Toronto Hydro-Electric System Limited
14 Carlton Street
Toronto, Ontario M5B 1K5

Telephone: 416-542-2517
Facsimile: 416-542-3024
gwinn@torontohydro.com

TORONTO HYDRO

July 19, 2011

via RESS e-filing – signed original to follow by courier

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

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited's ("THESL")
2011 Electricity Distribution Rates Application – Draft Rate Order ("DRO")
OEB File No. EB-2010-0142**

On July 14, 2011, THESL filed its DRO in the above-noted proceeding. In reply, THESL has received comments from the Vulnerable Energy Consumers Coalition ("VECC") and the Building Owners and Managers Association of the Greater Toronto Area ("BOMA").

VECC's only concern, which is supported by the submissions of BOMA, is solely with respect to the revenue-to-cost ratio adjustments. Specifically, VECC and BOMA view as inappropriate THESL's proposal to allocate to the Residential class the $300,000 revenue shortfall resulting from moving the Large User class to within the Board's revenue-to-cost guidelines. In their submissions, VECC and BOMA argue that because all rate classes are within the Board's approved ranges, the revenue shortfall should be addressed by increasing the ratios for those classes whose starting points are the furthest below 100%. In THESL's case, this would result in the $300,000 shortfall being recovered by increasing the Streetlighting class ratio to 73.1%.

THESL disagrees with this position. As THESL noted in its DRO, the $300,000 reduction in the revenue responsibility of the Large User class was allocated to the Residential class as this class would be least affected on a per class and per customer basis, as evidenced by the marginal increase from the starting 88.7% revenue-to-cost ratio to the final 88.8%. Both the USL and Streetlighting classes would see a much larger increase both on a per class and per customer basis if the shortfall was allocated to them, as the combined revenues from these classes is much smaller than for the Residential class. THESL also notes that the proposed 88.8% revenue-to-cost ratio for the Residential class is actually a reduction from the 2010 approved revenue-to-cost ratio of 90%.

THESL is filing its reply to comments on the DRO three days in advance of the due date, in hope of advancing the implementation schedule. THESL submits that an expedited rate order would be beneficial to ensure smooth rate implementation within its new billing system on August 1, 2011.

Should you have any questions or concerns on this matter, please contact me at 416-542-2517.

Yours truly,

[original signed by]

Glen A. Winn
Manager
Regulatory Applications & Compliance
regulatoryaffairs@torontohydro.com

:GAW/acc

cc: J. Mark Rodger, Counsel for THESL, by electronic mail only
Intervenors of Record for EB-2010-0142, by electronic mail only