

Amanda Klein
Senior Regulatory Counsel
Toronto Hydro Electric-System Limited
14 Carlton Street
Toronto, Ontario M5B 1K5

Telephone: 416.542.2729
Mobile: 416.903.1423
Facsimile: 416.542.2683
aklein@torontohydro.com
torontohydro.com



December 28, 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")
Application by THESL for Temporary Exemption from Certain Sections of the
Distribution System Code ("DSC") and Retail Settlement Code ("RSC")
OEB File No. EB-2011-0269**

THESL writes in respect of the above-noted proceeding. In particular, THESL writes to advise the Ontario Energy Board (the "Board") that it has very recently learned that certain compliance estimates contained in its evidence may be incorrect. THESL accordingly seeks the Board's indulgence to file a correction to the record and supplementary submissions in this proceeding in the event that a correction to the record becomes necessary.

As explained in further detail below, THESL is currently in the process of determining whether the particular coding error it has very recently detected does in fact have a material effect on THESL's estimates regarding its past and current compliance levels. While THESL does not yet know that the coding error will have a material effect in this regard, it believes that the appropriate action in the circumstances is to proactively inform the Board of this possibility.

THESL accordingly seeks the Board's indulgence that, in the event that THESL learns that the below-described coding error results in a change in THESL's estimated compliance levels by +/- 10%, and the Board is of the view that the record in this proceeding should be updated to reflect this change, that THESL be granted the ability to file a correction to the evidentiary record as well as supplementary submissions in this proceeding. In light of the holiday season and the need to coordinate with its Customer Information System ("CIS") vendor, THESL expects that it will be in a position to either confirm with the Board that no correction to the record is required, or file such a correction, by January 13, 2012.

THESL sincerely apologizes for the lateness of its letter in this regard. As a result of implementing the below-mentioned improved compliance efforts during the requested interim

exemption, it has just come to THESL's attention that certain previously-instituted manual workarounds may not have been as successful as THESL estimated per its responses to Board Staff interrogatories.

Particulars of the Potential Coding Error Which May Necessitate a Correction to the Record

In respect of section 2.6.5 of the Distribution System Code (the "DSC"), and as noted in THESL's submissions filed as of today's date (see pages 8-10 in particular), at the time of moving to its new CIS, THESL carried over from its old CIS the addition of four-day grace period after the due date of customer bills (which is 20 days after the bill is issued), so any payment type received on or prior to the 24th day after the bill issuance date would not incur late payment charges. As THESL has stated in this proceeding, THESL's historical records indicate that 53% of customers who pay late, pay within four days of the due date, so THESL accordingly estimated that its compliance level was approximately 53%.

Upon recent review of this compliance effort, THESL determined that 80% of THESL customers who pay late, pay within seven days of the due date. THESL is accordingly in the process of extending the grace period from four to seven days, and has stated in this proceeding that THESL expects such efforts will bring it up to approximately 80% compliance with this section of the DSC.

During the process of developing the coding logic to extend the grace period from four to seven days and to back-date payments received by the appropriate number of days based on payment type, it came to THESL's attention that, despite project testing indicating the effectiveness of the four day grace period, the late payment calculation algorithm may have coding errors which may result in a lower-than-reported compliance estimate: such estimate being 53%. In particular, THESL believes that the initial four day grace period that was intended to block THESL's CIS from calculating late payment charges where a customer pays its bill between one and four days after the due date may not been operating effectively 100% of the time.

THESL is in the process of investigating this matter further, and expects to be in a position to advise the Board by January 13, 2012 as to whether the coding error has a material effect on THESL's previously-filed evidence in this proceeding, as well as its submissions filed on that evidence as of today's date.

THESL thanks the Board for its attention to this matter.

Yours truly,

Amanda Klein
Senior Regulatory Counsel
Legal Services Division
Toronto Hydro-Electric System Limited
regulatoryaffairs@torontohydro.com