Capital Costs (\$ millions)
Paid in 2008	2.1
Paid in 2009	1.4
Forecast for 2009	0.5
Forecast for 2010	2.4

2

3 b) In 2008, payment was made for 4,505 suite meters. To date in 2009, payment has
4 been made or approved for 4,905 suite meters.

5

6 c) Trilliant is the external vendor used for suite meter installations.

7

8 d) THESL has no knowledge of Trilliant's relationship with its present or former
9 customers. No Trilliant customers have been transferred to THESL. Three
10 condominiums that were formerly sub-metered by Trilliant are now individually-
11 metered by THESL, after going through our normal contracting process. In each
12 case, THESL considers the condominium to be a conversion from bulk to individual
13 metering, with each unit owner established as a new THESL customer.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 4:

Reference(s): **Exhibit F1, Tab 7, Schedule 1, page 3**
 Exhibit D1, Tab 8, Schedule 3-2, page 3

THESL indicates that the installation of individual suite metering in condominium buildings will impact all areas of customer service including: (a) an increased number of customer concerns and billing queries to the call centre; (b) increased postage costs, bill mailings and remittance transactions; (c) increased meter installation updates; and, (d) additional collections for outstanding payment.

- a) Has Toronto Hydro undertaken a study to determine the difference in cost, on a fully allocated basis, to serve a condominium suite under the suite metering program versus the cost to serve other residential customers? Please provide a copy of any study, analysis or calculations, including any assumptions and data relied upon?
- b) What is the average cost to serve residential customers on a fully allocated basis?
- c) Please produce any analysis or documentation which may indicate that the cost to serve an individually-suite metered customer is more or less than the fully allocated average O&M cost to serve residential rate class 1 customers.
- d) Please produce any analysis or documentation which may indicate that the cost to serve an individually-suite metered customer is more or less than the average O&M cost to serve rate class 1 customers of \$178.21 (2009 Bridge) and \$190.30 (2010 Test).

RESPONSE:

- a) THESL has not undertaken any such study.

**INTERROGATORIES OF SMART SUB-METERING WORKING
GROUP**

- 1 b) Based on data contained in the 2010 cost allocation model filed at Exhibit L1, Tab 2,
2 Schedule 10, the average cost to serve residential customers is \$418.
3
4 c) THESL does not have any such analysis or documentation.
5
6 d) THESL does not have any such analysis or documentation.

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INTERROGATORY 5:

Reference(s): **Exhibit D1, Tab 8, Schedule 7, page 3**
 Exhibit K1, Tab 1, Schedule 1, page 10, Table 5
 Exhibit F1, Tab 7, Schedule 1, page 6
 Exhibit F1, Tab 7, Schedule 2, pages 3, 4

THESL forecasts individually-suite metering 5,400 individual units (new and converted buildings), yet at Table 5, it calculates an addition of only 3,600 units in 2010. THESL states that the majority of the work relating to the installation, commissioning and maintenance of condominium suite meters is performed by an external contractor.

- a) What is the actual number of metered units used by THESL for the purposes of developing its OM&A forecasts for 2010?
- b) What is the total amount in the OM&A forecast for 2010 that relates to individual suite metering?
- c) What are the fully allocated internal costs (excluding payments to third party vendors) that THESL forecasts it will incur in 2010 for suite metering?
- d) Please calculate the fully allocated internal costs (excluding forecast payments to third party vendors) that THESL forecasts it will incur in 2010 for suite metering. Please confirm that all costs are calculated on a fully allocated basis and that such costs include: (a) software licence and maintenance costs; (b) network and communications management system O&M; (c) technical and non-technical training; (d) third party vendor negotiations, communications and management costs; (e) advertising, promotional, government relations costs; (f) regulatory costs; (g) all other implementation and ongoing operational costs; and (f) depreciation.
- e) What are the rates of depreciation that THESL uses in respect of the Suite Metering Program?

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1

2 **RESPONSE:**

3 a) The THESL 2010 OM&A forecast is based on 8,564 units.

4

5 b) The 2010 OM&A forecast cost is \$0.3 million.

6

7 c) THESL has not yet done a fully-allocated cost study. The requested information is
8 not available, and can't be calculated in the available time.

9

10 d) THESL has not yet done a fully allocated cost study. The requested information is
11 not available, and can't be calculated in the available time.

12

13 e) THESL has used a depreciation rate of 6.7% for the 2008 actual, 2009 forecast and
14 2010 budget calculations.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 6:**

2 **Reference(s):** none

3

4 Please produce a copy of all brochures, postcards, posters, and/or other information
5 available in hard copy or on-line (including copies of all Web page screen prints)
6 provided or available to developers, building owners, or condominium corporations that
7 promote, explain or deal with the suite metering program.

8

9 **RESPONSE:**

10 The following documents are provided as Appendix A to this Schedule:

- 11 • Suite Call Centre Info Form Nov 08.pdf
- 12 • Suite Meter Case Study 1.pdf
- 13 • Suite Meter Case Study 2.pdf
- 14 • Suite Meter Conservation Tips V2.1.pdf
- 15 • Suite Meter EMS Pocket Folder BIP Nov 2008.pdf
- 16 • Suite Meter Info Sheet tl10[1]_1.pdf
- 17 • Suite Meter Letter.pdf
- 18 • Suite Meter Postcard Nov 08.pdf
- 19 • Suite Meter Welcome Kit_tl4_11x17 Nov 08.pdf
- 20 • Suite Meters _ Toronto Hydro Electric System - Web Page 1.pdf
- 21 • Suite Meters _ Toronto Hydro Electric System - Web Page 2.pdf

Questions? Please contact Maria D'orazio
Accounts Receivable 416-542-3100 ext. 50037

Toronto Hydro-Electric System Limited
EB-2009-0139
Exhibit R1
Tab 10
Schedule 6
Appendix A
Filed: 2009 Nov 30
(32 pages)



**toronto hydro
electric system**

5800 Yonge Street
Toronto ON M2M 3T3
tel 416-542-8000
fax 416-542-3429
www.torontohydro.com

New Customer Information

**PLEASE FILL OUT
THIS INFORMATION
IN FULL:**

NAME _____

ADDRESS _____

SUITE # _____

OCCUPANCY DATE _____

RESIDENCE TELEPHONE # | | | - | | | - | | | |

BUSINESS TELEPHONE # | | | - | | | - | | | |

EMPLOYER _____

DRIVER'S LICENSE # _____

DATE OF BIRTH (DD/MM/YY) _____

PREVIOUS ADDRESS _____

CUSTOMER SIGNATURE _____

Property Owner/Landlord Information

CONTACT NAME _____

MAILING ADDRESS _____

CONTACT TELEPHONE # | | | - | | | - | | | |

CONTACT FAX # | | | - | | | - | | | |

New Customer Deposit

A deposit of 2.5 months is required for all new customers. The deposit can be waived if one of the following conditions apply:

1. You sign up for our convenient pre-authorized payment plan.
2. Proof provided of 12 months of good payment history with any electric or gas utility in Canada.
3. Proof provided of satisfactory credit check (visit the Web for free credit checks).

**Thank you,
Toronto Hydro-Electric System Limited**

Your Privacy

Please see reverse for details on how we use your personal information.
For further details, please refer to our privacy policy at
www.torontohydro.com/electricsystem/privacypolicy

Privacy Policy

The *Personal Information Protection and Electronic Documents Act* came into effect January 1, 2004 for all provincially-regulated businesses. This new federal law now applies to all personal information collected, used or disclosed by all private-sector companies in the course of doing business with their customers.

We recognize that your information is private. We have developed a privacy policy for Toronto Hydro-Electric System Limited ("Toronto Hydro"), in compliance with the new law, that governs our collection, use, disclosure and protection of your personal information. You can access our privacy policy at www.torontohydro.com/electricsystem/privacypolicy or you can call us at 416-542-8000 to request a copy of this policy. We are committed to protecting your privacy and would like to take this opportunity to inform you about the personal information we collect, how it is used, and how we protect your confidentiality and your rights with respect to this information.

What is this information used for?

- To identify or contact customers, respond to customer inquiries and otherwise maintain business relations with customers.
- To deliver and maintain electricity service.
- To bill and collect payment.
- To establish credit-worthiness.
- To sign up for pre-authorized payment.
- For legal, regulatory and electricity market operation requirements.
- To help prevent or investigate fraud, theft of power or other breaches of the law.
- To provide customers with information about Toronto Hydro services, the electricity industry and rates.
- To request customer participation in surveys or contests.
- To notify customers about events or causes sponsored by Toronto Hydro or its parent company, Toronto Hydro Corporation.



“The owners already knew they wanted to convert. It was an easy process.”

Don Sawyer,
Canlight Hall Management Inc.

The board sees the environmental benefits of suite metering

Overall electricity consumption has been reduced

Canlight Hall Management is implementing a number of energy reduction programs in their buildings. When they introduced the idea of suite metering to the board at 21 Markbrook Lane, they found it was already under consideration. Some owners admitted that previously they had no incentive to use less electricity. After the conversion, there is keen interest in reducing use and finding ways to save.

Owners have changed habits

Don Sawyer of Canlight Hall Management mentioned that suite metering was brought up at the recent Annual General Meeting of the board. “Some owners had specific tips they shared. They’ve changed how they’re using electricity, even unplugging appliances, computers and televisions when they go out for the day. It’s been a big change in perception here.”



Working with Toronto Hydro was easy

The actual conversion process went seamlessly. Once the agreement was in place, Toronto Hydro took over and installed the meters and ensured that the owners had all the information they needed about their Toronto Hydro bill and where they could access further information on the website. When asked about that aspect of the project, Sawyer simply says, “Things went fine. It has been a very positive experience.”

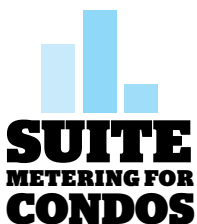
Canlight Hall is managing costs in common areas

In conjunction with the conversion to suite metering, Canlight Hall Management is reducing electricity usage in the common areas of the buildings. This will allow them to manage the

common condominium fees. Programs underway include complete energy audits of their buildings, lighting retrofits for all common areas, new controllers on garage fans that could cut energy use by 50% and upgrades to the chiller.

It's simply good management

Sawyer and his team are working with all appropriate programs to make their buildings as energy efficient as possible. “We start with the audits and we look at everything – electricity, gas and water. Working with Toronto Hydro and the suite meter program is a key part of that. Today, that’s just responsible and part of being a leading property management company.”



For more information visit
www.torontohydro.com/suitemeters

Or contact Leo Guidolin today at:
Tel: 416.542.3100 ext. 50327
Email: lguidolin@torontohydro.com

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“This condo board sees both the cost and environmental benefits.”

Michael Kudrac,
Cape Property Management Ltd.

Suite metering is fair for all condo owners

Flawless conversion to suite metering

When Cape Property Management took over One Lawlor Avenue, the conversion to suite metering was high on the list of energy efficiency improvements for the building. Michael Kudrac had worked on a similar conversion and understood the process, its benefits and the ease of working with Toronto Hydro.

“The project was flawless,” said Kudrac. “Toronto Hydro delivered above and beyond our expectations.”

Toronto Hydro hosted an information session for owners

Anytime there are changes to people’s homes, there are bound to be questions. Toronto Hydro representatives worked with the condominium board to organize an information session for all owners to attend.

“That really helped,” said Kudrac. “The Toronto Hydro rep was able to answer everyone’s questions. He also left materials for owners to read.”

For more information visit
www.torontohydro.com/suitemeters



The conversion was completed in one day

Once the condominium board approved the conversion, a date was set, and the work was completed within one day. Now every owner is a Toronto Hydro customer and pays for the electricity they use in their suites. The common fees have been appropriately reduced. Owners still pay their share for electricity used in hallways, garages, elevators and other common requirements.

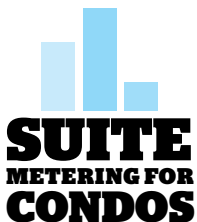
Suite metering is fair to all owners

Kudrac points out two characteristics of this group of owners. "They were already environmentally aware and conscious of how they used electricity. But of course, they had no real way of measuring, so they like the fact that they can see what they use. Also, a percentage of our owners are

snowbirds – they spend a few months down south each year, so when they're away, they're not consuming electricity. Suite metering is especially important to them."

Easy for owners and property management companies

Toronto Hydro's expertise and responsiveness made an impression on Kudrac. "Toronto Hydro's customer service is great. They answer my calls, they show up when they say they will, they do a great job and they clean up after themselves. I'll continue to work with them on other buildings. Makes life easy for me."



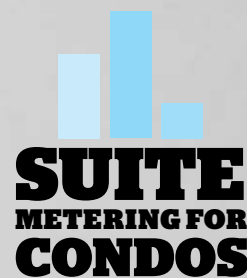
For more information visit
www.torontohydro.com/suitemeters

Or contact Leo Guidolin today at:
Tel: 416.542.3100 ext. 50327
Email: lguidolin@torontohydro.com

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Conservation Tips for Condo Suites



There are many ways to manage your electricity costs. See the tips on the back of this sheet and find more at www.torontohydro.com.

Heating/Cooling

- Set your air conditioner at 25°C when you're home and 28°C when away. You can even turn it off if you're not going to be home.
- Set your heat/thermostat at 20°C when you're at home and 18°C overnight.
- Use drapes/blinds in the summer to keep the heat out. And close them when you're going to be out of the suite.
- Arrange your furniture and drapes so they don't block or obstruct heat vents, radiators and baseboard heaters.
- Try to avoid opening windows when the outdoor temperature is uncomfortably cooler than inside.
- Open a window or use ceiling fan. Often air conditioning isn't really needed.
- Rather than adjusting your thermostat when you're cold, consider making yourself more comfortable by putting on another layer of clothing. Sweaters, jackets and flannel shirts can be removed when you're active and put back on when you're at rest.

Appliances/Lighting

- Fight phantom load – unplug electronics that draw power even when they're turned off.
- An uncrowded fridge works more efficiently than a crowded one. However, freezers work best when they are two thirds full.
- Turn off the monitor if you're not going to use your computer for more than 20 minutes.
- Use power bars with on/off switches, automatic shutoff, or integrated timers.
- Replace your high-use incandescent light bulbs with ENERGY STAR®-qualified compact fluorescent light bulbs (CFLs) wherever it makes sense. Available in a wide variety of styles to match your lighting needs, they use up to 75 per cent less electricity and last up to 10 times longer.
- Install dimmer switches and use dimmable CFLs.

Laundry

- Wash laundry in cold water whenever possible.
- Always select your washing machine's cold water rinse – rinsing in hot or warm water won't make your laundry any cleaner.
- Wait until you have a full load before doing laundry.
- Although they are more expensive, front-loading washing machines use one-half to one-third less energy than traditional models because they use less water.
- Remove and clean the washer's agitator once a month. Clean the filters of both water hose inlets on the back of the machine once a year.

Cooking

- Thaw frozen foods before cooking; they will require less cooking time and less energy.
- Unless you're baking, preheating the oven isn't necessary especially for roasts or casseroles. When appropriate, use the broiler. It saves energy and requires no pre-heating.
- Use a toaster oven or microwave instead of the oven, whenever possible.
- Use pots with tight-fitting lids. Your food will cook faster.
- Use the oven light to check on your food instead of opening the door.
- Use an automatic shut-off kettle.
- Always set your dishwasher to air dry and only run it when full.
- Allow hot food to cool before placing it in your refrigerator.
- Vacuum your refrigerator coils to keep them efficient.
- Use the oven's self-cleaning option after cooking. You can take advantage of the existing heat.
- Rinse dishes in a tub of clean water. It uses more energy to run them under hot running water.

For more information visit us at
www.torontohydro.com/suitemeters

THE POWER TO POWER BUSINESS



Toronto Hydro-Electric System Limited 14 Carlton Street, Toronto, Ontario M5B 1K5
www.torontohydro.com



www.torontohydro.com

THE POWER TO
POWER BUSINESS





SUITE METERING FOR CONDOS

Benefits of Suite Metering

Toronto Hydro-Electric System's suite metering program provides many benefits.

It helps make units more marketable because it reduces maintenance fees. This is important to many first-time buyers who are looking for every possible saving.

Also, the Toronto Hydro name is a badge of reassurance. Customers know our company, recognize our trucks on the street and are confident that we are the best choice for the delivery of reliable electricity.

It's also socially responsible. People who pay for their own electricity consumption usually use less, and today, that's important. Suite metering is a fair way to allocate costs. Those who consume more, pay more.



The right choice for today and tomorrow

Toronto Hydro Delivers

Today everyone is seeing the advantages of individual suite metering for condominium units. For condo owners, it means they can better control their energy costs. All charges on the bill are regulated by the Ontario Energy Board and suite owners can work with the retailer of their choice. As direct customers of Toronto Hydro, they'll be able to take advantage of popular energy conservation programs, many of which include incentives.

Suite-metered units work with Time-of-Use pricing

All suite-metered units have "smart meters" that work with Time-of-Use pricing. When introduced, this pricing structure will offer further incentive to owners to control their electricity use, and to time-shift use whenever possible. Doing laundry and using the dishwasher in the evenings or on weekends are two obvious examples of taking advantage of Time-of-Use pricing.

Toronto Hydro will take care of everything

We offer a complete service for the supply and installation of individual suite meters. From assessment, system design and project management to post-installation end user customer seminars and full customer service support, Toronto Hydro has developed a suite metering solution to meet everyone's needs.

It's reassuring to work with the leader

- The process is seamless. We take care of all coordination and follow-up with unit owners.
- We are the established experts in the field.
- We are regulated by the Ontario Energy Board.
- Condo owners will receive the same level of service as our other 687,000 customers.
- We have been in business for nearly 100 years. We're owned by the City of Toronto.

The Toronto Hydro bill reassures customers

The Toronto Hydro-Electric System bill is a good example of the quality of communications we deliver to our customers.

YOUR ELECTRICITY CHARGES

It's easy to see the various components that go into the charges for electricity.

HISTORICAL INFORMATION DRIVES CONSERVATION

This helps explain bill amounts and encourages wise use.

OTHER CHARGES

This is where other services and taxes are shown, followed by previous charges and payments.

TOTAL AND DUE DATE

Quick, concise communication on one line.

YOUR ELECTRICITY USAGE - ALL THE DETAILS

For those who want to know the details, this easy-to-understand chart provides the calculations.

CLEAR LAYOUT, RESEARCHED FOR ACCEPTANCE

We've taken great care with the communications on the bill.

Research shows that customers can understand it at a glance.

Your electricity bill

Account Number
000 000 000 000 0000 0

Meter Number
0000000

CONDO OCCUPANT
5 SMITH DR.
NORTH YORK, ON

Statement Date Aug 12 2009

Amount Due **\$69.71**

Due Date Aug 28 2009

Amount Paid

Contact us at **416.542.8000** Web site **www.torontohydro.com**

Page 1 / 1

A 1.5% monthly late payment interest charge will be applied if received after due date

Your Electricity Charges

Electricity	29.57
518.800 KWH @ 5.700 cents/KWH	
Delivery	29.70
Regulatory	3.62
Debt Retirement Charge	3.50
Your Total Electricity Charges	66.39
G.S.T. (G.S.T. Registration 89671 8327 RT0001)	3.32
Your previous charges	
Amount of last bill	143.93
Total Payments-Thank you	143.93
Balance Forward	0.00
Total Due by Aug 28 2009	\$69.71

Compare your daily usage

Read Date	kWh Usage
24 JUL 09	500
24 JUN 09	400
25 MAY 09	650

PowerWISE correction:
Refrigerator Roundup requires fridges and freezers to be 15 years old, not 10 years old.

Your electricity usage

Meter Number	Meter Reading Period	Number of Days	Read Type	Units Self-Contained	Current Reading	Previous Reading	kWh Used	Loss Factor Adjustment	Adjusted kWh Used
0000000	JUN 24 2009 To JUL 24 2009	30	Act.	1	78378	77878	500 X	1.0378	518.800

Please detach and return this section with your payment made payable to Toronto Hydro-Electric System Ltd.

Account Number:
000 000 000 000 0000 0

CONDO OCCUPANT
5 SMITH DR.
NORTH YORK, ON M2M 3T3

Statement Date:
Aug 12 2009

A 1.5% monthly late payment interest charge will be applied if received after due date

Amount Due: **\$69.71**

Due Date: **Aug 28 2009**

Amount Paid:

00000 00000000000000000000 000000000 0000000000

⑆ 13569 9000 ⑆

96



Your Toronto Hydro advantage

Toronto Hydro-Electric System will:

- Provide and arrange for installation of one meter point per condominium suite, at **no cost** to the suite owner, condominium corporation or developer.
- Establish each condominium unit owner as a Toronto Hydro-Electric System customer.
- Perform all account management activities, including meter reading, billing, meter maintenance, collection, and reconnect/disconnect activities.

Condominium boards and builders will:

- Agree on behalf of each suite/unit owner that Toronto Hydro-Electric System will be the meter service provider.
- Permit meter installation at service connection points recommended by Toronto Hydro-Electric System or its subcontractors.
- Be responsible for any on-site upgrades required to accommodate the new metering equipment.
- Arrange access for Toronto Hydro-Electric System personnel to carry out any required maintenance or service activities.

For more information visit us at
www.torontohydro.com/suitemeters

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Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
www.fsc.org Cert no. SW-COC-002717
© 1996 Forest Stewardship Council



March 09, 2009

Dear Sir or Madam,

Today, many condominiums across the city are choosing to individually meter their suites. Property Managers and condominium boards can choose between sub-metering or individual metering. What's the difference?

A licensed sub-metering company typically installs sub-meters behind the bulk meter. Then they bill and collect from unit owners on behalf of the condominium corporation which they return to the corporation. But there are three issues to keep in mind:

1. The condominium corporation is still responsible for paying the bill based on the bulk meter. If any individual owners are delinquent in their payments, it is up to the condominium to make good.
2. Secondly, the administrative fees charged by the sub-metering services are un-regulated.
3. Lastly, in most cases, the condominium corporation will own the metering system and will be responsible for re-certifying it every six years.

Toronto Hydro's approach is different

We supply and install our Smart Meter system at no cost* to the condominium or suite owners. Suite owners become customers of Toronto Hydro and are billed directly by Toronto Hydro. We own and maintain the system forever. All of our charges are regulated by the Ontario Energy Board.

Our experience shows that many condominium corporations prefer this arrangement because it is simpler and places a lesser obligation on the condominium corporation.

Suite meters are smart meters

All new suite meters will work with Time-of-Use pricing. When introduced, this pricing structure offers further incentive to owners to control their electricity use.

No cost to suite owner or condominium corporation

When a building converts to suite metering, Toronto Hydro-Electric System will:

- Provide and arrange for installation of one meter point per condominium unit, at no cost to the suite owner or condominium corporation
- Establish each customer as a Toronto Hydro-Electric System customer, responsible for their own bill
- Perform all account management activities including meter reading, billing and meter maintenance

Learn more about the benefits of suite metering at www.torontohydro.com/suitemeters. To book an appointment, or for more information, please contact me directly.

Sincerely,



Leo Guidolin, CET, CEM, CDSM
Suite Metering Co-ordinator
Tel: 416-542-3100 ext. 50327
Email: lguidolin@torontohydro.com

*Pending a site review.

Your Suite Meter Puts You In Control



“This condo features suite metering. And that's a good thing.”

YOUR
LOGO
HERE



The right choice for individual control

This condominium features individual suite metering for electricity. That means you can control your electricity costs by managing your usage. That's much better than having to pay a share of the building's total electricity use where you could be paying more than you consume.

Your meter is a smart meter

Here's more good news – all suite meters are based on smart metering technology and are programmed to accommodate Time-of-Use billing, when introduced. Time-of-Use rates can help you control how much you pay for electricity.

**For more information visit us at
www.torontohydro.com/suitemeters**



“I like the idea that I just pay for what I use. Makes sense.”

A few electricity conservation ideas from Toronto Hydro-Electric System

- Typically you use nearly 50% of your electricity for heating and cooling. So in the summer, try to keep your thermostat at 25° Celsius. In the winter aim for 22° Celsius.*
- Energy-efficient appliances help you save, too. Consider how you use them to save electricity.
- Use compact fluorescent bulbs wherever possible. They're much more efficient than the old incandescent bulbs.
- Turn off lights and equipment such as computers, TVs and stereos when they're not being used. If you go away for more than a day, consider unplugging your TV, computer and any other equipment. They all use electricity to remain in stand-by mode, even when they're not on.

*Source: "Heating and Cooling your Home: A Conservation Guide," Government of Ontario, 2004.

Get more electricity conservation tips at www.torontohydro.com/suitemeters

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toronto hydro
electric system

Your Suite Meter Puts You In Control

**SUITE
METERING FOR
CONDOS**

toronto hydro
electric system

“Your new home has suite metering. And that’s a good thing.”

Suite metering gives you control of your electricity costs

Your condominium has an individual suite meter for the electricity that you use. That means you will be a customer of Toronto Hydro-Electric System and you will get a regular bill from us for the electricity used in your suite. You can select the retailer of your choice.

It also means you can control your electricity costs by managing your usage. So if you use electricity wisely and practise conservation, it will be reflected in your bill. That’s much better than having to pay a share of the building’s total electricity use where you could be paying more than you consume.

Your meter works with Time-of-Use rates

When Time-of-Use rates are introduced, the charge for electricity will vary during the day. Typically the lowest rates apply early in the morning, again in the evening and on weekends and holidays.

You can take advantage of this by shifting some of your electricity use to the lowest cost times. For example, you could do your laundry or run your dishwasher during these off-peak hours.

That helps reduce your bill, and also helps our environment. Every little bit counts and this is an easy way to do your part.



**SUITE
METERING FOR
CONDOS**

“Off-peak use helps the environment. I like that.”

What about electricity in the building’s common areas?

Your monthly condominium fees will include your share of the electricity used for lighting in the hallways, operating elevators, lighting and running fans in underground garages and outdoor lighting. As a condominium owner, you should ensure that the best choices are being made for electricity use in these areas too, to keep the building’s electricity use down.

Questions about your meter, bill, payment options or account?

The Toronto Hydro-Electric System Web site has everything you need to know about your meter, bill, payment options and conservation programs. Take a moment to familiarize yourself with the bill and consider the various payment options.

Sign up for electronic billing

Electronic billing is the most convenient way to take care of paying your electricity bill. It takes just minutes to sign up at www.torontohydro.com/ebills. You can also choose our pre-authorized payment plan which deducts the same amount from your account every month to help you budget.

Go to www.torontohydro.com to learn more

If you still have questions, our customer service department will be pleased to help you.

For more information see

www.torontohydro.com/suitemeters 416.542.8000

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- Condominium Boards

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Green your data centre.

Get \$300/kW in project incentives!

[+ read more](#)

Individual suite meters are a good idea for everyone. Suite owners or renters can control how much electricity they use and pay for. For builders, landlords and property managers, suite meters are a selling feature.

PEOPLE WHO PAY FOR ELECTRICITY USE LESS

Research has proven that people who pay for their own electricity consumption usually use less. Today, that's important. Suite metering is a fair way to allocate costs. Those who consume more, pay more.

Also, since the electricity used in suites is paid directly with suite metering, the overall monthly maintenance fees can be adjusted accordingly.

[Smart builders](#) include suite metering right from the start.

[Condo boards](#) and property managers know it pays to switch to suite metering.

SUITE METERS

[Suite Owners](#)[Builders](#)[Condo Boards](#)

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Green your data centre.

Get \$300/kW in project incentives!

[+ read more](#)

Suite metering means you can control your electricity costs by managing your usage. So if you use electricity wisely and practice conservation it will be reflected in your bill. That's much better than having to pay a share of the building's total electricity use where you could be paying more than you consume.

YOUR METER WORKS WITH TIME-OF-USE RATES

When Time-of-Use rates are introduced, the charge for electricity will vary during the day. Typically the lowest rates apply early in the morning, again in the evening and on weekends and holidays.

You can take advantage of this by shifting some of your electricity use to the lowest-cost times. For example, you could do your laundry or run your dishwasher during these off-peak hours.

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Your monthly condominium fees will include your share of the electricity used for lighting in the hallways, operating elevators, lighting and running fans in underground garages and outdoor lighting. As a condominium owner, you should ensure that the best choices are being made for electricity use in these areas too, to keep the building's electricity use down.

ARE YOU A NEW CUSTOMER?

Download our [New Customer Information form](#).

SIGN UP FOR ELECTRONIC BILLING

Electronic billing is the most convenient way to take care of paying your electricity bill. It takes just minutes to sign up at [Toronto Hydro eBills](#). You can also choose our [pre-authorized payment plan](#) which deducts the same amount from your account every month to help you budget.

CONSERVATION IDEAS FROM TORONTO HYDRO-ELECTRIC SYSTEM

- Typically you use nearly 50% of your electricity for heating and cooling. So in the summer try to keep your thermostat at 25 degrees Celsius. In the winter, aim for 22 degrees Celsius.*
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- Use compact fluorescent bulbs wherever possible. They're much more efficient than the old incandescent

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bulbs.

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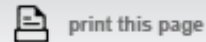
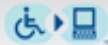
Source: "Heating and Cooling your Home: A Conservation Guide," Government of Ontario, 2004.

Questions or Comments

If you'd like to know more about suite metering for your suite, please contact:

Maria D'orazio

Tel: 416-542-3100 ext. 50037



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Conditions of Service



Suite metering is a selling feature for your units. Units are more marketable because maintenance fees may be reduced. This is important to many first-time buyers who are looking for every possible saving. After the sale, your relationship with Toronto Hydro continues to pay off. Customers know our company and are confident that we are the best choice for the delivery of reliable electricity.

WORK WITH TORONTO HYDRO FOR YOUR SUITE METERING REQUIREMENTS

Suite metering is also socially responsible. People who pay for their own electricity consumption tend to use less, and today, that's important. Suite metering is a fair way to allocate costs. Those who consume more, pay more.

YOUR SUITE OWNERS GET REGULATED ELECTRICAL RATES

It's important to know that all charges on a Toronto Hydro-Electric Services bill are regulated by the Ontario Energy Board. Suite owners still have the option of working with the retailer of their choice. As direct customers of Toronto Hydro, they'll be able to take advantage of popular energy conservation programs, many of which include incentives.

SUITE METERS

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SUITE METERED UNITS WORK WITH TIME-OF-USE PRICING

All suite-metered units have "smart meters" that work with Time-of-Use pricing. When introduced, this pricing structure will offer further incentive to owners to control their electricity use, and to time-shift use whenever possible. Doing laundry and using the dishwasher in the evenings or on weekends are two obvious examples for taking advantage of Time-of-Use pricing.

WE'LL HELP YOU CLOSE THE DEAL

We've developed postcards and posters that outline the benefits of suite meters to potential buyers, making it easier to close sales. These materials can be customized with your logo and printed by Toronto Hydro for use in your sales suites, free of charge.

- [View postcard](#)
- [View posters](#)
- [Order materials](#)

IT'S EASY TO WORK WITH US

Toronto Hydro will take care of everything. We offer a complete service for the supply and installation of individual suite meters. From assessment, system design and project management to post-installation end user customer seminars and full customer service support, Toronto Hydro has developed a suite metering solution to meet everyone's needs.

Its reassuring to work with the leader

- The process is seamless. We take care of all coordination and follow-up with unit owners.
- We are the established experts in the field.
- We are regulated by the Ontario Energy Board.
- Condo owners will receive the same level of service as our other 687,000 customers.
- We have been in business for nearly 100 years. Were owned by the City of Toronto.

YOUR TORONTO HYDRO ADVANTAGE

Toronto Hydro-Electric System will:

- Provide and arrange for installation of one meter point per condominium suite, at no cost to the suite owner, condominium corporation or developer.
- Establish each condominium unit owner as a Toronto Hydro-Electric System customer.
- Perform all account management activities, including meter reading, billing, meter maintenance, collection,



Click above to view sample electricity bill (pdf 192k)

LEARN MORE ABOUT SUITE METERS

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and reconnect/disconnect activities.

RESPONSIBILITIES OF THE BUILDER

- Agree on behalf of each suite/unit owner that Toronto Hydro-Electric System will be the meter service provider.
- Permit meter installation at service connection points recommended by Toronto Hydro Electric System or its subcontractors.
- Be responsible for any on-site upgrades required to accommodate the new metering equipment.
- Arrange access for Toronto Hydro-Electric System personnel to carry out any required maintenance or service activities.

THE TORONTO HYDRO BILL REASSURES CUSTOMERS

The Toronto Hydro-Electric System bill is a good example of the quality of communications we deliver to our customers.

Your Electricity Charges

Easy to see the various components that go into the charges for electricity.

Historical Information Drives Conservation

This helps explain bill amounts and encourages wise use.

Your Electricity Usage All the Details

For those who want to know the details, this easy to understand chart provides the calculations.

Other Charges

This is where other services and taxes are shown, followed by previous charges and payments.

Total and Due Date

Quick, concise communication on one line.

Clear Layout, Researched For Acceptance

We've taken great care in the communications on the bill. Research shows that customers can understand it at a glance.

Questions or Comments

If you'd like to know more about suite metering for your suite, please contact:

Leo Guidolin

Tel: 416-542-3100 ext. 50327

Email: lguidolin@torontohydro.com



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• Condominium Boards

Conditions of Service



If you're renovating or refurbishing your building, it may make sense to make the switch to suite metering. Experience shows that owners tend to be happier when they're in control, and furthermore, they use less electricity. And that's good for all of us.

IT'S EASY TO WORK WITH US

Toronto Hydro will take care of everything. We offer a complete service for the supply and installation of individual suite meters. From assessment, system design and project management to post-installation end user customer seminars and full customer service support, Toronto Hydro has developed a suite metering solution to meet everyone's needs.

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YOUR TORONTO HYDRO ADVANTAGE

Toronto Hydro-Electric System will:

- Provide and arrange for installation of one meter point per condominium suite, at **no cost** to the suite owner, condominium corporation or developer.
- Establish each condominium unit owner as a Toronto Hydro-Electric System customer.
- Perform all account management activities, including meter reading, billing, meter maintenance, collection, and reconnect/disconnect activities.

RESPONSIBILITIES OF THE CONDO BOARD

- Agree on behalf of each suite/unit owner that Toronto Hydro-Electric System will be the meter service provider.
- Permit meter installation at service connection points recommended by Toronto Hydro Electric System or its subcontractors.
- Be responsible for any on-site upgrades required to accommodate the new metering equipment.
- Arrange access for Toronto Hydro-Electric System personnel to carry out any required maintenance or service activities.

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INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 7:**

2 **Reference(s):** **none**

3

4 Please provide a copy of all offers, contracts, agreements, undertakings, or other
5 documents which THESL requests that condominium developers and/or condominium
6 corporations execute, or any terms and conditions which THESL deems to be in effect
7 where a developer or condominium corporation agrees that THESL may undertake suite
8 metering in a building.

9

10 **RESPONSE:**

11 Please see documents provided:

- 12 1. Smart Meter Installation and Service Agreement Template (Appendix A)
13 2. Offer to Connect Template for bulk or suite metered building (Appendix B)

SMART METER INSTALLATION AND SERVICE AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 200__ (the "Effective Date")

BETWEEN:

Toronto Hydro-Electric System Limited

a corporation incorporated under the laws of the Province of Ontario

(hereinafter called "Toronto Hydro")

and

a corporation incorporated under the laws of Ontario

or a condominium corporation registered with the provisions of the *Condominium Act* of Ontario, as applicable

(hereinafter called the "Customer")

RECITALS.

1. Toronto Hydro is in the business of supplying, installing and servicing smart meter systems to multi-residential buildings;
2. Customer is the owner of, or the condominium corporation in respect of, the multi-residential building(s) located at _____
(collectively, as applicable, hereinafter referred to as the "Building");
3. Customer wishes to retain Toronto Hydro to design, supply, install and service a smart meter systems for the Building upon the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. INTERPRETATION.

- 1.1 All capitalized terms in this Agreement shall have the meaning as defined in Schedule 5;
- 1.2 All dollar amounts in this Agreement are expressed in Canadian dollars, unless otherwise stated; and
- 1.3 The recitals hereto shall form an integral part of this Agreement as if specifically restated herein.

2. SCHEDULES. The following schedules are attached to and form part of this Agreement:

- (i) SCHEDULE 1 –Supply and Installation of Smart Meter System
- (ii) SCHEDULE 2 – Smart Meter Services

- (iii) SCHEDULE 3 – Additional Cost Items
- (iv) SCHEDULE 4 – Assignment and Assumption Agreement
- (v) SCHEDULE 5 – Defined Terms

In the event of a conflict between the terms of any schedule and the terms of this Agreement, the terms of this Agreement shall govern.

3. APPOINTMENT OF TORONTO HYDRO. The Customer appoints Toronto Hydro to design, supply and install the smart meter system described in schedule 1 (the "Smart Meter System") at the Building and to provide the services relating to the smart meter system as described in Schedule 2 (the "Services") during the term, upon the terms and conditions of this Agreement.

4. TERM.

4.1 Subject to any termination rights herein, this Agreement shall be for an initial term of three (3) years, starting on the Effective Date (the "Initial Term").

4.2 Unless the Customer or Toronto Hydro provides written notice to the other party at least ninety (90) days before the end of the Initial Term that it has elected not to renew the Term of this Agreement, this Agreement shall automatically renew in respect of the provision of Services for an additional three (3) year period (such renewal period referred to as the "Renewal Term"). The same terms and conditions contained herein shall apply during the Renewal Term, save and except as amended in writing by the parties. The Initial Term and the Renewal Term, if any, shall hereinafter together be referred to as the "Term".

5. SUPPLY AND INSTALLATION.

5.1 Subject to Section 5.2 and Schedule 3, Toronto Hydro shall design, supply and install the Smart Meter System at the Building as described in Schedule 1 (the "Work") at no cost to the Customer.

5.2 Any equipment or material to be supplied or work to be performed by Toronto Hydro in addition to the Work shall be at such additional cost to the Customer as may be specified in Schedule 3 to this Agreement ("Additional Cost Items").

5.3 Toronto Hydro shall invoice Customer for all Additional Cost Items and Customer shall make payment to Toronto Hydro not later than thirty (30) days following receipt of the invoice. All amounts not received from the Customer when due shall bear interest at the lesser of (i) 2% per month; or (ii) the maximum allowed by Applicable laws, from the due date to and including the date of payment in full.

6. SMART METER SERVICES.

6.1 After completion of the Work and for the remainder of the Term, Toronto Hydro shall provide the Services at the Building as described in Schedule 2.

6.2 The Services shall be performed by Toronto Hydro at no cost to the Customer.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS.

7.1 The Customer represents, warrants to and covenants with Toronto Hydro that:

(a) it is entitled to enter into this Agreement in respect of the Building and it has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and that this Agreement constitutes a legal, valid, and binding obligation of the Customer, enforceable against the Customer in accordance with its terms;

(b) the entering into of this Agreement and the performance of the terms of this Agreement by the Customer do not breach or contravene any provision of any agreement to which the Customer is bound or which otherwise affects the Building;

(c) it shall be responsible at Customer's cost for any on-site upgrades at the Building required to accommodate the installation of the Smart Meter System;

(d) it shall remain as the account holder for the current general service account at the Building, and make payment for electricity consumption measured by the existing Building meter minus the aggregated electricity consumption measured by the Smart Meter System;

(e) it shall obtain and maintain, for the Building during the Term, insurance covering such risks and in such amount as a prudent owner of a building the same as or similar to the Building would maintain and as may be required pursuant to the *Condominium Act* of Ontario; and to provide evidence thereof to Toronto Hydro upon request; and

(f) it shall not cause or voluntarily permit any tampering with or modification or alteration to the Smart Meter System (or any part thereof).

7.2 Toronto Hydro represents, warrants to and covenants with the Customer that:

(a) it has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and that this Agreement constitutes a legal, valid, and binding obligation of Toronto Hydro, enforceable against Toronto Hydro in accordance with its terms;

(b) the installation and operation of the Smart Meter System shall be in compliance with all Applicable Laws; and

(c) it shall establish each residential and retail condominium unit owner in the Building as a Toronto Hydro electricity distribution customer and residential or commercial rate account holder, as applicable.

8. OWNERSHIP AND ACCESS.

8.1 Notwithstanding the installation or attachment of the Smart Meter System in and to the Building, all components of the Smart meter System shall remain the property of Toronto Hydro and no part of the Smart Meter System shall become the property of the Customer or the owners of the units in the Building.

8.2 During the Term and for a period of six (6) months after the expiry of the Term or the date of any earlier termination of this Agreement in accordance with Section 12, the Customer grants to Toronto Hydro a licence over those portions of the Building where the Smart Meter System is installed for: (i) the placement of any equipment used in the supply of the Smart Meter System; and (ii) the installation, operation, maintenance, inspection, alteration and removal of the Smart Meter System. The Customer will provide Toronto Hydro with reasonable access to and from the Smart Meter System located in the Building as reasonably required by Toronto Hydro to allow Toronto Hydro to fulfill its obligations under this Agreement.

9. SUBCONTRACTORS. Toronto hydro may subcontract provision of any of the Work or the Services under this Agreement.

10. FORCE MAJEURE. If, by reason of Force Majeure, either party hereto (the "Frustrated Party") is delayed or unable, in whole or in part, to perform or comply with any obligation or condition of this Agreement, then it will be relieved of liability and will suffer no prejudice for failing to perform or comply or for delaying such performance or compliance during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure, provided that it gives to the other party prompt notice of such inability, reasonably full particulars of the cause thereof and the expected cessation. If notice is not promptly given, then the Frustrated Party will only be relieved from performance or compliance from and after the giving of such notice. The Frustrated Party will use its commercially reasonable efforts to remedy the situation and remove, so far as possible with reasonable dispatch, the cause of its inability to perform or comply, provided, however, that settlement of strikes, lockouts and other industrial disputes shall be within the discretion of the frustrated party. The Frustrated Party will give prompt notice of the cessation of Force Majeure.

11. LIMITATION OF LIABILITY. Toronto Hydro and its Representatives shall not be liable in contract, tort (including negligence), or otherwise, for incidental, consequential, indirect, special, or punitive damages of any kind, or for the loss of revenue or profits, loss of business, loss of information or data, or other financial loss, arising out of or in connection with the installation, use, inability to use, performance, failure or interruption of the Smart Meter System or the Services, even if Toronto Hydro has been advised of the possibility of such damages and regardless of whether such damages were foreseeable.

12. TERMINATION.

12.1 If one of the parties (the "Defaulting Party") fails to fulfil any covenant or material obligation under this Agreement or breaches any representation or warranty contained herein, then the other party (the "Non-Defaulting Party") may, without prejudice to any other right or remedy the Non-Defaulting Party may have, notify the Defaulting Party in writing that the Defaulting Party is in default of its contractual obligations and instruct the Defaulting Party to correct the default within thirty (30) Business Days immediately following the receipt of such notice. If the Defaulting Party fails to correct the default in the time specified, then, without prejudice to any other right or remedy, the Non-Defaulting Party may terminate this Agreement.

12.2 Toronto Hydro may, for its convenience and at its sole option, terminate this Agreement by providing at least one hundred and twenty (120) days prior written notice of such termination to the Customer (a "Termination Notice"). The Termination Notice shall specify the date for termination of this Agreement that is at least one hundred and twenty (120) days after the date of the Termination Notice (the "Termination Date"). If a Termination Notice has been delivered by Toronto Hydro to the Customer in accordance this Section 12.2, this Agreement shall terminate on the Termination Date.

12.3 If bankruptcy or insolvency proceedings are instituted by or against the Customer or the Customer is adjudicated a bankrupt, becomes insolvent, makes an assignment for the benefit of creditors or proposes or makes arrangements for the liquidation of its debts, or a receiver or receiver and manager is appointed with respect to all or part of the assets of the Customer, Toronto Hydro may, without prejudice to any other rights or remedies it may have, immediately terminate this Agreement.

12.4 The termination of this Agreement shall not affect any rights or obligations which may have accrued prior to such termination or any other right which the terminating party may have arising out of either the termination or the event giving rise to the termination.

12.5 Upon the expiry of the Term or any earlier termination of this Agreement: (i) the Customer shall forthwith pay to Toronto Hydro any unpaid amounts payable to Toronto Hydro under this Agreement accruing to the

date of expiry or termination; (ii) Toronto Hydro shall provide the Customer with the opportunity to purchase the Smart Meter System, on an as-is-where-is basis, at such price and upon such terms and conditions as may be agreed between Toronto Hydro and the Customer at such time; or, in the event that the Customer does not purchase the Smart Meter System, then Toronto Hydro shall have the right, at its expense, to remove the Smart Meter System installed at the Building and return the Building to a bulk meter system. Notwithstanding the foregoing, in the event of a termination pursuant to Sections 12.1 or 12.3, the Customer shall forthwith pay to Toronto Hydro any direct reasonable costs incurred by Toronto Hydro associated with disconnecting and removing the Smart Meter System installed at the Building.

13. CONFIDENTIAL INFORMATION. The parties agree and acknowledge that: (a) subject to Applicable Laws or court order, each party shall maintain in strict confidence the terms of this Agreement and any and all proprietary and confidential information about the business or operations of the other party or any of their Affiliates, which it acquires in any form from the other party (the "Disclosing Party") by virtue of this Agreement ("Confidential Information") and will not disclose to any third party or make use of such Confidential Information for itself or any third party without the prior written consent of the Disclosing Party; and (b) Toronto Hydro is subject to MFIPPA and may be required to disclose confidential information concerning this Agreement in accordance with the provisions of MFIPPA.

14. ASSIGNMENT.

14.1 Save and except for Toronto Hydro's right to assign this Agreement to any of its Affiliates and Sections 14.2 and 14.3, neither party may assign this Agreement or any of its rights or obligations hereunder, in whole or in part, without the prior written consent of the other party, which consent may not be unreasonably withheld, conditioned or delayed.

14.2 Where the Customer is not the condominium corporation in respect of the Building, and the Building is or will be registered as a condominium under the *Condominium Act, 1998*, (Ontario) (the "Condo Act") then, notwithstanding the restrictions on assignment of this Agreement in Section 14.1, upon registration of the condominium corporation for the Building under the Condo Act, the Customer will execute and cause the condominium corporation to execute, an assignment and assumption agreement (the "Assignment and Assumption Agreement") in the form attached hereto as Schedule 4 pursuant to which the condominium corporation shall assume all of the obligations of the Customer under this Agreement and Toronto Hydro shall release the Customer of all of its obligations under this Agreement as of the effective date of the Assignment and Assumption Agreement. In addition, the Customer will upon request provide Toronto Hydro with a copy of such bylaws, resolutions or other documents as may be required to authorize the condominium corporation to enter into the Assignment and Assumption Agreement. Where the Customer is the condominium corporation in respect of the Building, the terms of this article 14.2 and of Schedule 4 shall be deemed to be null and void.

14.3 In the event that Customer conveys, sells or transfers title to the Building to a third party the Customer shall assign all of its right title and its interest in this Agreement to the same third party and the third party shall execute a written agreement in a form reasonably satisfactory to MDE, wherein such third party assumes and agrees to keep and perform all of the Customer's obligations under this Agreement to be kept and performed from and after the date of assignment.

15. RELATIONSHIP OF THE PARTIES. Nothing contained in this Agreement shall be construed to constitute either party as the partner, employee or agent of, or joint venturer with the other party, nor shall either party have any authority to bind the other in any respect, it being intended that each party shall remain an independent contractor of the other.

16. SEVERABILITY. In the event that any of the covenants herein shall be held unenforceable or declared invalid for any reason whatsoever, to the extent permitted by law, such unenforceability or invalidity shall not affect

the enforceability or validity of the remaining provisions of this Agreement and such unenforceable or invalid portion shall be severable from the remainder of this Agreement.

17. NO WAIVER. A waiver of any provisions of this Agreement shall not constitute either a waiver of any other provisions or a continuing waiver, unless otherwise expressly indicated in writing.

18. ENUREMENT. This Agreement and everything contained herein shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

19. NOTICE. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed (in the absence of evidence of prior receipt) to have been validly and effectively given on the same day if personally served, the next Business Day if sent by facsimile or similar means of recorded communication or on the fifth (5th) business day next following if sent by registered mail. Notices shall be addressed as follows:

to the Customer:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

to Toronto Hydro:

Name: Steve MacDonald

Title: Manager, Meter technologies

Address: 5800 Yonge St. Toronto, On. M2M 3T3

Telephone: (416) 542-3421

Facsimile: (416) 542-3501

20. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.

21. ENTIRE AGREEMENT.

21.1 This Agreement, including all schedules referred to herein and subsequent amendments, constitutes the entire agreement between the Customer and Toronto Hydro relating to the subject matter hereof. This Agreement supersedes the terms of any purchase order, all prior correspondence, representations, warranties, covenants, collateral undertakings, discussions, negotiations, understandings or agreements, oral or otherwise, express or implied, unless otherwise provided in this Agreement.

21.2 No modification or amendment to this Agreement shall be binding on Toronto Hydro unless agreed to in writing.

22. FURTHER ASSURANCES. The Customer agrees to execute such further assurances and documents, including any bills of sale, and to do all such things and actions which shall be necessary or proper for the carrying out of the purposes and intent of this Agreement.

23. SURVIVAL. In addition to the terms of this Agreement that by their nature survive the expiry or termination of this Agreement, the terms of Sections 7 (Representations, Warranties and Covenants), 8 (Ownership and Access), 11 (Limitation of Liability), 13 (Confidential Information), 16 (Severability), 18 (Enurement), 19 (Notice) and 20 (Governing Law) shall survive the expiry or termination of this agreement for a period of five (5) years.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first written above:

Toronto Hydro-Electric System Limited

Per: _____

Name: _____

Title: _____

I have authority to bind the Customer.

Per: _____

Name: Susan Davidson

Title: Senior Vice-President, Customer Care

I have authority to bind Toronto Hydro.

SCHEDULE 1
SUPPLY AND INSTALLATION OF SMART METER SYSTEM

(i) Supply of Smart Meter System

Toronto Hydro will provide at no cost to the Customer:

- one (1) smart meter per residential or retail suite in the Building;
- one (1) meter point for the common area or “house” electrical load; and
- one meter (1) point to measure the total load of the Building.

If more than one (1) smart meter is required for any residential or retail suite in the Building, such smart meters will be supplied and installed at a cost to the Customer to be agreed and documented in Schedule 3 to this Agreement.

(ii) Components of Smart Meter System

The main components of the Smart Meter System to be installed at the Building consist of the following:

- Quadlogic Mini Closet, MC5 for all voltages configurations.
- Quadlogic Scan Transponder, ST5 (data collector and communications device).
- Quadlogic Socket Meter, S – 20 socket base meters for all voltage and current configurations.
- Instrument Transformers, 2DARL-201 or equivalent,
- Instrument Transformer interface box(es).
- A Local Area Network for meter reading data communications, that utilizes the existing electrical distribution system in the building for data transmission.

(iii) Installation of Smart Meter System

The installation activities to be performed by Toronto Hydro at no cost to the Customer consist of the following:

- design of the Smart Meter System;
- construction of the Smart Meter System;
- testing, sealing and registration of smart meters with Measurement Canada;
- project management of the installation of the Smart Meter System, including required safety inspections;
- inspection and approval of Smart Meter System by the Electrical Safety Authority; and
- commissioning of the Smart Meter System.

SCHEDULE 2
SMART METER SERVICES

During the Term, Toronto Hydro shall provide the following Services in respect of the Smart Meter System installed at the Building at no additional cost to the Customer:

- data acquisition;
- data storage;
- data management;
- data transfer to Toronto Hydro for billing purposes;
- operations, maintenance, troubleshooting, and repair work to maintain the Smart Meter System to required Measurement Canada and Toronto Hydro standards; and
- all account management activities, including scheduled meter reading, billing, revenue collection, and service disconnect and reconnect if required.

SCHEDULE 3
ADDITIONAL COST ITEMS

NIL

SCHEDULE 4

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT TO TRANSFER THIS AGREEMENT FROM THE CUSTOMER TO THE CONDOMINIUM CORPORATION

ASSUMPTION AND ASSIGNMENT AGREEMENT

THIS AGREEMENT made the ■ day of ■ 200■.

B E T W E E N:

[CUSTOMER]., a corporation incorporated under the laws of ■ ("Customer")

-and-

[CONDOMINIUM CORPORATION], a corporation created under the laws of Ontario ("Corporation")

-and-

Toronto Hydro-Electric System Limited, a corporation incorporated under the laws of Ontario ("Toronto Hydro")

WHEREAS pursuant to the terms and provisions of a Smart Meter Installation and Service Agreement dated ■, 200■ (the "Smart Meter Agreement"), made between Toronto Hydro and the Customer with respect to the supply and installation of smart meters and related services to the Building by Toronto Hydro.

AND WHEREAS the Corporation has agreed to assume the rights and obligations of the Customer under the Smart Meter Agreement effective as of the ■ day of ■, 200■ (the "Effective Date").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions. In this Agreement, unless something in the subject matter or context is inconsistent therewith, capitalized words not otherwise defined herein shall have the meaning ascribed thereto in the Energy Agreement.

1.2 Severability. In the event that any of the covenants herein shall be held unenforceable or declared invalid for any reason whatsoever, to the extent permitted by law, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining provisions of this Agreement and such unenforceable or invalid portion shall be severable from the remainder of this Agreement.

1.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

1.4 Binding on Successors. This Agreement and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

2. ASSIGNMENT BY CUSTOMER AND ASSUMPTION BY THE CORPORATION

2.1 **Assignment.** As at the date of this Agreement, the Customer hereby assigns to the Corporation all interest in and to the Smart Meter Agreement including all rights, obligations and liabilities thereunder.

2.2 **Assumption.** As of the date of this Agreement, the Corporation hereby:

- (a) assumes all rights, obligations and liabilities of the Customer under the Smart Meter Agreement;
- (b) covenants and agrees to pay all amounts owing by the Customer under the Smart Meter Agreement, at the times and in the manner set forth in the Smart Meter Agreement; and
- (c) covenants and agrees to do, observe, perform, keep and be bound by every term, covenant, proviso, condition and agreement contained in the Smart Meter Agreement to be done, observed, performed and kept by the Customer as if the Corporation were an original party to the Smart Meter Agreement and as such had executed the Smart Meter Agreement.

3. REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties of the Corporation.** The Corporation represents and warrants to Toronto Hydro as follows:

- (a) *Status.* The Corporation is a condominium corporation created and validly existing under the laws of Ontario.
- (b) *Power.* The Corporation has all necessary power and authority to enter into this Agreement and to assume the rights, obligations and liabilities of the Customer under the Smart Meter Agreement and to do all acts and things as are required hereunder or thereunder to be done, observed or performed by it in accordance with their terms.
- (c) *Authorization.* The Corporation has taken all necessary action to authorize the execution, delivery, observance and performance of this Agreement and the observance and performance of the Smart Meter Agreement in accordance with its terms.

4. CONSENT BY TORONTO HYDRO AND RELEASE OF CUSTOMER

4.1 **Consent.** Toronto Hydro hereby acknowledges and agrees to the assignment by the Customer and the assumption by the Corporation of the rights, obligations and liabilities of the Customer under the Smart Meter Agreement as of the date of this Agreement.

4.2 **Release.** Toronto Hydro hereby releases and discharges the Customer from and after the Effective Date, from all obligations and liabilities under the Smart Meter Agreement.

5. GENERAL

5.1 **Amendments.** This Agreement may not be modified or amended except with the written consent of the parties hereto.

5.2 **Further Assurances.** The parties hereto agree that they will from time to time duly execute and deliver such instruments and take such further action as may be required to accomplish or give effect to the purposes of this Agreement.

5.3 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

[THE CORPORATION]

By: _____
Name:
Title:

[THE CUSTOMER]

By: _____
Name:
Title:

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

By: _____
Name:
Title:

SCHEDULE 5

DEFINITIONS

In this Agreement, the following definitions shall apply:

"Affiliates"	shall have the meaning as prescribed in the <i>Business Corporations Act</i> (Ontario);
"Applicable Laws"	means all federal, provincial and municipal statutes, regulations, codes, by-laws, orders in council, directives, rules, guidelines and ordinances applicable to this Agreement, including without limitation all applicable OEB codes, rules or guidelines;
"Business Day"	means a day on which banks are open for business in the City of Toronto, Ontario, but does not include a Saturday, Sunday, or a statutory holiday in the Province of Ontario;
"Force Majeure"	means events beyond the reasonable control of a party applying reasonable diligence and foresight given the nature of the Work and Services being provided under the Agreement, including, as applicable, any acts of God and the public enemy, the elements; fire; accidents; vandalism; sabotage; power failure; strikes, lockouts or any other industrial, civil or public disturbances; any laws, orders, rules, regulations, acts or restraints of any government or governmental body or authority, civil or military, including the orders and judgments of courts and any other similar causes or acts;
"MFIPPA"	means <i>Municipal Freedom of Information and Protection of Privacy Act</i> (Ontario) and the regulations thereunder, each, as amended;
"OEB"	means Ontario Energy Board;
"Representatives"	in respect of a party, means such party's directors, officers, employees, agents and contractors, the party's Affiliates, and all such Affiliates' respective directors, officers, employees, agents and contractors.

OTC, SEPTEMBER 2009
[Date]

[Customer's Full Legal Name]
[Customer's Address]

Attention: [Contact Person]

Dear Sir/Madam:

Re: [Customer's Name] development of [municipal address]
as legally described in PIN *] ("Property")
Toronto Hydro Customer Class [3C] [3C multi-phase] [4] [5]
Toronto Hydro Project No. * Work Order No. * ("Project")

Toronto Hydro-Electric System Limited
EB-2009-0139
Exhibit R1
Tab 10
Schedule 7
Appendix B
Filed: 2009 Nov 30
(15 pages)

Toronto Hydro-Electric System Limited ("Toronto Hydro") acknowledges receipt of **[Customer]'s** ("Customer") written request for connection of the Project to the Toronto Hydro main distribution system.

[For residential Class 3, 4 high-rise]

The Customer has represented to Toronto Hydro that **[#]** residential units will be constructed and connected to the Toronto Hydro main distribution system and the estimated increased demand load attributable to the Project will be **[***]** kW ("Estimated Incremental Demand").

OR

[For commercial Class 4, 5]

The Customer has represented to Toronto Hydro that the estimated increased demand load attributable to the Project will be **[***]** kW ("Estimated Incremental Demand").

In order to connect the Project, an expansion to the Toronto Hydro main distribution system will be needed.

Based on the plans dated **[***]** ("Plans") this document, including all Schedules attached, is Toronto Hydro's firm Offer to Connect ("Offer to Connect") as required by the Distribution System Code ("Distribution System Code") established by the Ontario Energy Board ("OEB").

In addition to the obligations set forth in this Offer to Connect, the Customer shall be bound by and required to comply with all provisions of the Conditions of Service filed by Toronto Hydro with the OEB. A copy of the Conditions of Service can be obtained at www.torontohydro.com.

Terms used in this Offer to Connect shall have the meaning ascribed thereto in the Distribution System Code and the Conditions of Service unless otherwise defined herein.

The following Schedules attached hereto form a part of this Offer to Connect:

Schedule A – Connection Work and Fees;
Schedule B – Expansion Work and Fees;
Schedule C – Capital Contribution Requirements and Economic Evaluation;
Schedule D – Expansion Deposit;
Schedule E – Alternative Bid Process and Contestable Work;
Schedule F – General Terms and Conditions; [.]
[Schedule G – Additional Work and Costs.]

A Capital Contribution, as described in Schedule C, **[will/will not]** be required from the Customer.

An Expansion Deposit, as described in Schedule D, **[will/will not]** be required from the Customer.

This Offer to Connect includes Contestable Work for which the Customer may obtain an alternative bid as described in Schedule E.

OR

Since all of the expansion work required to connect the Project will be on Toronto Hydro's existing distribution system, the Customer may not obtain an alternative bid to perform the work.

Based on the Plans and information provided to Toronto Hydro, as of the date of this Offer to Connect, an easement **[will be required to connect the Project.] OR [will not be required to connect the Project, but may be required if the information, plans or design of the Project changes.]** General easement requirements are set out under the heading "Easements" in Schedule F, General Terms and Conditions.

If the terms and conditions of this Offer to Connect are acceptable to the Customer, a duly authorized officer of the Customer shall sign the duplicate copy and return it to Toronto Hydro within 60 days of the date set forth above. If a signed copy is not returned to Toronto Hydro within that time period, Toronto Hydro reserves the right to revoke this Offer to Connect without further notice to the Customer. The Customer is advised that Toronto Hydro requires a minimum of [***] weeks, if not more ("lead time") to complete the Project, after receiving the signed Offer to Connect from the Customer, and, if necessary the Customer should make arrangements to return the signed Offer to Connect earlier, to accommodate the required lead time.

If the expansion work for this Project has not commenced within one (1) year from the date set forth above, Toronto Hydro has the right to terminate this Offer to Connect in accordance with its rights of termination as set out herein.

Any notice, communication, inquiry and payment regarding this Offer to Connect shall be directed as follows:

To: Toronto Hydro-Electric System Limited
Asset Management – 500 Commissioners Street
Toronto, Ontario M4M 3N7
Attention: Brad Harper
Supervisor, External Demand & Customer Relations
Telephone (416) 542-3152, Facsimile: (416) 542-2630

To: The Customer at the address set forth below:
*
Attention: *
Telephone: (*), Facsimile: (*)

All payments and security as may be required hereunder shall be due and payable, or deliverable, upon acceptance of this Offer to Connect by the Customer.

Please sign in the appropriate place below and return one signed copy, and all payments and security as may be required, to the address indicated above.

Yours truly,

Toronto Hydro-Electric System Limited

Per: _____

Name: Ivano Labricciosa, P.Eng., M.Eng., MBA OR if above \$1M, Anthony Haines,

Title: Vice-President, Asset Management

President

I have authority to bind the Corporation.

[Customer] acknowledges its understanding of, accepts, agrees to comply with, and be bound by, all of the terms and conditions of this Offer to Connect, which include the provisions set forth above and all of the Schedules attached. The Customer acknowledges that by accepting this Offer to Connect a binding agreement is created and, upon signing, this Offer to Connect constitutes a legally valid and binding obligation of the Customer, enforceable in accordance with its terms.

The Customer confirms that it will not be obtaining alternative bids for the Contestable Work described in Schedule E.

[Customer]

Per:_____ Date:_____

Name:

Title:

I have authority to bind the Corporation.

OR

[Customer] confirms it is not accepting Toronto Hydro's Offer to Connect and it will be proceeding by way of an alternative bid process for the Contestable Work, as described in Schedule E.

[Customer]

Per:_____ Date:_____

Name:

Title:

I have authority to bind the Corporation.

Draft Offer to Connect [Customer] [Address of Project] [Date]

**SCHEDULE A
CONNECTION WORK and FEES**

1. Connection Assets are the assets between the point of connection to the Toronto Hydro main distribution system and the ownership demarcation point as defined in Table 1.3 of Toronto Hydro's Conditions of Service.
2. The Connection Work and Connection Fees to supply and install the Connection Assets for the Project are described below.
3. Toronto Hydro shall recover costs associated with the installation of Connection Assets through:
 - (a) Basic Connection Fees which are part of the Economic Evaluation; and
 - (b) Variable Connection Fees collected directly from the Customer. The variable Connection Fees arise from the Variable Connection Work and are in addition to the Basic Connection Fees.
4. The Variable Connection Fees are payable by the Customer to Toronto Hydro pursuant to this Offer to Connect upon acceptance of this Offer to Connect by the Customer, or, if the Customer pursues an alternative bid process described in Schedule E, to the Customer's qualified contractor.

Connection Work shall mean the following:

- All necessary engineering design and inspections;
- [insert description of connection assets and work]

Connection Fees:

- a) A Basic Connection Fee of \$1,310.00 per meter connection has been included in Toronto Hydro's Economic Evaluation.
 - a) [For 3C] A Basic Connection Fee of \$850.00 per meter connection has been included in Toronto Hydro's Economic Evaluation.
 - b) Variable Connection Fees
- | | |
|--------------------------------------|-------------|
| | \$ |
| GST 5% | \$ |
| TOTAL CONNECTION FEES, GST | \$ |
| Less Deposit and GST received | - \$ |
| BALANCE OUTSTANDING | \$ |

The Connection Fees are based on the Connection Work being done during non-winter conditions. If the Customer requires the Connection Work to be done during winter conditions that would result in additional costs, Toronto Hydro will advise the Customer of the estimated additional costs and if the Customer provides a written request to Toronto Hydro to proceed, a Project Invoice will be issued and payment must be received by Toronto Hydro prior to the commencement of any of the applicable work.

SCHEDULE B EXPANSION WORK AND FEES

1. The Uncontestable Expansion Work and Contestable Expansion Work that must be performed to connect the Project to the Toronto Hydro main distribution system, and corresponding Fees and Total Expansion Fees ("Total Expansion Fees") are described below.
2. The Customer will also be responsible for the payment of the operating, maintenance and administration costs ("OM&A Costs") of the Project, including applicable taxes. The OM&A Costs are included in the Economic Evaluation.
3. The Expansion Fees and OM&A Costs are recovered by Toronto Hydro by way of Capital Contribution if applicable, as described in Schedule C and the increased distribution revenues attributable to the Project, which are received by Toronto Hydro ("Incremental Revenues").

Uncontestable Expansion Work shall mean the following:

- All necessary engineering design and inspections;
- [insert description of uncontestable expansion work e.g. dedicated replacement work]

Uncontestable Expansion Fees:

Enhancement Costs (** x \$260 per kW)	\$
Materials	\$
Labour (engineering design, inspections)	\$
Equipment	\$
Basic Connection Charge (\$1,310.00 per ***meter connections)	\$
OR For Class 3C, (\$850.00 per meter connection)	
Overhead (including administration)	\$
[dedicated replacement fees, if any]	\$
TOTAL UNCONTESTABLE EXPANSION FEES	\$

Contestable Expansion Work shall mean the following:

[insert description of contestable expansion work]

Contestable Expansion Fees:

Materials	\$
Labour (construction)	\$
Equipment	\$
Overhead (including administration)	\$
TOTAL CONTESTABLE EXPANSION FEES	\$
TOTAL UNCONTESTABLE EXPANSION FEES	\$
TOTAL EXPANSION FEES (CONTESTABLE AND UNCONTESTABLE)	\$
GST (5%)	\$
TOTAL EXPANSION FEES, GST	\$

The Expansion Fees are based on the Expansion Work being done during non-winter conditions. If the Customer requires the Expansion Work to be done during winter conditions that would result in additional costs, Toronto Hydro will advise the Customer of the estimated additional costs and if the Customer provides a written request to Toronto Hydro to proceed, a Project Invoice will be issued and payment must be received by Toronto Hydro prior to the commencement of any applicable work.

SCHEDULE C
CAPITAL CONTRIBUTION REQUIREMENTS and ECONOMIC EVALUATION

[For residential projects Class 3, 4]

1. The Customer acknowledges that it has represented to Toronto Hydro that the estimated increased demand load attributable to the Project will be [***] kW ("Estimated Incremental Demand") and that [#] residential units will be constructed and connected to the Toronto Hydro main distribution system.

OR

[For Commercial projects Class 4, 5]

1. The Customer acknowledges that it has represented to Toronto Hydro that the estimated increased demand load attributable to the Project will be [***] kW ("Estimated Incremental Demand").
2. To determine the amount of Capital Contribution that is required from the Customer for this Project, Toronto Hydro has performed, as described in Appendix B of the Distribution System Code, an economic evaluation ("Initial Economic Evaluation"). A copy of the Initial Economic Evaluation, including the calculation used to determine the amount of the Capital Contribution to be paid by the Customer, including all of the assumptions and inputs used to produce the Initial Economic Evaluation, is included with this Offer to Connect.

[CAPITAL CONTRIBUTION REQUIRED]

3. As a result of Toronto Hydro's Initial Economic Evaluation of the Project, the Customer shall pay to Toronto Hydro, upon acceptance of this Offer to Connect, a Capital Contribution in the amount set forth below:

Capital Contribution	\$
GST (5%)	\$
Capital Contribution and GST	\$

OR

[NO CAPITAL CONTRIBUTION]

3. As a result of Toronto Hydro's Initial Economic Evaluation of the Project, the Customer will not be required to pay a Capital Contribution.

SCHEDULE D EXPANSION DEPOSIT

1. An Expansion Deposit is intended to ensure that Toronto Hydro is held harmless in respect of the Expansion Fees and OM&A Costs by securing payment of the Total Expansion Fees in the event the Estimated Incremental Demand does not materialize. The Expansion Deposit shall be in the form of cash, or an irrevocable commercial letter of credit issued by a Schedule 1 bank as defined in the Bank Act, or a surety bond. The form of security must expressly provide for its use to cover the events for which it is held as a deposit. Any portion of the Expansion Deposit held as cash, which is returned to the Customer, shall include interest on the returned amount from the date of receipt of the full amount of the Expansion Deposit, at the Prime Business Rate set by the Bank of Canada less two (2) percent.

[for Class 3 residential single phase]

2. An Expansion Deposit is not applicable for this Project.

OR

[for Class 3, 4 multi-phase residential, Class 4, 5]

2. The Customer is required to post an Expansion Deposit, upon acceptance of this Offer to Connect, for the difference between the actual Expansion Fees and GST and the amount of the Capital Contribution and GST paid by the Customer, in accordance with Toronto Hydro's Initial Economic Evaluation of the Project.
3. This Expansion Deposit is in addition to any other charges that may be payable to Toronto Hydro under this Offer to Connect, or the Conditions of Service, or otherwise.
4. The amount of the Expansion Deposit is set out below.

[for residential multi-phase]

5. After the facilities are energized, the Expansion Deposit shall be reduced, at the end of each 365-day period, by an amount calculated by multiplying the original Expansion Deposit by a percentage derived by dividing the actual connections completed or materialized in that 365-day period, by the total number of connections contemplated in this Offer to Connect. For information about reduction in the amount of the Expansion Deposit after each 365 day period, please contact Carrie Matthew at (416) 542-3100 ext. 32076.
6. If after five (5) years from the energization date of the facilities, the total number of connections contemplated by the original Offer to Connect have not materialized, Toronto Hydro shall retain any cash held as an Expansion Deposit, or to be entitled to realize on any letter of credit or bond held as an Expansion Deposit and retain any cash resulting therefrom, with no obligation to return any portion of such monies to the Customer at any time.

OR

[for commercial and industrial]

5. After the facilities are energized, the Expansion Deposit shall be reduced, at the end of each 365-day period, by an amount calculated by multiplying the original Expansion Deposit by a percentage derived by dividing the actual demand materialized in that 365-day period, by the Estimated Incremental Demand contemplated in this Offer to Connect. For information about reduction in the amount of the Expansion Deposit after each 365 day period, please contact Carrie Matthew at (416) 542-3100 ext. 32076.

6. If after five (5) years from the energization date of the facilities, the Estimated Incremental Demand contemplated by this Offer to Connect has not materialized, Toronto Hydro shall retain any cash held as an Expansion Deposit, or be entitled to realize on any letter of credit or bond held as an Expansion Deposit and retain any cash resulting therefrom, with no obligation to return any portion of such monies to the Customer at any time.

EXPANSION DEPOSIT:

TOTAL EXPANSION FEES AND GST	\$
LESS CAPITAL CONTRIBUTION AND GST	-\$
EXPANSION DEPOSIT	\$

SCHEDULE E
ALTERNATIVE BID PROCESS AND CONTESTABLE WORK

1. Toronto Hydro advises the Customer that part of the work that will be required for the expansion and connection to the existing distribution facilities includes work for which the Customer may obtain an alternative bid i.e. work that would not involve work with existing Toronto Hydro assets. The work for which the Customer may obtain alternative bid, "Contestable Work" is described below.
2. The Customer must use a contractor for the Contestable Work qualified by Toronto Hydro in accordance with its Conditions of Service. To qualify, contractors shall submit a "Contractor Qualification Application" and meet the requirements posted at:
http://www.torontohydro.com/electricsystem/customer_care/cond_of_services/index.cfm
at least 30 business days prior to their selection by the Customer to undertake Contestable Work. The Customer shall not be entitled to start performance of the Contestable Work until the contractor has completed its qualification by Toronto Hydro and has been qualified for no less than 30 business days.
3. Toronto Hydro does not make any representation or warranty regarding any contractor selected by the Customer to do any work regardless of whether the contractor has been qualified by Toronto Hydro or not and shall have no liability to the Customer in respect of such work.
4. If the Customer decides to hire a qualified contractor to perform the Contestable Work, the Customer will be required to select, hire and pay the contractor's costs for such work and to assume full responsibility for the construction of all of the Contestable Work.
5. The Customer shall ensure that the Contestable Work is done in accordance with Toronto Hydro's design and technical standards and specifications.
6. The Customer and his qualified contractor shall only use materials that meet the same specifications as Toronto Hydro approved materials (i.e. same manufacturers and same part numbers). Once the Customer has hired a qualified contractor, the Customer may request and obtain from Toronto Hydro the listing of approved materials that may be required for the Contestable Work.
7. The Customer will be required to pay for administering the contract with the qualified contractor, or if agreed by Toronto Hydro, pay Toronto Hydro a fee for performing this activity on its behalf. Upon request if Toronto Hydro is agreeable to performing such activity, Toronto Hydro will advise the Customer of the amount of the fee. Administering the contract includes, among other things, acquiring all permissions, permits and easements.
8. Toronto Hydro shall have the right to inspect and approve all aspects of the facilities constructed by the qualified contractor as part of its system commissioning activities, prior to connecting the expanded facilities to the Toronto Hydro main distribution system. If all of Toronto Hydro's requirements for the Contestable Work, including but not limited to, those set out in Sections 5, 6, and 7 above, have not been completed satisfactorily to Toronto Hydro, acting reasonably, the Project will not be energized, until the Contestable Work is in compliance with all of Toronto Hydro's requirements.
9. If the Customer decides to pursue an alternative bid for the Contestable Work, Toronto Hydro may charge the Customer costs, including, but not limited to, the following, for:
 - (a) additional design, engineering or installation of facilities required to complete the Project that are required in addition to the original Offer to Connect; and,
 - (b) inspection or approval of the work performed by the contractor hired by the Customer; and
 - (c) making the final connection of the new facilities to the Toronto Hydro distribution system.
("Additional Costs for Alternative Bid Work").

10. If the Customer decides to hire a qualified contractor to perform the Contestable Work, the Customer must:
 1. Sign an Alternative Bid Agreement;
 2. Hire a qualified contractor;
 3. Pay to Toronto Hydro, the firm amount of Toronto Hydro's Additional Costs for Alternative Bid Work, as set out below;
 4. Provide the Alternative Bid Expansion Deposit as set out below.
11. After the Customer has performed the Contestable Work and Toronto Hydro has inspected and approved the constructed facilities, the Customer shall transfer the expansion facilities that were constructed under the alternative bid option to Toronto Hydro and Toronto Hydro shall pay to the Customer, a transfer price, ("Transfer Price") to be determined, as hereinafter set out.
12. The Transfer Price for the Contestable Work shall be the lower of the Customer's Costs or the amount set out in this Offer to Connect of the Contestable Work. The Customer's Costs shall mean:
 - (a) the costs the Customer paid to have the Contestable Work performed, excluding the Variable Connection Work, as provided by evidence satisfactory to Toronto Hydro;
 - (b) the Additional Costs for Alternative Bid Work charged by Toronto Hydro.Toronto Hydro shall be satisfied that all Customer's Costs shall have been properly incurred.
13. If the Customer does not provide the calculation setting out the Customer's Costs to Toronto Hydro within 30 days of all new facilities being energized, then the amount of the Transfer Price shall be the amount set out in this Offer to Connect for the Contestable Work.
14. Toronto Hydro shall carry out a final economic evaluation after the facilities are energized ("Final Economic Evaluation"). The Final Economic Evaluation shall be based on the amounts used in this Offer to Connect for costs and forecasted revenues, and the amount of the Transfer Price to be paid by Toronto Hydro to the Customer for the Contestable Work, where applicable. A copy of the Final Economic Evaluation shall be provided to the Customer.
15. Any amount payable by the Customer to Toronto Hydro, may be deducted from the Transfer Price owing to the Customer by Toronto Hydro.
16. [Even if no Expansion Deposit is otherwise required for the Project, if the Customer pursues an alternative bid, the Customer shall post an Alternative Bid Expansion Deposit in the amount of 10% of the Total Expansion Fees and GST set out in Schedule B.] **OR** [If the Customer pursues an Alternative Bid, the Customer shall post an Alternative Bid Expansion Deposit in the amount of 10% of the Expansion Deposit as set out in Schedule D.]
17. Toronto Hydro will retain the Alternative Bid Expansion Deposit for a warranty period of up to two years. The warranty begins at the end of the Realization Period, defined below.
18. The Realization Period for a Project ends, [**For residential developments**] upon the first to occur of:
 - (i) the materialization of the last forecasted connection in the expansion project, or
 - (ii) Five (5) years after energization of the new facilities.**OR**
[**For commercial and industrial developments**] upon the first to occur of:
 - (i) the materialization of the last forecasted demand, or
 - (ii) Five (5) years after energization of the new facilities.
19. Toronto Hydro shall be entitled to retain and use the Alternative Bid Expansion Deposit to complete, repairing or bring up to standard the facilities constructed by the Customer, including Toronto Hydro's costs to ensure that the expansion is completed to the proper design, technical standards and specifications, using approved materials and that the facilities operate properly when energized.

20. Toronto Hydro shall return to the Customer the unapplied portion of the Alternative Bid Expansion Deposit, if any, at the end of the two-year warranty period.
21. Upon receipt of notice from the Customer that it intends to hire an alternative bid contractor, Toronto Hydro will provide an Alternative Bid Agreement.

Contestable Work shall mean the following:

Note:

- All Customer-supplied materials must be submitted to Toronto Hydro for approval prior to installation and meet Toronto Hydro Distribution Construction Standards;
- All equipment and underground plant installed must be inspected and approved prior to connection to the Toronto Hydro distribution system;
- [Customer is responsible for applying for and obtaining the necessary City road cut permits.]

Description of Work to Be Completed by Toronto Hydro:

Toronto Hydro's Additional Costs for Alternative Bid Work	\$
GST (5%)	\$
TOTAL ADDITIONAL COSTS FOR ALTERNATIVE BID WORK, GST	\$
Less Deposit and GST received	-\$
BALANCE OUTSTANDING	\$
ALTERNATIVE BID EXPANSION DEPOSIT	\$

**SCHEDULE F
GENERAL TERMS AND CONDITIONS
of OFFER TO CONNECT**

1. ASSIGNMENT

- 1.1** Neither party may assign this Offer to Connect without the prior written consent of the other party, such consent not to be unreasonably withheld.

2. DEMARCATION POINTS

- 2.1** The ownership and operational demarcation points of the Project shall be identified as such by Toronto Hydro on the as-constructed drawings.
- 2.2** In accordance with Toronto Hydro's Conditions of Service, the Customer is responsible for maintaining, repairing and replacing, in a safe condition satisfactory to Toronto Hydro, all the Customer's civil infrastructure on private property that is deemed required by Toronto Hydro to house Toronto Hydro's Connection Assets, including but not limited to poles, underground conduits, cable chambers, cable pull rooms, transformer rooms, transformer vaults and transformer pads.

3. DISPUTE RESOLUTION

- 3.1** Any controversy between the parties arising under this Offer to Connect not resolved by discussions between the parties shall be determined by an arbitration tribunal convened pursuant to a notice of submission given either by Toronto Hydro or the Customer.
- 3.2** The notice shall name one arbitrator.
- 3.3** The party receiving the notice shall, within 10 days of notice to the other, name the second arbitrator or, if it fails to do so, the party giving the notice of submission shall name the second arbitrator.
- 3.4** The two arbitrators appointed shall name the third arbitrator within 10 days, or if they fail to do so within that time period, either party may make application to the applicable court for appointment of the third arbitrator.
- 3.5** Any arbitrator selected to act under this Offer to Connect shall be qualified by education, training and experience to pass on the particular question in dispute and shall have no connection to either of the parties other than acting in previous arbitrations.
- 3.6** The arbitration shall be conducted in accordance with the provisions of *The Arbitration Act, 1991* S.O. c-17, as amended.
- 3.7** The decisions of the arbitration tribunal shall be made in writing and shall be final and binding on the parties as to the questions submitted and the parties shall have no right of appeal therefrom.

4. EASEMENTS

- 4.1** Upon request by Toronto Hydro, the Customer shall, at its own expense, execute, register and provide a solicitor's opinion on title in a form acceptable to Toronto Hydro, within the time period specified by Toronto Hydro, and subject only to those encumbrances permitted in writing by Toronto Hydro, such easement agreements as Toronto Hydro may require for the installation and continued existence of any electrical or telecommunication plants or access to same for the life of such plant or as otherwise required to perform its responsibility as a distribution company.
- 4.2** The customer acknowledges that in order for an easement to be registered, it shall be required, at its expense, to arrange for and register any necessary

documentation required by the appropriate Land Registry Office, including a Reference Plan, prepared by an Ontario Land Surveyor, describing the extent of the lands required for the easement.

5. FORCE MAJEURE

- 5.1** Force Majeure means any act, event, cause or condition that is beyond Toronto Hydro's reasonable control, including wind, ice, lightning or other storms, earthquakes, landslides, floods, washouts, fires, explosions, contamination, breakage of equipment or machinery, delays in transportation, strikes, lockouts or other labour disturbances, civil disobedience or disturbances, war, acts of sabotage, blockades, insurrections, vandals, riots, epidemics, loss of any relevant license or a declaration of force majeure by Hydro One Networks Inc., or any successor, under any agreement which Hydro One Networks Inc., or any successor, has with Toronto Hydro in connection with any work to be performed by Toronto Hydro under this Offer to Connect.
- 5.2** If by reason of Force Majeure, Toronto Hydro is unable, wholly or partially, to perform or comply with any or all of its obligations under, this Offer to Connect, it shall be relieved of such obligations, and any liability (including liability for any injury, damage or loss to the Customer caused by such event of Force Majeure) for failing to perform or comply with such obligations, during the continuance of Force Majeure.

6. LIMITATION OF LIABILITY

- 6.1** Toronto Hydro shall not be responsible for the acts or omissions of the Customer or its employees, contractors, subcontractors or agent.
- 6.2** Neither Toronto Hydro nor any of its employees, agents, officers, directors or other representatives ("Representatives") shall be liable for any loss, injury or damage to persons or property caused in whole or in part by negligence or fault of the Customer, or any of the Customer's Representatives, contractors or subcontractors.
- 6.3** Notwithstanding any other provision in this Offer to Connect, or any applicable statutory provision Toronto Hydro and its Representatives shall only be liable for any damages which arise directly out of the wilful misconduct or negligence of Toronto Hydro or its Representatives.
- 6.4** Neither Toronto Hydro nor any of its Representatives shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, arising from any breach of this Offer to Connect, fundamental or otherwise, or from any tortious acts, including the negligence or willful misconduct of it or its Representatives, however arising.
- 6.5** No action arising out of this Offer to Connect, regardless of the form thereof, may be brought by either party more than two (2) years following the date the cause of action arose, provided however that, subject to any applicable law, Toronto Hydro may bring an action for non-payment of amounts, or non-delivery of Expansion

- Deposits, required to be paid or delivered by the Customer under this Offer to Connect at any time.
- 6.6** The Customer shall indemnify and save harmless Toronto Hydro and its Representatives from any action, claim, penalty, damages, losses, judgements, settlements, costs and expenses or other remedy brought by any party or governmental authority, arising out of or resulting from any negligent act or failure to act or any willful misconduct by the Customer or any of its Representatives.
- 6.7** All of the provisions of Sections 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6 shall survive the termination of this Offer to Connect.
- 7. NOTICE**
- 7.1** Any notice to be given under this Offer to Connect shall be in writing and delivered by prepaid registered mail, hand, courier or facsimile to the contact for the parties as set forth in the Offer to Connect.
- 7.2** Delivery by facsimile shall be deemed received on the day following transmittal provided the facsimile is received as confirmed by the issuance of a confirmation receipt at the point of transmission.
- 7.3** Delivery by hand or courier shall be deemed received on the date delivered.
- 7.4** Delivery by prepaid registered mail shall be deemed received on the 5th business day after mailing.
- 7.5** Either party may change its address for notice by providing written notice of that change to the other party.
- 8. REVISED PLANS**
- 8.1** If the Customer submits revised plans or requires additional design work, Toronto Hydro may provide, at cost, a new offer based on the revised plans or the additional design work.
- 8.2** If the Plans are revised at any time, after acceptance of this Offer to Connect shall be withdrawn or terminated immediately, despite any acceptance by the Customer. A new Offer to Connect will only be provided to the Customer upon payment in the amount of \$3,500.00 that must be paid prior to the new Offer to Connect being provided to the Customer.
- 9. SECURITY INTEREST**
- 9.1** As security for its obligation under this Offer to Connect, the Customer grants to Toronto Hydro a present and continuing security interest in, and lien on (and right of set-off against), and assignment of all money, cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, delivered as an Expansion Deposit or otherwise pursuant to the terms of this Offer to Connect, or for the benefit of Toronto Hydro.
- 9.2** The Customer agrees to take such action as Toronto Hydro reasonably requires in order to perfect Toronto Hydro's first-priority security interest in, and lien on (and right of set-off against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.
- 9.3** Toronto Hydro shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Customer's obligations under this Offer to

Connect (Customer remaining liable for any amounts owing to Toronto Hydro after such application), subject to Toronto Hydro's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

10. TAXES

- 10.1** Unless specified, none of the amounts payable or deliverable under the Offer to Connect include goods and services taxes or any other taxes that may be payable.
- 10.2** The Customer shall pay all such taxes in accordance with applicable laws.

11. TERMINATION

- 11.1** Each of the following shall constitute an event of default ("Event of Default"):

- (i) the Customer fails to make any payment at the time specified for payment in this Offer to Connect and such failure has not been remedied within 4 days notice of such failure;
- (ii) the Customer fails to deliver any Expansion Deposit, including a renewal, or additional Expansion Deposit within the time period specified for delivery in this Offer to Connect;
- (iii) the Customer fails to execute and deliver any agreement, or deliver any other document, within the time period specified for execution and/or delivery;
- (iv) the Customer fails to commence the Expansion Work within 1 year from the date of this Offer to Connect;
- (v) the Customer cancels the Project for any reason;
- (vi) the Customer fails to comply with any other covenant or obligation in this Offer to Connect and such failure has not been remedied (where it is possible to remedy such failure) within 15 days of the initial failure to perform;
- (vii) a resolution has passed, or documents filed at an office of public record, for the merger, amalgamation, dissolution, termination of existence, liquidation or winding-up of the Customer, unless the prior consent of Toronto Hydro has been obtained;
- (viii) a receiver, manager, receiver-manager, liquidator, monitor or trustee in bankruptcy of the Customer or any of its property is appointed by any government authority, and such receiver, manager, receiver-manager, liquidator, monitor or trustee is not discharged within 30 days of appointment; or, if by decree of any government authority, the Customer is adjudicated bankrupt or insolvent, or any substantial part of its property is taken, and such decree is not discharged within 30 days after the entry thereof; or, if a petition to declare bankruptcy or to reorganize such party pursuant to any applicable law is filed against the Customer and is not dismissed within 30 days of such filing;
- (ix) the Customer files, or consents to the filing of, a petition in bankruptcy or seeks, or consents to, an order or other protection under any provision of any legislation relating to insolvency or

bankruptcy ("Insolvency Legislation"); or files, or consents to the filing of, a petition, application, answer or consent seeking relief or assistance in respect of itself under provision of any Insolvency Legislation; or files, consents to the filing of, an answer admitting the material allegations of a petition filed against it in any proceeding described herein; or makes an assignment for the benefit of its creditors; or admits in writing its inability to pay its debts generally as they become due; or consents to the appointment of a receiver, trustee, or liquidator over any, or all, of its property.

11.2 Upon the occurrence of an Event of Default, Toronto Hydro may, at its sole option, do any one or more of the following:

- (i) exercise any of the rights and remedies of a secured party including any such rights and remedies under law then in effect;
- (ii) exercise its rights of set-off against any and all property of the Customer in the possession of Toronto Hydro;
- (iii) declare the full amounts of the Expansion Fees and OM&A Costs that are unpaid and unrecovered as due and owing ("Accelerated Amounts");
- (iv) draw on any cash, or draw under any letter of credit, then held by or for the benefit of Toronto Hydro as an Expansion Deposit or Capital Contribution or otherwise, free from any claim or right of any nature whatsoever of the Customer, including any equity or right of purchase or redemption by the Customer, to cover all costs incurred on, or prior to, the date of termination, including costs for materials ordered for the expansion, storage costs and facilities removal costs and any amounts owing under this Offer to Connect, including the Accelerated Amounts; and/or
- (v) terminate this Offer to Connect, provided that, any termination shall not affect any obligations incurred prior to the effective date of termination or any other rights that Toronto Hydro may have arising out of any rights or obligations that are expressed to survive termination of this Offer to Connect.

12. TITLE AND RISK OF LOSS

12.1 Notwithstanding that Toronto Hydro may install equipment and materials under this Offer to Connect to which title is intended to pass to the Customer, title to such equipment or materials shall be transferred to the Customer, and risk of loss shall be assumed by the Customer, upon delivery to the Property.

12.2 Toronto Hydro shall be entitled to receive reasonable compensation for storing any materials or equipment not delivered to the Customer due to a delay caused by the Customer and such equipment or materials shall be held at the Customer's risk.

13. WARRANTIES

13.1 Toronto Hydro warrants that the services it provides are in accordance with Good Utility Practice.

13.2 Except as expressly set forth in this Offer to Connect, Toronto Hydro provides no warranties, for fitness for purpose or otherwise, and whether statutory or otherwise, to the Customer.

14. MISCELLANEOUS

14.1 This Offer to Connect, including the Schedules attached, shall constitute the entire agreement between the parties, and there are no other agreements or understandings, either written or oral, to conflict with, alter or enlarge this Offer to Connect unless agreed to in writing between the parties subsequent to the effective date of this Offer to Connect.

14.2 Failure or delay by Toronto Hydro in enforcing any right under, or provision of this Offer to Connect shall not be deemed a waiver of such provision or right with respect to the instant, or any previous, or subsequent, breach.

14.3 This Offer to Connect shall be governed by the laws of the Province of Ontario and the laws of Canada as applicable.

14.4 Toronto Hydro shall be entitled to access at all reasonable times to any of the Customer's properties to perform the services in this Offer to Connect.

14.5 Interest on unpaid amounts shall bear interest at the rate of 1.5 percent calculated and compounded monthly (19.56 percent per annum) at and from the due date up to and including the date of payment in full of such amount, together with all interest accrued to the date of payment.

14.6 Toronto Hydro and the Customer agree to execute and deliver such further documents as may be required for either party to fulfill its obligations and enforce its rights under this Offer to Connect.

14.7 If any provision of this Offer to Connect is declared illegal, invalid or unenforceable for any reason whatsoever, to the extent permitted by law, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of any of the other provisions.

14.8 This Offer to Connect and the obligations of the parties under it are subject to all applicable present and future laws, rules, regulations and orders of any regulatory or legislative body or other duly constituted authority having jurisdiction over Toronto Hydro or the Customer.

14.9 Time shall be of the essence.

14.10 If there is a conflict between this Offer to Connect and Toronto Hydro's Conditions of Service, this Offer to Connect shall govern.

**SCHEDULE G
ADDITIONAL WORK AND COSTS**

1. The Customer has requested Toronto Hydro to perform additional work ("Additional Work") at an additional cost ("Additional Costs") as described below.
2. The Customer shall pay the Additional Costs prior to commencement of the Additional Work.

Additional Work:

[insert description of work]

Additional Costs:	\$
GST (5%)	\$
Total Additional Costs, GST	\$

The Additional Fees are based on the Additional Work being done during non-winter conditions. In the event the Customer requires the Additional Work to be done during winter conditions that would result in additional costs, Toronto Hydro will advise the Customer of the estimated additional costs and if the Customer provides a written request to Toronto Hydro to proceed, a Project Invoice will be issued and payment must be received by Toronto Hydro prior to the commencement of any of the applicable Additional Work.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 8:**

2 **Reference(s):** none

3

4 Please provide a breakdown of the total amounts actually spent on the Suite Metering
5 Program in 2007 and 2008, to date in 2009, and the forecast for 2009 and 2010. Please
6 provide for each of these years the number of buildings in which suite meters were
7 installed or are forecast to be installed?

8

9 **RESPONSE:**

	Total Capital (\$ millions)		Building Installations	
	To Date	Forecast	Started or Completed	Forecast
2008	2.1	N/A	19	N/A
2009	1.4	0.5	14	6
2010	N/A	2.4	N/A	30

10

11 Suite Meter costs for 2007 are not available.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 9:**

2 **Reference(s):** **Exhibit F1, Tab 7, Schedule 1, page 5, Table 1**

3

4 THESL identifies its total customer service costs for each of 2008, 2009, and 2010.

5 Please confirm that these numbers do not include external third party customer costs

6 associated with customer services for suite-metered condominium units.

7

8 **RESPONSE:**

9 None of the costs proposed by THESL for recovery through rates consist of “external

10 third party customer costs”.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 10:

Reference(s): Exhibit D1, Tab 3, Schedule 2, page 7

Service and meter assets will increase between 2008 and 2010, from \$246.3 million to \$274.8 million. The variance primarily relates to wholesale meter compliance, full compliance with the Smart Meter Initiative, and “implementing suite metering in bulk metered condominiums”. In respect of the implementation of suite metering in bulk metered buildings, please provide the following:

- a) the amount THESL has closed to rate base or the amount for which THESL seeks approval to close to rate base for 2007 and 2008 and 2009 (if any) by year;
- b) the forecast capital spend by Toronto Hydro in 2010 to suite meter bulk metered buildings;
- c) the number of units individually metered (actual or forecast) in each of the years 2007 through 2010 in formerly bulk metered buildings;
- d) an explanation as to how THESL has forecast its capital spend for 2010, including:
 - i. the number of condominium units that are currently bulk metered which are eligible for conversion;
 - ii. the percentage of the available bulk metered market which THESL estimates it will capture in 2010.

RESPONSE:

- a) THESL forecasts that \$0.3 million will be closed to rate base by year-end 2009.
- b) THESL has forecast that \$0.4 million will be spent in 2010 to convert existing bulk-metered buildings to individually-metered.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

- 1 c) In 2007, 154 units were converted from bulk to individual metering. In 2008, 1,002
2 units were converted to individual metering. To date in 2009, 535 units have been
3 converted to individual metering, with 883 more scheduled for completion before
4 year end. THESL is forecasting that 864 units will be converted from bulk to
5 individual metering in 2010.
6
- 7 d) THESL's suite meter capital plan is based on a combination of meetings with
8 developers, feedback from our external Project Manager, business reports and direct
9 contact with customers. THESL's current estimate is that there are approximately 550
10 bulk-metered condominium buildings in Toronto housing approximately 160,000
11 units that could be converted to individual metering.
12
- 13 THESL estimates it will successfully convert 0.5% of the bulk-metered buildings to
14 individual metering in 2010.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 11:

Reference(s): Exhibit D1, Tab 7, Schedule 1, page 19, Table 2

Exhibit K1, Tab 1, Schedule 1, page 10, Table 5

THESL indicates, at Table 5, an installation of 2,705 (actuals) individually-metered suites (cumulative) at the end of 2008. Table 2, being the summary of THESL's capital budget, indicates Nil for suite metering for 2008.

- a) Please explain the above apparent inconsistency;
- b) Please advise of the total capital cost to acquire and install (including any third party vendor costs) the 2,705 suite meters installed by the end of 2008.
- c) Has THESL closed to rate base any of these capital costs and/or is it seeking approval to close to rate base these costs in 2010?

RESPONSE:

- a) In Table 2, the suite metering costs of \$2.1 million are included in the "Other" line, as part of the \$13.2 million total.
- b) The 2,705 customers listed in Exhibit K1, Tab 1, Schedule 1, page 10, Table 5, indicate the number of active revenue producing accounts cumulative for 2007 and 2008. The cost to install the meters at the revenue producing accounts was \$1.15 million.
- c) THESL forecasts that \$5.3 million of capital costs will be closed to rate base by year-end 2010. Approval will be sought to close additional costs to rate base as installations are completed and work orders closed.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 12:

Reference(s): Exhibit D1, Tab 7, Schedule 1, page 19

THESL's summary of capital budget includes a budget of \$1.8 million for 2009, and \$2.4 million in 2010 for its Suite Metering Program. Please advise of the average capital cost to acquire and install suite meters in each of 2009 and 2010 for each of: (a) new condominiums; and (b) bulk metered condominiums being converted to individual suite metering. What are the forecast numbers for each type? Please advise if there are any additional costs which THESL may contemplate capitalizing in respect of these meters in subsequent years.

RESPONSE:

The average acquisition costs and forecasted installations are:

	Average Acquisition and Installation Costs			
	New Condominiums		Conversions to Individual Metering	
	Number of Units	Cost	Number of Units	Cost
2009 Actual	2454	\$453	535	\$453
2009 Forecast	394	\$368	883	\$350
2010 Forecast	4536	\$440	864	\$440

THESL does not contemplate capitalizing additional costs in respective years beyond those which will be capitalized upon the completion of work.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 13:**

2 **Reference(s):** Exhibit D1, Tab 7, Schedule 1, page 19

3

4 a) Please provide a breakdown of the type of capital costs included in THESL's budget
5 of \$1.8 million for 2009, and \$2.4 million in 2010, for its Suite Metering Program.

6 Please advise whether these capital budgets include any allocation of the costs
7 associated with related capital expenditures, including, to the extent applicable, the
8 following:

- 9 i. local area network components;
10 ii. wide area network or backhaul;
11 iii. field data collection devices and back office software;
12 iv. data protection security system;
13 v. network management system or meter infrastructure head-end;
14 vi. meter data management system;
15 vii. costs associated with any other IT component which serves the Suite
16 Metering Program such as, for example, necessary modifications to the
17 billing system;
18 viii. other applicable capital accounts.

19 b) To the extent that any of the above capital costs are not included in the capital
20 budgets of \$1.8 and \$2.4 million for 2008 and 2009, please provide your best estimate
21 of the appropriate amount to allocate in respect of such costs to the Suite Metering
22 Program.

23

24 **RESPONSE:**

25 a) THESL's 2009 and 2010 suite meter capital budget includes:

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

Item	2009 (\$ millions)	2010 (\$ millions)
Labour, Installation and Vehicles	0.1	0.4
Material and Contracts	1.7	2.0
Total	1.8	2.4

1

2 None of the eight cost components listed are included in the suite metering capital
3 budget for 2008 and 2009.

4

5 b) There are no additional capital costs that should be allocated to the Suite Metering
6 Program for the cost components listed.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 14:**

2 **Reference(s):** **Exhibit D1, Tab 7, Schedule 1, page 19**

3 What is the amount, if any, which THESL forecasts it will pay to its third party suite
4 metering vendor in each of 2009 and 2010, which it may or is seeking to capitalize?

5

6 **RESPONSE:**

7 THESL forecasts that external vendor costs of \$1.7 million for work completed, or
8 forecast for completion by year-end 2009, and \$2.0 million for 2010.

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

INTERROGATORY 15:

Reference(s): Exhibit D1, Tab 7, Schedule 1, page 19

THESL produced, in EB-2007-0680 a business plan for its Suite Metering Program, entitled "Draft – Project Plan for Individual Suite Metering in Condominium Buildings". A copy of this business plan was filed on November 12, 2007, in response to VECC Interrogatory 9 during this proceeding. A copy is attached to this interrogatory for convenience of reference. Please advise as follows:

- a) Has this business plan been updated, or has THESL prepared a new or revised business case or plan in respect of condominium suite metering? If so, please produce copies of same.
- b) Does THESL contemplate undertaking suite metering in any Residential Tenancy Act buildings (new and/or to be converted) in 2010? If so, how many, and what is THESL's forecast of the total cost to suite meter these buildings? Does THESL seek recovery or plan to capitalize and request approval to clear to rate base any amounts associated with the installation and operation of suite meters in Residential Tenancy Act buildings in 2010?
- c) Please provide an update in respect of the following areas identified in the attached business plan:
 - i. Does THESL continue to estimate that there are close to 300,000 existing condominium suite candidates for individual suite metering? If not, what is THESL's current estimate?
 - ii. The Table, at page 8 of the attached business plan, provides the total cost and cost per suite (based upon the assumptions stated in the plan) for bulk metering, individual smart meters, and integrated electronic smart metering. Please update the figures in this Table using the best

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1 information currently available. For the integrated electronic smart
2 metering costs, what is the average cost per suite forecast for 2010.

3

4 **RESPONSE:**

5 a) THESL has not prepared an update to the plan.

6

7 b) THESL is contemplating the installation of individual metering for Residential
8 Tenancy Act buildings, but has not included any costs or work volume forecasts,
9 pending further regulatory direction. THESL is not seeking to recover any costs.

10

11 c)

12 i) THESL believes that there are close to 300,000 candidates for conversion to
13 suite metering. However, the draft plan incorrectly identified the units as
14 condominium units; rental units were included in the estimate.

15 ii) The costs for bulk metering and individual smart meters are still accurate.
16 The current cost for integrated electronic smart metering is approximately
17 \$440 per suite.

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INTERROGATORY 16:

Reference(s): D1/T8/S3-1, p.3

D1/T8/S3-2

THESL's Conditions of Service state, at Clause 2.3.7.1.1, that it will provide electronic or conventional smart suite metering for each unit of a new multi-unit site, or condominium, at no direct charge to the customer. Please advise:

- a) Whether THESL provides electronic suite metering in bulk metered condominium conversion projects at no cost to the condominium corporation and/or unit owners;
- b) Does THESL undertake an economic evaluation pursuant to the Distribution System Code in respect of bulk metered buildings looking to be individually suite metered? Does THESL adjust its revenue forecast in respect of such buildings to account for the expected decrease in load due to the conservation impact of the building being suite metered?
- c) In respect of new condominiums, does THESL exclude the costs to acquire and install suite meters in its economic evaluations undertaken pursuant to the Distribution System Code?
- d) If the answer to (b) is Yes, if the acquisition and installation costs of suite meters had been included in the economic evaluations, are there any developers or condominium corporations that would have been required to make a capital contribution in aid of construction?

RESPONSE:

- a) Yes.

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GROUP**

- 1 b) No. Once a customer has signed an Offer to Connect, Toronto Hydro does not
2 perform another economic evaluation for any conversions. We do not adjust our
3 revenue forecast.
4
5 c) Yes. In our economic evaluation Toronto Hydro excludes the costs to install suite
6 meters.
7
8 d) Not applicable as the answer to (b) was no.

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1 **INTERROGATORY 17:**

2 **Reference(s):** **D1/T8/S3-1, p.3**

3 **D1/T8/S3-2**

4

5 If the 3,600 condominium suites that THESL forecasts suite metering in 2010 were in
6 fact suite-metered by a licensed smart sub-meterer, would THESL's forecast of capital
7 contributions from the developers of the very same buildings be affected? Please explain
8 your answer, and identify whether the change would be an increase or decrease in the
9 forecast recovery of capital contributions.

10

11 **RESPONSE:**

12 Yes, THESL's forecast would be affected. Bulk-metering would cause an increase in the
13 number of capital contributions. In THESL's economic evaluations, if a condominium
14 decides to go suite-metered each condominium unit is considered as a single customer, so
15 the total electrical load of the condominium is spread across all customers. In a bulk-
16 metering situation, the condominium is treated as a single customer with the load of all
17 the units combined. The main factor in the calculation of capital contributions is the
18 load; the larger the load the more likely a capital contribution will be required.

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INTERROGATORY 18:

Reference(s): D1/T8/S3-1, p.3

D1/T8/S3-2

Has THESL, in 2008 and 2009, provided orally or in writing an offer to connect to a new condominium developer that contemplates the developer paying no capital contribution where THESL suite meters the building but requires the developer to pay a capital contribution should the developer contemplate using a licensed smart sub-metering provider to smart sub-meter the building? Please produce a copy of all such offers to connect and the economic evaluations undertaken in support of same.

RESPONSE:

THESL includes the required developer capital contribution in the Offer to Connect. The calculation is based on the expected electrical demand of the building, when the demand is expected to materialize, and the number of new accounts that THESL will realize once the development is complete.

In some cases, developers have decided to have THESL install suite meters after the initial Offer to Connect had been made. In these cases, THESL recalculates the Offer to Connect, taking into consideration the additional number of new accounts that will be realized, based on information provided by the developer. There have been occasions where the requirement for a capital contribution has been eliminated.

In cases where suite metering is provided and installed by a service provider other than THESL, THESL only realizes the bulk meter as an additional account. As the Offer to

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- 1 Connect would not contemplate the additional new suites as THESL customers, the
- 2 required capital contribution would be calculated based on a bulk metered installation.
- 3
- 4 Offers to Connect and the supporting economic evaluations contain confidential customer
- 5 information and, therefore, are not provided.

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1 **INTERROGATORY 19:**

2 **Reference(s):** **Exhibit D1, Tab 8, Schedule 3-1, page 3**

3 **Exhibit D1, Tab 8, Schedule 3-2**

4

5 Please confirm that no costs (OM & A and capital) associated with the suite metering
6 program have been allocated to or form part of any of the costs incurred or forecast by
7 THESL in respect of its Smart Meter Program?

8

9 **RESPONSE:**

10 No suite meter costs have been allocated to the smart meter program.

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1 **INTERROGATORY 20:**

2 **Reference(s):** L1/T2/S1, p. 11

3

4 Please identify each of the four meter types referenced under Column 1 “Residential” in
5 this Exhibit. Please advise which meter type relates to the meters used for THESL’s
6 Suite Metering Program. If the suite meters are included under the “LDC Specific
7 2” meter type, please explain the total number of meters included at 31,275.

8

9 **RESPONSE:**

10 The quantity of 17,532 refers to single-phase conventional meters. The quantity of 7,500
11 refers to smart meters that were installed as part of an initial pilot program. The quantity
12 of 558,534 refers to smart meters that were installed as part of THESL’s smart meter
13 implementation plan. The 31,275 includes four meter types:

- 14
- 15 • Collectors that have been installed as part of the smart meter program;
 - 16 • Transformer-type meters that are installed at large houses;
 - 17 • Polyphase meters installed at large residential or small commercial accounts; and
 - Suite meters, which make up approximately 9,000 of the indicated total.