

1 **DEFERRAL AND VARIANCE ACCOUNTS**

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3 This evidence provides a summary of Toronto Hydro's deferral and variance ("DVA")
4 accounts. The account balances, when approved for clearance, are recovered through
5 separate rate riders and not included in the revenue requirement.

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7 Toronto Hydro's use of these accounts, and amounts recorded in them, is in accordance
8 with the methodologies and requirements provided by the OEB as set out in the
9 Accounting Procedures Handbook ("APH"), and as set out in directions issued by the
10 OEB from time to time.

11
12 **1. SUMMARY OF DVA ACCOUNT BALANCES**

13 A detailed continuity of account balances in the format provided by the OEB, including
14 carrying costs, is shown in Exhibit 9, Tab 2, Schedule 1. The December 31, 2013
15 principal balances and carrying charges are summarized in Table 1 below.

1 **Table 1: Summary of DVA Balances (\$ millions)**

	Principal Balance as at Dec 31, 2013	Carrying Charge Balance as at Dec 31, 2013	Balances as at Dec 31, 2013
RSVA Accounts	7.4	0.9	8.3
Regulatory Asset Recovery Accounts ("RARA")	(3.1)	(1.1)	(4.2)
PILs & Tax variance for 2006 & subsequent years	(2.3)	(0.1)	(2.4)
Smart meter Entity charges	0.4	0.0	0.4
Stranded meter costs	16.9	0.0	16.9
Impact for USGAAP Deferral	38.8	0.0	38.8
PILs & Tax variance for 2006 & subsequent years , Sub account HST/OVAT Input Tax credits (ITCs)	(1.1)	(0.1)	(1.2)
Harmonized Sales Tax Contra	\$1.1	0.1	1.2
Incremental Capital Module	147.0	0.0	147.0
Total Balance	205.1	(0.3)	204.8

2 **1.1. Group 1 Accounts:**

3 RSVA: Accounts include the following OEB Accounts:

- 4 1580 – Wholesale Market Service Charges (RSVA_{WMS})
- 5 1584 – Retail Transmission Network Charge (RSVA_{Network})
- 6 1586 – Retail Transmission Connection Charge (RSVA_{Connection})
- 7 1588 – Power (RSVA_{Power})
- 8 1589 – Global Adjustment (RSVA_{GA})
- 9 1550 – Low Voltage Variance Account

1 SME: Smart Meter Entity

2 1551 – Smart Meter Entity Charges

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4 RARA: Regulatory asset recovery accounts:

5 1595: RARA accounts contain residual amounts related to clearance of deferral
6 and variances accounts previously approved by the OEB for recovery through rate
7 riders.

9 **1.2. Group 2 Accounts:**

10 Other Regulatory Asset accounts for Toronto Hydro include:

- 11 • 1592 – PILS and Tax Variances
- 12 • 1592 – sub account – Harmonized Sales Tax Variances
- 13 • 1555 – sub account – Stranded meters
- 14 • 1575 – IFRS USGAAP Transitional PP&E Amounts
- 15 • 1568 – LRAM Variance account (“LRAMVA”)
- 16 • 1508 – sub account Gain on sale of Properties on named properties
- 17 • 1508 – sub account –Impact for USGAAP Deferral

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19 With respect to Global Adjustment charges, Toronto Hydro confirms that IESO GA
20 charges are prorated into RPP and non-RPP amounts. Values in RSVA account 1589
21 reflect the non-RPP portions only.

23 The OEB’s July 17, 2013 Filing Requirements for Electricity Distribution Rate
24 Applications requires a breakdown of energy sales and cost of power expenses, as
25 reported in the Audited Financial Statements by distributors, mapped to a USofA account
26 number. This information can be found in Exhibit 9, Tab 2, Schedule 2.

2. CARRYING CHARGES

Carrying charges have been applied to all accounts using the OEB's Prescribed Interest Rates.

For the periods up to 2014 Q1, the rates are as determined by the OEB. For the periods 2014 Q2 through 2015 Q2, the 2014 Q1 rate has been applied as a forecast. Toronto Hydro proposes to update these rates for the actual approved rates at the time of clearance of these accounts in 2015.

Table 2: Interest on Carrying charges

OEB Interest Rates Applied Calculation of Carrying charges	
Quarter	Annual %
Q1 2010	0.55%
Q2 2010	0.55%
Q3 2010	0.89%
Q4 2010	1.20%
Q1 2011	1.47%
Q2 2011	1.47%
Q3 2011	1.47%
Q4 2011	1.47%
Q1 2012	1.47%
Q2 2012	1.47%
Q3 2012	1.47%
Q4 2012	1.47%
Q1 2013	1.47%
Q2 2013	1.47%
Q3 2013	1.47%
Q4 2013	1.47%

1 **3. OEB AUDIT**

2 In March 2014, the OEB completed an audit of Toronto Hydro's Group 1 and Group 2
3 Deferral and Variance accounts (the "OEB Audit"). The audit resulted in findings on
4 seven items. The full audit report is attached as Appendix A. Of the seven findings, five
5 have been addressed by the utility and accounts corrected. The two outstanding findings
6 are addressed below.

7
8 The first outstanding finding is that the utility has not recorded amounts in RCVA
9 accounts 1518 and 1548. Later in this exhibit, the utility presents information on why
10 amounts have not been recorded, and requests relief from the OEB going forward to not
11 record amounts to these accounts.

12
13 The second outstanding finding is that Toronto Hydro has not recorded amounts in
14 Account 1588 RSVA Power. Toronto Hydro has been working to resolve this
15 outstanding finding. The utility's ongoing work consists of gathering and analyzing
16 historical transactional data for the years 2009-2013, including energy purchase and
17 billing data that affect RSVA accounts as identified by the OEB Audit. This process is
18 complex and time-consuming and the relevant data will not be ready for review and
19 testing by OEB Audit Staff until sometime in 2015. The factors driving the complexity
20 and time-consuming nature of this process, include:

- 21
22 • The volume of billing data for multiple years is extremely large. Toronto Hydro
23 has over 700,000 customers, and processes more than 200 million transactions
24 annually. Managing and analysing this volume of data requires significant effort
25 and involves significant complexity.
26 • Billing data for the 2009 to mid-2011 period resides in Toronto Hydro's legacy
27 billing system, which has been archived. Obtaining the information from the
28 archived system has required additional and unexpected effort.

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- 1 • Subject matter experts of the legacy billing system are no longer with Toronto
2 Hydro or have moved onto other duties. As a result, staff involved in this activity
3 have had to familiarize themselves with the data and data structures of the legacy
4 system.
- 5 • This work involves developing a new system to manage data enabling the
6 validation of the impacts to RSVAs and other financial balances, to ensure they
7 are materially correct and defensible. To achieve the results, it has been
8 necessary to involve cross-functional expertise, namely from Billing, IT, Finance,
9 Regulatory, Engineering and Meter Management.
- 10
- 11 Toronto Hydro's ongoing efforts to determine the RSVA Power balance as part of the
12 OEB Audit may have implications for the other RSVA accounts. Accordingly, Toronto
13 Hydro requests to defer the clearance of all RSVA accounts balances, and to continue
14 booking monthly amounts to these accounts in the ordinary course. OEB Audit Staff
15 have filed a letter, recommending that the OEB consider deferring the clearance of the
16 RSVA accounts until at or before the next rate order for 2016 distribution rates. A copy
17 of this letter is attached as Appendix C to this schedule.
- 18
- 19 Toronto Hydro intends to clear the RSVA account balances at a later date once the
20 updated balances of the RSVA Power and other RSVA accounts have been determined
21 by Toronto Hydro and reviewed by OEB Audit Staff. Toronto Hydro expects this to take
22 place at or before the rate order for 2016 distribution rates (e.g., January 1, 2016).
- 23
- 24 Deferring the clearance of these accounts as described enables parties to ensure that the
25 values cleared to ratepayers through rate riders (debits or credits) have been accurately
26 determined and vetted by OEB Audit Staff ensuring that both ratepayers and the utility
27 are kept whole. These accounts will continue to carry monthly variances, and upon
28 completion of the RSVA audit will be adjusted to reflect the findings.

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4. PLANNED DISPOSITION OF REGULATORY ASSETS

On July 31, 2009 the OEB issued its Report of the Board on Electricity Distributors Deferral and Variance Account Review Initiative (“EDDVAR”) (EB-2008-0046). The OEB indicated that, “at the time of rebasing, all accounts should be reviewed and disposed of unless otherwise justified by the distributor or as required by a specific OEB decision or guideline” (page 2 of the Executive Summary).

1 In the OEB's Filing Requirements for Electricity Distribution Rate Applications released
2 July 17, 2013, the OEB outlined the requirements for filing of information on Deferral
3 and Variance accounts. The following information meets those requirements.

4
5 Toronto Hydro proposes to clear the accounts below beginning May 1, 2015. Toronto
6 Hydro also proposes the method by which these accounts be cleared. The balances
7 reflect audited financial statements for the fiscal year ended December 31, 2013. The
8 amounts include the forecasted carrying costs calculated to April 30, 2015. Continuity
9 schedules for all accounts proposed for disposition are provided in Exhibit 9, Tab 2,
10 Schedule 1.

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13 **5. TORONTO HYDRO IS REQUESTING DISPOSITION OF THE**
14 **FOLLOWING REGULATORY ASSET ACCOUNTS.**

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16 **5.1. Account 1550 Low Voltage Variance Account**

17 The amount proposed for clearing in this account is a \$1.2 million debit (collection) from
18 customers. The account balances represent amounts paid to Hydro One for low voltage
19 services that have not been collected from Toronto Hydro's customers.

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25 **5.2. Account 1595: RARA (Regulatory asset recovery account)**

26 The amount proposed for clearing is a \$1.8 million credit (payment) to customers. The
27 account balances include all the residual balances pertaining to 2008 to 2011 OEB
28 approved rate riders.

5.3. Account 1592 – PILS and Tax variances for 2006 and subsequent years

The amount proposed for clearance in this account is a \$2.5 million credit (payment) to customers. The amounts in this account reflect the differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

5.4. Account 1592 – PILs and Tax Variances, Sub-account HST/OVAT Input Tax Credits (“ITCs”)

The amount proposed for clearance in this account is a \$1.2 million credit (payment) to customers.

In the approved Settlement Agreement for EB-2009-0139, Toronto Hydro and parties agreed on the following related to the establishment of an HST deferral account.

“In addition, as a result of the pending changes to Provincial Sales Tax regulations and the introduction of the Harmonized Sales Tax (HST) as of July 1, 2010, THESL agrees to record in a deferral account the difference between any PST on forecast capital expenditures and expenses to be incurred, and any HST (8% Ontario share) on similar capital and expense actual amounts for which it will be eligible for an HST Input Tax Credit (“ITC”).

Beginning July 1, 2010 and until THESL’s next cost-of-service rebasing application, THESL will track in a deferral account the incremental Input Tax Credit it receives on non-pass-through items (the “subject items”) that were previously subject to PST and become subject to HST. The intention of this account is to track the incremental change due to the shift from Provincial Sales Tax to the Harmonized Sales Tax and the amounts THESL receives through the incremental Input Tax Credit. Tracking of these amounts will continue in the

1 *deferral account until THESL's next cost of service application is determined by*
2 *the Board or until the Board provides guidance on this matter, whichever occurs*
3 *first. For example, Cost of Power and all other upstream charges applied to*
4 *THESL by the IESO and/or Hydro One are excluded from this calculation.*

5
6 *To qualify for this treatment the cost of the subject items must be in the category*
7 *of distribution revenue requirement. THESL will apply to clear the balance in the*
8 *variance account as a credit to customers at the next opportunity for a rate*
9 *change after the account balance information becomes available and is supported*
10 *by audited financial statements.*

11
12 *In practice, this treatment affects a refund to the ratepayer of the incremental*
13 *ITC. THESL will file to dispose of the balance in this account at a future date.*

14
15 *The parties understand that as of the date of the filing of this settlement*
16 *agreement, the Board has not established a deferral account to address the*
17 *introduction of the HST for any rate regulated distributor. Parties recognize that*
18 *if the Board establishes an HST account on a generic basis, the Board will likely*
19 *provide specific directions on the accounting guidelines to be followed with*
20 *regard to the HST account ("HST guidelines"). If the Board does so, the parties*
21 *understand that the Board's HST guidelines will supersede the methodology noted*
22 *above."*

23
24 The OEB ordered in its decision that these amounts be recorded in Account 1592 PILs
25 and Tax Variances, Sub-account HST/OVAT ITCs.

26
27 In the OEB's December 2010 Accounting Procedures Handbook Frequently Asked
28 Questions, questions 1-5 related to the accounting for the HST variance account.

1 Question 4 specifically indicated a methodology LDCs could use to estimate the amounts
2 for this account, if the tracking of the incremental ITCs on an individual transaction basis
3 was not practical. This is the approach Toronto Hydro has taken in determining the
4 amounts recorded in the variance account.

5
6 Toronto Hydro used the 2009 actual PST paid as the basis for the calculation. Actual
7 PST paid on aggregate operating and capital expenditure categories was used to
8 determine the PST applicable proportion of these expenses. These proportions were then
9 applied to actual expenditures for the July 1, 2010 to December 31, 2010 period to
10 determine the amounts that would have been eligible for PST in the last half of 2010.
11 The PST rate of 8% was then applied to these PST eligible amounts to estimate the
12 incremental ITCs. The following table shows the details of these calculations.

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** Note: These values were set at 100% for calculation of 2010 ITC estimate

*** These amounts were not readily available, and would result in an immaterial amount of the ITC estimate

During the 2010 rate year, the PST amounts for Operating Expenses would have been a pass-through in rates. However, the PST amounts on Capital Expenses would have been included in the Capital additions, and amortized over the life of the assets. The amount recorded to the variance account is therefore calculated as the Revenue Requirement consequences of the ITC calculations. The following table shows the Revenue Requirement associated with the ITCs.

Table 4: Revenue Requirement Associated with ITCs

	Amount (\$M)	Assumptions/Calculations
Gross Fixed Assets	3.1	50% of Capital Expenditures ITC (half year assumption)
Accumulated Depreciation	(0.1)	
Net Fixed Assets	3.1	
Working Capital Allowance	14.12%	As approved
Rate Base	3.2	Net Fixed Assets plus WCA
Return on Rate Base	0.2	7.04% times Rate Base
Operating Expenses	0.7	Operating Expenditure ITC
Depreciation Expense	0.1	Assume 25 Year Amortization
PILS	0.1	31% Effective Tax Rate
Revenue Requirement	1.1	

Based on the methodology described above, Toronto Hydro proposes to clear the principal amount of \$1.1M plus carrying charges of \$0.1M to customers.

5.5. Account 1508 – Named Properties

Toronto Hydro is proposing to clear a \$5.8 million debit (collection) in the current CIR application.

In the OEB's EB-2009-0139 Decision, the OEB ordered that Toronto Hydro incorporate \$10.3 million (plus interest) as revenue offset to 2010 revenue requirement. This amount reflected a forecast of capital gains related to properties planned to be sold by Toronto Hydro at the time of its EB-2007-0680 hearing. The OEB's decision in EB-2009-0139 was the conclusion of an appeal process by Toronto Hydro arising from the earlier decision. Accordingly, a revenue offset of \$10.6 million (\$10.3 million gains plus \$0.3 million interest) was incorporated into 2010 rates.

The \$10.3 million amount ordered by the OEB was composed of the forecast capital gains of three named properties: 228 Wilson Avenue, 175 Goddard Street and 28 Underwriters Road. The related paragraph from the decision is below:

"To defray these substantial costs to the ratepayer, the Board finds that 100% of the net after tax gains from the sale of 228 Wilson Avenue, 175 Goddard Street, and 28 Underwriters Road, the properties that are planned to be sold in 2008, should go to the ratepayer. The Company's revenue requirement for the 2008 test year shall be adjusted downward by \$10.3 Million to reflect this finding. As the sale of 60 Eglinton West is planned for 2010, it does not impact the rates being set in this proceeding." (see EB-2007-0680 Decision with Reasons, page 27)

The OEB also ordered that a variance account be set up to record the difference between the gains reflected in rates (the \$10.3 million) and the actual gains achieved from the sale of these properties in 2008 or beyond. In addition, the OEB further ordered that the actual capital gains associated with an additional four properties – Bathurst, Birmingham,

Sterling and Rustic – also be recorded in this variance account.

A table summarizing the forecast and actual capital gains related to the entire seven named properties is shown below. All properties were sold to third parties at market prices prevailing at the time of sale.

Table 5: Capital Gains Related to the Sale of Property

Property	Forecast Net Before-Tax Capital Gain (as forecast in EB-2007-0680) (\$Millions)	Date of Actual Sale	Actual Net Before-Tax Capital Gain (\$ Millions)	Actual Net After-Tax Capital Gain (\$ Millions)
228 Wilson	2.33	Feb 2009	1.04	0.79
175 Goddard	7.14	Aug 2010	2.48	2.47
28 Underwriters	0.76	Not Sold	-	-
Subtotal	10.23		3.52	3.25
3706 Bathurst	0.22	Nov 2007	0.47	0.35
124 Birmingham	0.36	May 2008	0.39	0.32
211 Sterling	0.19	Dec 2011	0.48	0.43
522 Rustic	0.38	Sept 2009	0.22	0.19
Total	11.38		5.08	4.55

As shown in the table, the total actual net after-tax gains on the sale of the named properties was \$4.5M. The difference between the \$10.3M revenue offset included in 2010 rates and the actual sales amount is \$5.8M. Toronto Hydro requests disposal of this amount in the current application.

Toronto Hydro notes that the balances in this account were not reported in RRR or AFS filings because the utility did not have sufficient data and supporting information at the time those filings were made.

5.6. Account 1568- LRAM Variance Account (LRAMVA)

A balance of \$3.6 million debit (collection) is proposed to be cleared related to LRAMVA amounts over the 2011-2013 period. Further details of these amounts are found in Exhibit 9, Tab 2, Schedule 5.

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Toronto Hydro notes that the balances in this account were not reported in RRR or AFS filings because the utility did not have sufficient data and supporting information at the time those filings were made.

5.7. Accounts 1555– Stranded Meters

Pursuant to the OEB filing requirements the net book value of stranded conventional meters, which was previously included in Toronto Hydro’s rate base, is now recorded as a regulatory asset to be disposed of in the current application. A balance of \$16.9M as of December 2013 has been calculated as the NBV of stranded conventional meters. The total amount for disposition is \$15.79 million, which is the 2013 year end balance of \$16.9 M, less \$1.1M of depreciation calculated from January 1, 2014 until December 2014. Further details of the smart meter-related amounts are found in Exhibit 2A, Tab 4.

5.8. Account 1575 – IFRS-USGAAP Transitional PP&E Amounts

On July 21, 2011, the Ontario Securities Commission (“OSC”) granted an exemption to allow Toronto Hydro to prepare its financial statements in accordance with USGAAP for fiscal years beginning January 1, 2012 but before January 1, 2015.

On March 19, 2014, the Board of Directors of Toronto Hydro Corporation (“THC”) approved the adoption of IFRS for the year beginning on January 1, 2015 due to the pending expiration of the above exemption. Accordingly, THC’s consolidated financial statements for 2015 and onwards will be prepared in accordance with IFRS and applied

1 retrospectively to THC's opening IFRS consolidated statement of financial position as at
2 January 1, 2014.

3
4 THC will be adopting IFRS 1 *First-time Adoption of International Financial Reporting*
5 *Standards* which sets forth the transitional requirements for first-time adoption of IFRS.

6
7 For financial reporting purposes, THC is required to present one year of comparative
8 information under IFRS in its first set of IFRS financial statements. The first day of the
9 comparative year is referred to as the "transition date" and the first day of the year in
10 which THC has chosen to adopt IFRS for financial reporting purposes is referred to as the
11 "changeover date".

12
13 For Toronto Hydro, the transition date is January 1, 2014, and the changeover date is
14 January 1, 2015.

15
16 Under Article 510 *Transitional Issues Relating to the Adoption of IFRS*, the APH directs
17 LDCs to use mIFRS as of the changeover date and is required to compare the balances as
18 determined under previous GAAP on December 31, 2014 to the corresponding balances
19 at December 31, 2014 determined in accordance with mIFRS. Where there are
20 differences in the carrying amounts, the distributor must record journal entries such that
21 the resulting account balances are in compliance with mIFRS.

22
23 Adjustments required at the transition date are generally recognized directly in opening
24 retained earnings. However, in respect to PP&E, Article 510 directs LDCs to:

25 ".... use deferral Account 1575, IFRS-CGAAP Transitional PP&E
26 Amounts, to record differences arising as a result of accounting policy
27 changes caused by the transition from previous Canadian GAAP to
28 mIFRS."

1
2 In Toronto Hydro's case, account 1575 has been used to record the transitional
3 differences as a result of the transition from USGAAP to IFRS.

4
5 As a result of the adoption of IFRS 1 and in compliance to APH 510, Toronto Hydro has
6 identified and recorded in account 1575 the following transitional differences impacting
7 PP&E:

- 8 • Derecognition - \$25.7 million
- 9 • AFUDC/Borrowing Costs – (\$0.8) million
- 10 • ARO – \$0.9 million
- 11 • Other depreciation expense and transfer differences - \$0.02 million.

12
13 Toronto Hydro is proposing to clear \$30.5 million relating to IFRS-USGAAP transitional /C
14 balances.

15
16 Details are shown in Exhibit 9, Tab 2, Schedule 4 (OEB Appendix 2-EC Account 1575 -
17 IFRS-GAAP Transitional PP&E Amounts).

18 19 **5.9. Account 1508 - Hydro One Capital Contributions**

20 This account, proposed and approved in Toronto Hydro's 2010 decision (EB-2009-0139)
21 captures the difference between amounts included in rates for Hydro One capital
22 contributions and actual contributions. Toronto Hydro proposed this account, which was
23 approved, on the basis that capital contributions for Hydro One projects can be
24 substantial but are subject to uncertainty related to timing and magnitude.

25
26 Table 6 below shows the Hydro One capital contribution amounts which were included in
27 rates for each of 2010 and 2011, compared with the actual capital contributions made for
28 those periods.

1

2 **Table 6: Hydro One Capital Contributions included in Rates vs. Actual**

	2010 Rate Year (\$ millions)	2011 Rate Year (\$ millions)
Hydro One Capital Contributions included in Approved Rate Base	1.4	1.4
Actual Hydro One Capital Contributions	0.0	10.0
Variance	-1.4	8.6

3 The revenue requirement associated with this variance is the basis for the amounts
4 requested to be cleared. The following table summarizes the calculation. Since the 2011
5 approved rate base amount of \$1.4M carried through the IRM period, the revenue
6 requirement has been calculated for this period. The proposed amount to be cleared is a
7 \$1.9M debit (collection from) customers.

8

9 Toronto Hydro notes that the balances in this account were not reported in RRR or AFS
10 filings because the utility did not have sufficient data and supporting information at the
11 time those filings were made.

1 **Table 7: Revenue Requirement for Hydro One Capital Contributions Variance**

Amount in millions

Revenue Requirement Calculation	2010 COS	2011 COS	2012 IRM	2013 IRM	2014 IRM	Total
Depreciation Exp.	-0.02	0.13	0.14	0.14	0.14	0.52
Interest Expense	-0.02	0.13	0.13	0.13	0.14	0.52
Return on Equity	-0.03	0.16	0.17	0.17	0.17	0.64
Sub-total	-0.07	0.43	0.44	0.44	0.44	1.68
PILs	-0.01	0.05	0.05	0.05	0.05	0.18
Revenue Requirement	-0.08	0.48	0.48	0.48	0.49	1.85

Calculation Of Rate Base Variance	2010 COS	2011 COS	2012 IRM	2013 IRM	2014 IRM
ISA Funded	1.40	1.40			
ISA Actual	0.00	10.00			
Under (Over) Funded	-1.40	8.60			
Rate Base	-0.70	4.30	4.30	4.30	4.30

Input Assumptions	2010 COS	2011 COS	2012 IRM	2013 IRM	2014 IRM
Long Term Debt	5.17%	5.18%	5.18%	5.18%	5.18%
Return of Equity	9.85%	9.58%	9.58%	9.58%	9.58%
WACC	7.04%	6.94%	6.94%	6.94%	6.94%
PCI Rate	n/a	n/a	0.68%	0.28%	1.10%
Useful Life	32.0 years	32.0 years	32.0 years	32.0 years	32.0 years
Depreciation Rate	3.1%	3.1%	3.1%	3.1%	3.1%
Half Year	50%	50%			
CCA Rate	8%	8%			
CCA Half Year	50%	50%			
CCA	-0.028	0.172			
PILs Rate	26.50%	26.50%			

5.10 Account 1551 Smart Metering Entity Charges

On March 28, 2007, the Independent Electricity System Operator (“IESO”) was designated as the Smart Metering Entity (the “SME”) by Ontario Regulation. In its role as the SME, the IESO is managing the development of the meter data management/repository (“MDM/R”) to collect, manage, store and retrieve information related to the metering of customers’ use of electricity in Ontario.

Effective May 1, 2013, the Smart Metering Entity charge levied and collected by the Smart Metering Entity from all Distributors identified in the OEB’s annual Yearbook of Electricity Distributors was set at \$0.788 per month for each Residential and General Service <50kW customer for each distributor. The Smart Metering Entity charge is in effect from May 1, 2013 to October 31, 2018.

Toronto Hydro has been recording in Account 1551 amounts paid to the IESO through the Smart Meter Entity charge, and amounts recovered from customers through the distribution Rate Rider for Smart Meter Entity Charge. The balance in this account as of December 31, 2013 is a \$0.4 million. Toronto Hydro proposes to clear \$0.4 million debit balance, which includes interest to April 30, 2015.

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1 **6. TORONTO HYDRO IS NOT SEEKING CLEARANCE IN THIS**
2 **APPLICATION OF BALANCES IN THE FOLLOWING ACCOUNTS:**

3
4 **6.1. Accounts 1518 And 1548 - Retail Cost Variance Accounts (“RCVA”)**

5 In the OEB’s Regulatory Assets Phase Two hearings (RP-2004-0117, 0118, 0100, 0069,
6 and 0064), Toronto Hydro presented evidence that the variance between the costs of
7 serving the retail market and the revenues received through the approved charges to
8 retailers did not meet the materiality threshold. In its decision, the OEB stated the
9 following: “... given the relative insignificance of the balances in the RCVA accounts as
10 revealed in this proceeding, the Board will not require recording and filing of this
11 information if a distributor has not already done so.”

12
13 Toronto Hydro interpreted the OEB’s decision, together with the evidence that the
14 variances in these accounts were immaterial, to indicate that tracking of these amounts
15 was no longer necessary.

16
17 Since the time of the Regulatory Assets Phase II decision, Toronto Hydro has included in
18 its determination of revenue requirement in Toronto Hydro’s Cost of Service rate filings
19 both the costs of providing retail services (through the various relevant cost categories)
20 and the revenues received (through revenue offsets), but has not recorded amounts in
21 Accounts 1518 or 1548.

22
23 For the current filing, Toronto Hydro estimated its most recent costs and revenue
24 associated with the retail market. The following table provides details of these costs and
25 revenues for 2011-13.

1 **Table 8: Retail Service and Transaction Costs and Revenues (\$ thousands)**

	2011	2012	2013
Retail Service Costs	625.8	499.0	473.5
Retail Service Revenues	756.6	615.0	498.3
Variance	130.8	116.0	24.8
Service Transaction Costs	22.2	22.9	18.7
Service Transaction Revenues	27.2	30.0	25.7
Variance	5.0	7.1	7.0

2 Since these amounts continue to be immaterial, Toronto Hydro requests formal relief
3 from having to track and record these costs and revenue in Accounts 1518 and 1548. In
4 this application, and in future applications, if approved, Toronto Hydro will include the
5 costs and revenues related to this activity as part of its requested Revenue Requirement.

6

7 **6.2. Account 1531- 1536 - Smart Grid / GEA**

8 These deferral accounts record eligible GEA spending. For the 2012-2013 period Toronto
9 Hydro has not undertaken any spending under this initiative, and therefore has no
10 balances. Toronto Hydro may however have balances related to 2014, and will record
11 these as they occur and apply for clearance of any amounts at a future date.

12

13 **6.3. 1508- Impact For USGAAP Deferral Account**

14 On February 28, 2012, Toronto Hydro filed an accounting order application with the
15 OEB (EB 2012-0079) to seek approval of a deferral account to record certain accounting
16 differences between CGAAP and USGAAP, effective January 1, 2012, with 2011
17 comparability. As a result of an externally imposed directive outside of Management's
18 control, Toronto Hydro determined to transition to USGAAP on January 1, 2012.
19 Consequently, Toronto Hydro notified the OEB of its intentions in a letter dated August
20 19, 2011 (EB 2011-0144).

1
2 The establishment of a deferral account to manage the USGAAP difference was justified
3 and consistent with the OEB's principles governing the transition to a different regulatory
4 accounting standard.

5
6 In its accounting order application, Toronto Hydro determined that the main difference
7 between CGAAP and USGAAP pertained to post-employment benefits. At that time, the
8 difference was estimated to be approximately \$30 million.

9
10 Had Toronto Hydro been denied the use of the deferral account, there would have been a
11 significant negative impact on the shareholder's equity reported in Toronto Hydro's
12 general purpose financial statements given that for regulatory purposes, the costs would
13 have been recognized immediately in other comprehensive income and amortized using
14 the corridor method into profit and loss as out-of-period costs over the average remaining
15 service periods of active employees.

16
17 In its Decision and Order (EB 2012-0079) issued on June 7, 2012, the OEB agreed with
18 Toronto Hydro and approved the use of account 1508 to capture the post-employment
19 benefit difference arising from its transition from CGAAP to USGAAP. As of Dec 31,
20 2013, the value in this account was \$38.8 million.

21
22 Similar to the transition from CGAAP to USGAAP, there is a post-employment benefit
23 difference as a result of Toronto Hydro's transition from USGAAP to IFRS in the Test
24 Year. Actuarial gains and losses related to post-employment benefits continue to be
25 recognized immediately to other comprehensive income; however, amortization into
26 profit or loss is not permitted under IFRS. For the end of 2014, the estimated balance in
27 this account, under IFRS accounting, is expected to be \$36.0 million.

28

Toronto Hydro is requesting the OEB's approval to continue to use account 1508, or establishment of a similar account, to capture the ongoing differences in post-employment benefits as a result of its transition from USGAAP to IFRS.

At this time, Toronto Hydro does not intend to seek recovery.

6.4. Account 1508 – Transit City

This account, which was approved by the OEB as part of the EB-2009-0139 settlement agree, was set up to capture 2010 revenue requirement consequences of any spending by Toronto Hydro for Transit City program. The account was set up since at the time of filing, costs and timing around the City's proposed Transit City program were relatively uncertain. Based on Toronto Hydro's records, no capital spending occurred on projects related to Transit City in 2010. Therefore Toronto Hydro has no amounts to clear in this application or future applications, and requests the OEB approve closing of this account.

6.5. Account 1508: Other Regulatory Asset, Incremental Capital Expenditures, Amortization and Revenues

In Toronto Hydro's EB-2012-0064 decision, the OEB authorized recording of ICM approved capital expenditures, and associated amortization and revenues received through the ICM rate riders. Toronto Hydro has been recording amounts in these accounts as directed, and will apply through a separate application for clearance of these balances, at the conclusion of 2014 (the final approved ICM year).

6.6. Accounts 1580 – RSVA WMS, 1584 – RSVA Network, 1586 – RSVA Connection, 1588 - RSVA Power, and 1589 RSVA Global Adjustment

For the reasons outline above in section 3, Toronto Hydro requests to defer the clearance of current balances in the RSVA accounts, and to continue booking monthly amounts to these accounts in the ordinary course. Toronto Hydro proposes to clear the RSVA

/C

1 account balance at a later date once the updated balances of the RSVA Power and other
2 RSVA accounts have been determined and reviewed by OEB Audit Staff. Deferring the
3 clearance of these accounts enables the utility and OEB staff to ensure that the values
4 cleared to ratepayers through rate riders (debits or credits) have been accurately
5 determined and vetted, so that all parties are kept whole.

/C

24
25 **7. SUMMARY OF PROPOSED DVA DISPOSITION**

26 Toronto Hydro's proposed disposition of regulatory assets is summarized in the
27 following table.

1 **Table 9: Summary of Proposed Disposition (\$ millions)**

	Principal Balance as at December 31, 2013 ¹	Adjusted balances ²	Carrying Charges till April 30, 2015	Balance for Clearance as at April 30, 2015 Including Carrying Charges
Smart Metering Entity Charge (1551)	0.4		0.0	0.4
Low Voltage Variance (1550)	1.2		0.1	1.2
PILs & Tax variance for 2006 & subsequent years)	(2.3)		(0.2)	(2.5)
PILs & Tax variance for 2006 & subsequent years, Sub account HST/OVAT Input Tax credits (ITCs)	(1.1)		(0.1)	(1.2)
Gain on sale - Named properties (1508)		5.8	0.0	5.8
Stranded meters (1555)	16.9	(1.1)		15.8
Hydro One Capital Contributions Variance (1508)		1.9	0.0	1.9
RARA variances (1595)	(2.8)		1.0	(1.8)
LRAMVA (1568)	0.0	3.5	0.1	3.6
IFRS-CGAAP Transitional PP&E Amounts (1575)		30.5		30.5
Total DVA Amount Requested for Disposition	12.3	40.6	0.9	53.7

¹ Balances as per December 2013 Financial Statements

² Balances not in December 2013 Financial Statements; proposed to be booked in 2014.

- 2 No adjustments for amounts previously approved by the OEB on a final basis have been
3 made.

/C

/C

8. DVA ALLOCATION AND RECOVERY METHOD

Toronto Hydro proposes to allocate the DVA balances to the customer classes based on the methodologies described in the OEB's EDDVAR report. For accounts where the EDDVAR report indicated allocation was to be determined on a case-by-case basis, Toronto Hydro has proposed an allocator.

For each of the accounts requested for clearance, the following table shows the proposed rate class allocator.

Table 10: Proposed Rate Class Allocator

Account	Allocator
Smart Metering Entity Charge (1551)	2013 Smart Meter Entity Recoveries
Low Voltage Variance (1550)	2013 kWh
PILs and Tax Variance (1592)	2013 Distribution Revenue
PILs and Tax Variance (1592) - HST Variance Subaccount	2013 Distribution Revenue
Gain on sale- Named properties (1508)	2011 Revenue Offsets
Stranded meters (1555)	Stranded Meters
Hydro One Capital Contributions Variance (1508)	2013 Distribution Revenue
RARA variances (1595)	2009/10 Reg Assets Allocation
LRAMVA (1568)	2011-13 LRAMVA by class
IFRS -CGAAP Transitional PP&E Amounts (1575)	2013 Distribution Revenue

/C

9. DEVELOPMENT OF RATE RIDERS

Toronto Hydro proposes a single volumetric rate rider for clearance of all DVA amounts, with the exception of Smart Metering Entity charges (to be recovered through a fixed charge only from classes charged the Smart Metering Entity Charge), Stranded Meters (to be recovered through a fixed charge for applicable rate classes, as indicated in the OEB's Smart Meter Funding and Cost Recovery Guidelines), and IFRS-CGAAP Transitional

} /C

1 PP&E Amounts (which the OEB's filing requirements indicate a separate rider is
2 required).

3
4 Toronto Hydro is proposing that for all DVA accounts, except, IRFS-CGAAP
5 Transitional PP&E Amounts, and Stranded Meters, clearance is over a 12-month period
6 beginning May 1, 2015.

7
8
9
10
11
12 For the IRFS-CGAAP Transitional PP&E Amounts, Toronto Hydro is proposing a 48-
13 month clearance beginning January 1, 2016. This account, combined with the requested
14 amounts related to the Lost Revenue associated with IRM Framework 2012-14 (see
15 Exhibit 8, Tab 1, Schedule 1), is significant enough to warrant clearance over a longer
16 time period and beginning in the second year of the utility's application in order to
17 smooth the bill impacts to affected customers.

18
19 For the Stranded Meters, Toronto Hydro is proposing a recovery period of 60 months,
20 beginning May 2015. Because the balances in this account are significant and being
21 cleared only to three rate classes, clearing over this longer time period in order to smooth
22 the bill impacts to affected customers is appropriate.

23
24 The derivation of the rate riders is shown in Exhibit 9, Tab 3, Schedule 1.

25
26 The impacts of all proposed rate riders combined with the distribution rate changes are
27 found in Exhibit 8, Tab 7, Schedule 1.

28

/C

1 **10. NEW DEFERRAL AND/OR VARIANCE ACCOUNTS**

2 Toronto Hydro is seeking OEB approval for the following new Deferral and Variance
3 Accounts.

5 **10.1. Variance Account For Externally Driven Capital**

6 Toronto Hydro requests a variance account to track the difference between the capital
7 embedded in base distribution rates related to third party initiated relocation and
8 expansion capital spending (“Relocation Spending”) and the capital related to actual
9 Relocation Spending as it occurs over the 2015 to 2019 CIR period.

11 As noted in more detail in Exhibit 2B, E5.3, every year Toronto Hydro is required to
12 respond to requests from a variety of third parties to relocate parts of the existing
13 distribution systems, causing Toronto Hydro to undertake capital projects of varying sizes
14 and scopes.

16 Relocation Spending is non-discretionary, as third parties request the relocation of
17 Toronto Hydro’s assets to accommodate their own infrastructure plans. Relocation
18 Spending is also volatile in terms of its scope, cost, and timing, as it is the third party in
19 each instance that is primarily responsible for dictating these parameters to Toronto
20 Hydro. This category of capital work does not manifest within the planning of Toronto
21 Hydro without having been initiated by third parties.

23 Table 3 from Exhibit 2B, E5.3 (reproduced below as Table 11), sets out the historical and
24 currently forecasted Relocation Spending from 2012 to 2019:

1 **Table 11: Historical and Projected Spending for Relocation Projects**

	Historical Spending (\$ Millions)				Future Spending (\$ Millions)			
Year	2012	2013	2014	2015	2016	2017	2018	2019
Total Project Cost	10.7	19.6	12.2	22.3	43.6	52.6	42.8	43.3
Customer Contribution	0.9	1.1	3.4	8.7	23.5	24.1	15.0	14.5
Toronto Hydro Costs	9.8	18.6	8.8	13.6	20.1	28.5	27.8	28.8

2 As the figure indicates, the total costs related to Relocation Spending varies materially
3 over the historical and forecast time period, from a low of \$10.7M to a high of \$52.6M.
4 The amount of Relocation Spending that is recoverable as a customer contribution also
5 varies widely. The combination of these two factors results in a material annual variation
6 in the Toronto Hydro cost that is ultimately added to rate base to be recovered through
7 distribution rates, a variation that does not follow any particular pattern.

8
9 The projected Relocation Spending is non-discretionary, externally driven, and subject to
10 material variation beyond Toronto Hydro's control. Third party requirements may cause
11 the schedule for required spending to move up, back, or be eliminated altogether.
12 Additionally the nature of the work could change, increasing or decreasing the net cost of
13 the work incurred by Toronto Hydro.

14
15 To reconcile the variable, non-discretionary nature of the work with its resulting bill
16 impact, Toronto Hydro has intentionally included a below-forecast level of Relocation
17 Spending in the utility's Distribution System Plan ("DSP") for the 2015-2019 period (as
18 described in Exhibit 2B, Section E5, Chapter 3). The utility has taken this approach in
19 order to avoid imposing the cost of revenue requirement on ratepayers for this
20 unpredictable capital work.

1 For all these reasons Toronto Hydro is seeking the OEB's approval to establish a variance
2 account to ensure that ratepayers are protected from the potentially material variations in
3 the actual Relocation Spending, and to fund such work that Toronto Hydro may be
4 required to undertake in the 2015 to 2019 period, beyond the below-forecast amount
5 included in the utility's DSP.

6
7 **10.2. Variance Account for Derecognition:**

8 As described in Exhibit 4B, Tab 1, Schedule 2, under Modified IFRS, the gain or loss
9 arising from the derecognition of assets is required to be recorded as a depreciation
10 expense during the period in which the item is derecognized. Due to the dynamic nature
11 of Toronto Hydro's capital program and operating environment, the utility is likely to
12 experience a significant degree of ongoing volatility in year over year losses on
13 derecognition over the 2015-2019 rate period. The previously noted relocations work is
14 one source of this volatility. To manage this volatility responsibly for both the utility and
15 its rate payers, Toronto Hydro requests a variance account to track the actual costs
16 associated with derecognition of assets.

17
18 Toronto Hydro's 2015 Revenue Requirement includes a forecast of derecognition
19 amounts of \$33.9M, which is included as part of depreciation expense. Toronto Hydro is
20 seeking this variance account to record annual differences from this amount in 2015, and
21 in the amounts included as part of the C-factor calculation over the 2016-19 period, in
22 order that ratepayers and the utility are held harmless from any variances in this amount.
23 The difficulty of accurately forecasting this amount and the associated potential volatility
24 are described fully in Exhibit 4B, Tab 1, Schedule 2.

25
26 **10.3. Renewable Enabling Investments Provincial Rate Protection Recovery**

27 As set out in Exhibit 2A, Tab 8, Schedule 1, Toronto Hydro is seeking approval for
28 Provincial Rate Protection Recovery of amounts related to renewable enabling

1 investments. The amounts sought have been calculated using OEB Appendices 2-FA
2 through 2-FC. The approval would be granted through an OEB order directing the IESO
3 to remit the calculated amounts/revenues to Toronto Hydro.

4
5 Toronto Hydro requests approval for the establishment of a new variance account for the
6 purpose of tracking the variance between Toronto Hydro's revenue requirement required
7 to support the portion of the investments that are eligible for the provincial rate
8 protection, and the actual Provincial Rate Protection amounts collected from the IESO.

9
10 Toronto Hydro submits that the new variance account would meet the eligibility criteria
11 of causation, materiality and prudence as set out in the Filing Requirements. The
12 forecasted capital investments are outside the base upon which Toronto Hydro is seeking
13 2015 base revenue requirement. In addition, the proposed variance account is being
14 requested in accordance with the OEB's guidance in the Filing Requirements and
15 supporting appendices. Note 1 to Appendix 2-FB states:

16 *"The difference between the actual costs of approved eligible investments and*
17 *revenue received from the IESO should be recorded in a variance account. The*
18 *Board may provide regulatory accounting guidance regarding a variance account*
19 *either in an individual proceeding or on a general basis."*

20
21 In the absence of a general variance account for this purpose, Toronto Hydro requests
22 that the OEB approve an Accounting Order for Toronto Hydro as part of this proceeding,
23 and that such an Accounting Order include the following:

- 24 • Toronto Hydro will calculate and record as a debit to the variance account, the
25 revenue requirement associated with the portion of the capital costs that are
26 eligible for provincial rate protection, as incurred by the utility for eligible
27 renewable enabling investments for the period of 2015 through 2019.

- 1 • Toronto Hydro will record as a credit to the variance account, the amounts
2 collected from the IESO as a result of any OEB order directing such payments
3 from the IESO to Toronto Hydro.
- 4 • The balance will not attract carrying charges.

5

6 **10.4. Draft Accounting Orders**

7 Draft Accounting Orders for the requested Externally Driven Capital and Derecognition
8 Variance accounts requested are found in Appendix B.

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March 31, 2014

Mr. JS Couillard
Chief Financial Officer
Toronto Hydro-Electric System Limited
14 Carlton Street
Toronto, Ontario
M5B 1K5

Dear Mr. Couillard:

Re: Audit of Group 1 and Group 2 Deferral and Variance Accounts

By letter dated July 5, 2013, the Audit and Performance Assessment group ("Audit") of the Ontario Energy Board (the "Board") notified Toronto Hydro-Electric System Limited's ("THESL") that Audit would audit THESL's Group 1 and Group 2¹ Deferral and Variance Accounts ("DVAs") as at December 31, 2012.

Audit focused on the review of Group 1 and Group 2 DVA balances as at December 31, 2012 from last time the account balances were disposed. The objective of this audit was to examine THESL's DVA balances for material accuracy and determine whether accounting policies and procedures for these accounts were properly and consistently applied and reported to the Board in accordance with Accounting Procedures Handbook ("APH"), Reporting and Record-keeping Requirements ("RRR"), and related guidelines. Audit examined entries in the Group 1 and Group 2 DVA account balances since the last time these account balances were disposed.

A final report based on Audit's review (the "Report") has now been completed. The Report outlines the audit's objective, scope, criteria, procedures used, findings, basis of finding, areas of non-conformity requiring action, management responses, and management action plans for THESL.

To ensure that the audit findings related to DVAs as outlined in the Report are properly and consistently addressed and the required action plans are implemented by THESL, Audit will be conducting a follow-up audit in the future.

¹ Please refer to the July 31, 2009 *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)* [EB-2008-0046] for classification and descriptions of Group 1 and Group 2 accounts.

During this audit process, when Audit used the information provided by THESL's management, Audit relied on THESL's management representation, where appropriate as audit evidence in performing the audit and arriving at its conclusions and findings.

The findings in the Report represent the views of Audit and are not necessarily the views of the Board as a whole. Audit provides no assurances that addressing the areas of non-conformity requiring actions alone will resolve the issues identified in the audit.

The findings of the audit will be reported to the Board and may also ultimately be used as evidence in a future THESL proceeding before the Board.

We thank the staff of THESL for the assistance and support provided to us during this audit.

Yours truly,

A handwritten signature in dark ink, appearing to read "D. Babaie". The signature is fluid and cursive, with the first name "D." and last name "Babaie" clearly distinguishable.

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Cc: David Williams, Chairman
Anthony M. Haines, President and CEO
Paul Sommerville, Vice-President, Regulatory Affairs & General Counsel
Darryl Seal, Manager of Rates

ONTARIO ENERGY BOARD



Audit Report on Deferral and Variance Accounts

Toronto Hydro Electric-System Limited ("THESL")

**Audit and Performance Assessment
Date of Issuance: March 2014**

**Audit of Deferral and Variance Accounts
Toronto Hydro Electric-System Limited ("THESL")
March 2014**

Executive Summary

The Ontario Energy Board (the "Board") authorized an audit ("Audit") of Toronto Hydro Electric-System Limited. ("THESL") Group 1 and Group 2 deferral and variance accounts (each a "DVA"). This Audit was conducted by the Board's Audit team ("Audit") of the Board's Audit and Performance Assessment during July 2013 to January 2014 and the audit report ("Report") is being issued in March 2014.

THESL's Group1 DVAs except for Account 1588 RSVA Power ("Account 1588") and Account 1589 Global Adjustment ("Account 1589") and all Group 2 DVAs were last disposed in its 2011 CoS rate application EB-2010-0142 for 2009 year-end principle balances. Account 1588 and Account 1589 balances were last disposed in THESL's 2010 Cost of Service ("CoS") rate application EB-2009-0139 for 2008 year-end principle balances.

The Audit focused on the balances of Group 1 and Group 2 DVAs as at December 31, 2012. Audit has concluded that some of the balances of the regulatory accounts as of December 31, 2012 were not accurately recorded in THESL's general ledger ("GL") and not accurately reflected in the Board's Reporting and Record Keeping Requirements ("RRR") 2.1.7 (Annual Trial Balance Filing). In addition, Audit has noted that THESL has not followed some of the accounting procedures as stated in Accounting Procedures Handbook ("APH") and its related guidance in recording the transactions in certain of its DVAs.

The audit findings of this Audit are found in Sections 8 and 9 of this Report. Audit noted that THESL's 2012 DVA balances were not disposed in its 2014 IRM rate application EB-2012-0064 since the IRM threshold was not met. Therefore, Audit expects that THESL will incorporate necessary adjustments in its DVA balances as at December 31, 2013 that will be requested for disposition in its 2015 CoS rate application.

Findings Summary

Findings Impacting DVA balances:

1. THESL does not use the amount billed to the customers to record the revenues reflected in the RSVA variances. Instead, it calculates the

revenues reflected in the RSVA variances based on the amount of purchased power. As a result, the variances recorded in RSVAs may be misstated since the amount of purchased power may not equal to billed power due to the differences between approved loss factors and actual loss factors.

2. THESL removed the RPP portion of Global Adjustment from both cost of power and energy sales USoAs in RRR 2.1.7 since 2009 while its prior years' audited financial statements ("AFSs") included this in cost of power and energy sales. As a result, the energy sales and cost of power reported under RRR 2.1.7 for regulatory purposes did not completely reflect the revenues and costs for commodity. In 2012, both regulatory cost of power and energy sales were understated materially by \$486¹ million. THESL's working capital calculation of ROE on deemed basis (RRR 2.1.5.6) could be impacted.
3. Account 1508 balance as at December 31, 2012 included an amount of \$175,367 related to a residual amount from clearance of 2006/07 smart meter deferral account balances. The amount was not approved by the Board to be included in Account 1508. As a result, the balance for Account 1508 is immaterially overstated by \$175,367.
4. Account 1595 balance as at December 31, 2012 included a residual balance for LRAM/SSM rate rider related to CDM activities in 2007. As a result, Account 1595 balance was overstated by an immaterial amount of \$44,525 as at December 31, 2012.
5. THESL has not tracked retail settlement variances in Accounts 1518 and 1548 since the 2004 year end. Instead, it has included the costs and revenues related to the services provided in its cost of service rate proceedings. There is no impact on the costs or revenues recovered from or refunded to customers by THESL. However, THESL's regulatory accounting treatment of Account 1518 and Account 1548 are not consistent with the requirements as set out in the APH.

Findings Related to DVA Accounting Procedures:

1. THESL recorded contact voltage cost in Account 1508 while the Board Decision EB-2009-0243 indicated that it should be recorded in Account 1572. In addition, THESL recorded an amount for 2007 LRAM/SSM in Account 1508, but the Board had not authorized the use of a deferral account or a variance account regarding LRAM/SSM in its Decision and Order EB-2008-0401. However, there was no impact on the balance of Account 1508 as at December 31, 2012 since these costs were transferred to Account 1595 upon the approval of the respective rate riders by the Board.
2. There are some instances of mistakes made by THESL regarding application of certain regulatory accounting procedures. Although there

¹ \$486 million is 21% of total cost of power reported in 2012 AFSs

might not be any impact on the DVA balances, future errors may result in incorrect accounting.

1. Background

THESL commenced operations in 1999. It is a wholly owned subsidiary of THESL Corporation. The company delivers electricity to more than 718,661² residential and business customers in the city of Toronto.

THESL's approved base revenue requirement for distribution revenues was approximately \$522 million in its 2011 CoS proceeding EB-2010-0142. The materiality threshold, calculated as per 2014 CoS filing requirements, is 1 million.

2. Authority for Audit

To the extent that this Audit required THESL to provide documents, records or information, Audit acted under its inspection powers under Part VII of the *Ontario Energy Board Act, 1998*.

During the Incentive Regulation Mechanism ("IRM") plan term, the Board decided that the revised Group 1 Account balances would be reviewed and that a pre-set disposition threshold of \$0.001/kWh (debit or credit) would trigger their disposition. The Board has decided that at the time of rebasing all account balances should be reviewed and disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guidance. The Board also required that the distributors bring all account balances, including Group 2 DVAs at the time of rebasing.³

To assist the Board in discharging its responsibilities related to DVAs, Audit initiated an audit of THESL's DVAs balances in order to mitigate the risk associated with the incorrect disposition of these account balances.

3. Reason for Audit

The Board's audit function is a regulatory instrument of the Board to ensure that the regulated licensed entities conform to the APH and the Board's issued regulatory accounting guidelines and policies.

The Board requires electric utilities to report certain information to the Board at specific intervals. The Board relies on this information for industry monitoring, replying to stakeholders' requests, assisting in the review of applications and many other purposes. The DVA balance information is important to the Board, as it assists the Board in ensuring that accurate amounts are cleared through

² Per 2012 RRR reported number

³ July 31, 2009 Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) (EB-2008-0046)

rates to customers. It is important that distributors file information that is complete, accurate and on time.

4. Objectives

The objective of the Audit was to audit THESL's Group 1 and Group 2 DVA balances as at December 31, 2012. The Audit was conducted to determine whether regulatory accounting policies and procedures of these accounts are properly and consistently applied in accordance with the APH, RRR, and other Board guidance.

5. Scope

The scope of the Audit was limited to an examination of the balances in THESL's Group 1 DVAs and Group 2 DVAs as at December 31, 2012 from last time the account balance was disposed. Specifically, the Audit reviewed the transactions, on a sample basis, for:

- Account 1588 and Account 1589 from January 1, 2009 to December 31, 2012; and
- All other Group 1 DVAs included Account 1550, Account 1580, Account 1584, Account 1586, Account 1595 and all Group 2 DVAs included Account 1508, Account 1518 & Account 1548 and Account 1592 from January 1, 2010 to December 31, 2012.

6. Criteria

This Audit relied on the following documents to establish the criteria:

1. APH Article 220, Article 330 and Article 490
2. Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) (EB-2008-0046)
3. APH Frequently Asked Questions ("FAQ") July 2012
4. APH FAQ October 2009
5. THESL 2011 CoS Decision and Order EB-2010-0142 dated July 7, 2011
6. THESL 2010 Cos Decision EB-2009-0139 dated April 9, 2010
7. 2012 RRR 2.1.7 as filed by THESL
8. 2012 RRR 2.1.13 as filed by THESL

7. Procedures Used

Audit employed the following procedures as part of the Audit: enquiry, observation, analytical procedures, review of information and materials provided

by THESL's management or available to the Board from filings made under the Board's Electricity RRR filings, and discussion with THESL's management.

8. Findings Impacting Group 1 DVA balances

8.1.1 Finding 1

THESL does not use the amount billed to the customers to record the revenues reflected in the RSVA variances. Instead, it calculates the revenues reflected in the RSVA variances based on the amount of purchased power. As a result, the variances recorded in RSVAs may be misstated since the amount of purchased power may not equal to billed power due to the differences between approved loss factors and actual loss factors.

8.1.2 Basis for Finding

Article 490 of the APH states the mechanics of RSVAs:

The RSVAs are used to record the net difference between the amount paid in the month (i.e. using the settlement invoice) to the IESO (or host distributor) by a distributor and **the amount billed to customers** and retailers in the month based on Board-approved rates.

To accomplish this, distributors will need to compare related revenue and expense streams and record the difference in the appropriate RSVA by way of a monthly journal entry. In doing so, a distributor is required to use the accrual basis of accounting. Under this basis, accruals are recorded monthly for unbilled revenue and for unbilled charges to a distributor using the settlement invoice received from the IESO, host distributor or embedded generator. **The difference between the respective revenues and expenses after recording the accruals are recorded into the various RSVA accounts.** Monthly carrying charges are then calculated on the total balances. Using the accrual method for RSVAs also facilitates consistency, **as distributors are required to accrue for monthly IESO charges and unbilled revenues.** [Emphasis Added]

With respect to unbilled revenues, Article 330 of the APH provides guidance on the method of estimation:

Any method of estimation may be used as long as it results in a reasonable approximation of unbilled revenue based on the information available at the time of the estimate. For example, an estimate of unbilled revenue may be calculated by multiplying the number of unbilled days by the average billing amount per day for the previous billing period.

Article 330 also points out that,

With the increased deployment of smart meters, the need for estimating the amount of electricity distributed since the last meter reading should be decreasing, as smart meters may eventually permit more up to date or real time reading of meters. For purposes of estimating unbilled revenue, distributors should use which ever estimation method (or combination of methods) produces the most reliably and accurate result.

With respect to the RSVA Account 1588 power, APH Article 490 specifically states that the account is established for the purpose of recording the “net difference” in energy cost only and the net difference could be composed of differences in energy price and/or energy quantities as well as the difference between estimated **and actual line loss factors**⁴. [Emphasis Added]

The methodology from the APH indicates that distributors should record the revenues billed to customers and accrue the unbilled revenues for the period. The distributors should also record the charges from upstream suppliers of power and accrue the charges for the period. The difference of the revenues and charges after the accruals for the period should then be recorded in the RSVAs.

However, Audit noted that THESL’s methodology for RSVAs accounting is not in accordance with the APH based on its audit testing of information gathered from THESL.

THESL’s accounting procedure document indicated that the energy revenue is calculated in its Revenue Model based on the total power purchased (primarily from the monthly IESO invoice) for the calendar month and retail rates approved by the Board. THESL also stated in its procedure document that the RSVA account is the difference between what THESL is charged by the IESO and the energy revenue calculated from THESL’s Revenue Model. If the monthly wholesale rate is lower than the retail rate, the RSVA account attracts a credit balance and if the wholesale rate is higher than the retail rate, the RSVA account attracts a debit balance.⁵

Audit reviewed a sample⁶ of supporting calculations for the RSVAs and confirmed that THESL’s RSVA variances are only determined by the differences in rates for the relevant services.

As a result of THESL’s methodology, Account 1588 does not attract any variance given that there is no difference between wholesale and retail rates for energy theoretically. THESL only recorded and reported a \$5k balance as at Dec 31,

⁴ Page 19 of APH Article 490

⁵ Per THESL’s internal accounting procedures for the Group 1 DVAs received on July 18, 2013

⁶ The supporting documents and calculations were reviewed for RSVAs for the months of November 2010, December 2010, June 2011, July 2011, March 2012 and December 2012. In addition, Audit reviewed a sample month of March 2009 for Account 1589 Global Adjustment since this account’s last disposition was for its 2008 year-end balance. Audit applied professional judgement in randomly selecting the sample months for testing.

2012 under Account 1588 per THESL's General Ledger ("GL"). This balance represents a residual amount from THESL's last disposition of 2008 balance for Account 1588 that THESL included in its 2010 rate application EB-2009-0139. Besides this residual balance, Account 1588 showed \$0 transactions recorded in THESL's GL for the period of 2009 to 2012. Similarly, any differences in purchased volumes and billed volumes are not captured in the other RSVA account balances: Account 1580 - WMS, Account 1584 - Network, Account 1586 - Connection and Account 1589 - Global adjustment.

With respect to Account 1588, it is noted that the line loss differences in Account 1588 was explored in THESL's 2011 CoS rate application EB-2010-0142. The Board indicated in that Decision and Order that managing line losses is a generic issue to be dealt with. The Board stated that in the interim, Account 1588 be continued for THESL and THESL should not be treated any differently from other distributors in the sector.

Upon further inquiry by Audit regarding its rationale and references to Board Decisions for not recording any variances in the Account 1588, THESL stated that:

As a check on the validity of this methodology, THESL does monitor unbilled revenue on a monthly basis, as this is where any variances between approved vs. actual energy losses would accrue. Any sustained bias in actual vs. approved losses would show in this account, and to date has not. Additionally, THESL files high level annual estimates of actual losses in its annual rate filings to support its approved loss factors. These filings have not exhibited losses which are systematically or materially different than the approved loss factors.⁷

THESL stated that due to the billing cycle data not matching exactly with the period of purchased energy data, direct observation of actual losses is not possible⁸. In a webcast held with THESL on September 25, 2013, THESL clarified that the unbilled revenue on a monthly basis does not exactly represent the variance between approved vs. actual energy losses because of the differences in time periods (i.e. the billing cycle for billed revenues vs. the calendar month for earned revenues).

THESL also indicated in the webcast that the line loss factors submitted in its past rate proceedings were only estimates for the line losses. The estimated line loss factors for the period of 2009 to 2012 that were provided by THESL⁹ and the approved line loss factors for the same period as per Board rate orders are listed below:

⁷ Per THESL's response received on August 13, 2013 for Audit's request of information dated July 26, 2013

⁸ Per THESL's response received on September 9, 2013 for Audit's follow-up questions

⁹ Per THESL's response received on October 25, 2013 for Audit's follow-up questions

Total Loss Factor non-Large Use Customers	2009	2010	2011	2012
Estimated Figure Percentage as provided by THESL	3.74%	5.36%	1.92%	4.85%
The approved Loss Figure Percentage from Board Rate Orders (Note 1)	3.76%	3.76%	3.76%	3.76%

Note 1: per total loss factors for secondary metered customers less than 5,000 kw approved in respective rate orders EB-2009-0069 effective May 1, 2009, EB-2009-0139 effective May 1, 2010, EB-2010-0142 effective May 1, 2011.

Audit noted that a number of interrogatories with respect to Account 1588 were asked by Board staff in THESL's 2013 IRM rate proceeding EB-2012-0064. The supporting documents and explanations obtained from the Audit are consistent with the interrogatory response and undertaking responses¹⁰ provided by THESL.

As a result of THESL's methodology to account for RSVAs, the balances in RSVAs may not be accurate and therefore may be misstated. It is not clear to Audit whether or not THESL's methodology could have a material impact on its RSVA balances. In addition, THESL and its customers may not be kept as a whole since the differences between the estimated line losses and the actual line losses are not tracked and recorded in the RSVAs.

Audit notes that THESL agreed in its EB-2012-0064 proceeding to evaluate options to measure or estimate actual line losses as a part of a settlement:¹¹

THESL agrees to evaluate options to measure or estimate actual line losses and the impacts on Account 1588 balances in accordance with the Accounting Procedures Handbook. THESL will file the results in its application for 2015 rates.

¹⁰ EB-2012-0064, THESL's phase 2 interrogatory response, Tab 10B, Schedule 1-14 & Schedule 2-14; THESL's undertaking response JT3.10

¹¹ EB-2012-0064, Phase 2 Settlement Agreement, Filed 2013-12-18, Page 6 of 11.

8.1.3 Area of Non-Conformity Requiring Action

THESL should have followed the APH in recording the RSVA variances.

As a part of this Audit process, THESL needs measure or estimate the balances for the RSVAs and address concerns raised in this Audit. Furthermore, THESL is expected to quantify the impact of its methodology on account balances for RSVAs from the last time the accounts were disposed by the Board using proxy methods or any other methods that would provide an estimate for the account balances. Specifically, the impact of this methodology on balances for Account 1580, Account 1584 and Account 1586 and any potential material impacts on customers should be quantified for the period of January 1, 2010 to December 31, 2012. The impact of THESL's methodology on the balances for Account 1588 and Account 1589 and any potential material impact on customers should be quantified from January 1, 2009 to December 31, 2012.

THESL should bring to the Board its proposed methodology in addressing the issues raised in this Audit with respect to measuring and recording the differences between actual line losses and approved line losses in RSVAs. THESL should further ensure that the balances in the RSVAs that will be sought for disposition as a part of its application for 2015 rates are properly stated in accordance with the APH.

In the longer term, THESL is encouraged to benchmark with other distributors in the province to make improvements on its billing systems and accounting system. THESL should undertake necessary initiatives to ensure its regulatory accounting treatment of RSVAs are in conformity with the APH and as a result, more accurate balances are reflected in RSVAs for the purpose of disposition in rate proceedings.

8.1.4 Management Responses

THESL agrees with the finding that amounts billed to customers are not used to record revenues reflected in the RSVA variance accounts.

As noted by the Auditors, THESL explained its revenue recognition methodology and indicated during the audit our reasons for not recording amounts into this account, namely the inability to accurately match purchases and sales for a given period due to billing cycles and our revenue recognition methodology.

THESL continues to be concerned that proxy approaches to estimating actual losses implies a degree of accuracy that is not necessarily any more accurate than THESL's current approach of assuming actual losses are the same as approved losses.

8.1.5 Management Action Plan

As noted by Audit staff, THESL has agreed, as part of its 2014 IRM Settlement agreement which was accepted by the Board, to evaluate options to measure or estimate actual line losses and the impacts on Account 1588 balances in accordance with the Accounting Procedures Handbook. THESL believes that the data that is starting to becoming available as a result of the smart meter program will allow for a more accurate and timely reflection of total system sales on the same period basis as its information on power purchases, so that actual losses may be calculated with a greater degree of accuracy, and a robust method of reflecting billed revenue as per the APH will be utilized to record variances to the RSVA accounts in the future

Notwithstanding the above, THESL agrees to explore options, based on research on other utilities' methodologies (including Hydro One and Enersource, etc) to develop a methodology in the interim period which will allow for a proxy estimate to record balances in Account 1588 for the period 2009 to 2013. THESL will propose a methodology and estimate to OEB Audit staff within the next 1-3 months, and record any estimated balances for disposal at its next Rate Filing. THESL will also evaluate the results of this methodology as the basis for any potential adjustments to Accounts 1580, 1584 and 1586.

8.2.1 Finding 2

THESL removed the RPP portion of Global Adjustment from both cost of power and energy sales USoAs in RRR 2.1.7 since 2009 while its prior years' audited financial statements ("AFSs") included this in cost of power and energy sales. As a result, the energy sales and cost of power reported under RRR 2.1.7 for regulatory purposes did not completely reflect the revenues and costs for commodity. In 2012, both regulatory cost of power and energy sales were understated materially by \$486¹² million. THESL's working capital calculation of ROE on deemed basis (RRR 2.1.5.6) could be impacted.

8.2.2 Basis for Finding

RRR 2.1.7 states that "A distributor shall provide the Board annually, by April 30, a trial balance in uniform system of accounts format supporting the audited financial statements, for the preceding calendar year."

Audit noted the difference of \$486 million in cost of power between AFS and RRR 2.1.7 for 2012, per its review of mapping document RRR 2.1.13 that THESL filed with the Board. THESL explained that the difference is due to an adjusting entry made for regulatory reporting to remove the RPP portion of global

¹² \$486 million is 21% of total cost of power reported in 2012 AFSs

adjustment from both energy sales and cost of power. THESL further explained that the adjusting entry was made per the company's accounting policy "Global Adjustment Charge for Regulated Price Plan Customers – Recommended Accounting Treatment"¹³.

Audit reviewed the THESL's internal accounting policy memo¹⁴ dated November 24, 2009. Audit notes that the adjusting entry was done in accordance with the THESL's policy. According to THESL's policy, the adjustment to remove the RPP portion of global adjustment was to be adopted by THESL effective from the 2009 year-end. THESL's policy referred to the APH FAQs October 2009 Q11 & 12 reflecting the OEB direction for the accounting treatment of the RPP portion of global adjustment. THESL's policy refers to the following excerpt in Q12 for not treating RPP portion of global adjustment as cost of power:

Since the distributor will recover through charge type 142 the global adjustment portion attributable to the RPP customers paid on the IESO settlement invoices, a journal entry for the charge type 142 amount should be posted to account 4705, Power Purchased. As a result, this journal entry would have an offsetting effect on the global adjustment (attributable to the RPP customers) amount that was included and paid under charge type 146 also posted to account 4705 (as discussed in A.11 above).¹⁵
[underlined for emphasis]

Audit noted that THESL's accounting policy relied on the underlined statement in the APH FAQs cited above. However, in Audit's view, the above statements including the underlined statement from Q12 of APH FAQs indicate that Account 4705 should include two components below:

- 1) Charge type 142 on IESO invoice (representing the amount for RPP – HOEP-RPP portion of global adjustment)
- 2) RPP portion of global adjustment (part of Charge type 146)
Sum of 1) and 2) = RPP – HOEP due to the offsetting effect on the RPP portion of GA

However, THESL did not record the charge type 142 in Account 4705. Furthermore, at year-end, THESL removed the RPP portion of Global adjustment on its IESO RPP funds settlement forms for a year from both energy sales and cost of power through an adjusting entry for regulatory reporting purpose. As a result, the adjustment resulted in an understatement of both energy sales and the cost of power for regulatory reporting.

Although there is no net impact on the regulatory net income since both energy sales and cost of power were understated, energy sales and cost of power reported under RRR 2.1.7 for regulatory purposes are significantly understated. This practice may cause a misalignment of AFS and RRR and result in an

¹³ Per THESL's response received September 13, 2013

¹⁴ Provided as per Audit's request on September 13, 2013

¹⁵ APH FAQs October 2009 Q12

inaccurate calculation for any ratio that uses cost of power for regulatory reporting. In addition, the understatement of cost of power may impact the working capital calculation of ROE on deemed basis (RRR2.1.5.6) and hence may lead to an inaccurate calculation of ROE on deemed basis.

8.2.3 Area of Non-Conformity Requiring Action

THESL should not have made the year-end adjustments for both energy sales and cost of power in RRR.

THESL should re-file the RRR balances for its relevant energy sales and cost of power accounts for 2012. THESL should also assess the impact of this adjustment on its ROE on deemed basis for both 2011 and 2012 and resubmit RRR 2.1.5.6.

Moving forward, the accounting policy of adjusting the cost of power and energy sales in reporting should be revised to reflect the appropriate cost of power and energy sales. THESL should ensure that the cost of power and energy sales are accurately recorded and aligned between AFSs and RRR.

8.2.4 Management Responses

THESL agrees with the finding that the RPP portions of Global Adjustment were excluded from reporting of Cost of Power and energy sales in RRR 2.1.7,

As noted in the Audit report, THESL relied on the FAQ's issued by the Board for its treatment of the RPP portion of Global Adjustment in its Cost of Power reporting for regulatory purposes.

8.2.5 Management Action Plan

Since THESL currently reports Cost of Power including the RPP amount of Global Adjustment for financial reporting purposes, THESL agrees to revise regulatory accounting policy and report Cost of Power for Regulatory reporting purposes on the same basis in future RRR filings. THESL will also re-file before the end of April 2014 the Cost of Power accounts for 2012, and RRR 2.1.5.6 for 2011 and 2012 to reflect this treatment.

8.3.1 Finding 3

Account 1508 balance as at December 31, 2012 included an amount of \$175,367 related to a residual amount from clearance of 2006/07 smart meter deferral account balances. The amount was not approved by the

Board to be included in Account 1508. As a result, the balance for Account 1508 is immaterially overstated by \$175,367.

8.3.2 Basis for Finding

APH Article 330 Page 8 establishes a set of balance sheet accounts that should be used to record Board approved regulatory debits and credits. Account 1508 is one of the balance sheet accounts to record the Board approved regulatory debits.

Q8 of APH FAQs August 2008 indicates, through an illustrative example, that the approved revenue requirement, net of the funding received for the period, results in a net revenue requirement amount recoverable in rates via an approved rate adder that will be recorded in the distribution revenue Account 4080.

THESL's Account 1508 reported in 2012 RRR 2.1.7 and GL included an amount of \$175,367. THESL explained that the amount represents a residual balance from previous clearance of smart meter deferral accounts in its 2006/07 rate filing. Audit notes that the amount was not approved by the Board to be recorded in Account 1508.

The balance for Account 1508 is immaterially overstated by \$175,367 as at December 31, 2012.

8.3.3 Area of Non-Conformity Requiring Action

THESL should not have made any recording of the smart meter deferral account balances in Account 1508, which had not been approved by the Board.

THESL should make an adjustment to Account 1508 to write off the amount of \$175,367 related to the residual balance from past smart meter disposition. THESL also needs to re-file the RRR balance for Account 1508.

8.3.4 Management Responses

THESL agrees with the finding that Account 1508 balance as at December 31, 2012 included an amount of \$175,367 related to a residual amount from clearance of 2006/07 smart meter deferral account balances.

As noted by Audit staff, this immaterial amount is a residual amount remaining after Board approval to clear Smart Meter related costs in EB-2007-0063. THESL had intended to include this amount in its future application to clear additional Smart Meter deferral accounts, but ultimately decided not to.

8.3.5 Management Action Plan

This amount will be removed from Account 1508 before the end of April 2014.

8.4.1 Finding 4

Account 1595 balance as at December 31, 2012 included a residual balance for LRAM/SSM rate rider related to CDM activities in 2007. As a result, Account 1595 balance was overstated by an immaterial amount of \$44,525 as at December 31, 2012.

8.4.2 Basis for Finding

Article 220 of the APH defines Account 1595:

This account shall be used to record the approved principal account balances on the transfer to Account 1595 **of the Board-approved deferral or variance account balances**. This account shall also include the amounts recovered (or refunded) in rates through regulatory asset or deferral and variance accounts rate riders. [Emphasis Added]

Q14 of APH FAQs July 2012 specifically provides the guidance on the accounting treatment of LRAM rate rider prior to 2011:

With respect to the LRAM rate riders approved for the pre-2011 CDM programs (i.e., prior to 2011 OPA-Contracted Province-Wide CDM Programs or 2011 Board-Approved CDM Programs), there was no Board-approved deferral or variance account (such as, Account 1568, LRAM Variance Account) authorized in which to record the LRAM amounts. **There was also no required LRAM true-up procedure for these prior years.** Distributors typically filed LRAM claims to recover LRAM amounts in applications and not through the disposition of LRAM balances recorded in a Board-approved deferral or variance account. Accordingly, the normal accounting treatment, as discussed above, using Accounts 1100 and 4080 should apply for recording the LRAM rate rider recoveries associated with the pre-2011 CDM programs. [Emphasis Added]

Per review of THESL's breakdown of Account 1595 balance¹⁶, Audit noted that the Account 1595 balance as at December 31, 2012 included a residual balance of \$44,525 related to LRAM/SSM rate rider related to CDM activities in 2007 approved by the Board in the Decision and Order EB-2008-0401 dated September 22, 2009.

¹⁶ Per THESL's supporting documents provided on September 23, 2013

Although the amount included in Account 1595 for LRAM/SSM rate rider is not material, the inclusion of a rate rider that is not subject to true-up may impact the integrity of the account.

8.4.3 Area of Non-Conformity Requiring Action

THESL should have removed the residual balance related to LRAM/SSM rate rider in Account 1595. THESL also needs to re-file the RRR for 2012 balance for Account 1595 as at December 31, 2012 accordingly.

Moving forward, THESL should not record an amount of a rate rider in Account 1595, where the Board has not authorized it to do so.

8.4.4 Management Responses

THESL agrees with the finding that Account 1595 balance as at December 31, 2012 included a residual balance of \$44,525 for LRAM/SSM rate rider related to CDM activities in 2007.

As noted by audit staff, this immaterial amount is related to residual balance from regulatory amounts that were approved by the Board in 2009 to clear, and hence THESL assumed should be recorded in Account 1595 to track these clearances. At the time the account that these residual balances relate to was approved for clearance, the “true-up” requirements for under or over collection of certain accounts (such as LRAM) were not clear. Audit staff have highlighted from the July 2012 FAQ, “There was also no required LRAM true-up procedure for these prior years”.

8.4.5 Management Action Plan

THESL will remove this \$44,525 residual balance from account 1595 before the end of April 2014.

8.5.1 Finding 5

THESL has not tracked retail settlement variances in Accounts 1518 and 1548 since the 2004 year end. Instead, it has included the costs and revenues related to the services provided in its cost of service rate proceedings. There is no impact on the costs or revenues recovered from or refunded to customers by THESL. However, THESL’s regulatory accounting treatment of Account 1518 and Account 1548 are not consistent with the requirements as set out in the APH.

8.5.2 Basis for Finding

APH 490 directs the recording of incremental costs and revenues associated with the retail services provided by distributors in Account 1518 and Account 1548.

These accounts are collectively referred to Retail Cost Variance Accounts (RCVAs).

Audit noted that there are no balances in THESL's RCVAs as at December 31, 2012. Upon further inquiry, THESL confirmed that there have been no balances in RCVAs since the 2004 year end. THESL explained that as a result of the regulatory asset phase II hearing RP-2004-0117, THESL interpreted the Board Decision together with the evidence where the variances in these accounts were immaterial to indicate that tracking of the RCVAs was no longer necessary. THESL has included in its revenue requirement in cost of service rate filings both the costs of providing retail services and the revenues received.

The Decision with reasons for RP-2004-0117 dated December 9, 2004 was related to the approval of the recovery of regulatory assets –phase 2 for 4 distributors (THESL, Hydro One, Enersource and London Hydro). The Decision discussed the issue of RCVAs and stated that:

APH 490 is more current and clearly supersedes the Rate Handbook reference. However, given the relative insignificance of the balances in the RCVA accounts as **revealed in this proceeding**, the Board will not require recording and filing of this information if a distributor has not already done so. [Emphasis Added]

It is in Audit's view that the RP-2004-0117 Decision was made in the context of the information filed in the THESL's rate filing at the time and, therefore should not be interpreted by THESL as a justification for departure from the APH on going forward basis.

In addition, Audit noted that one utility, who did not claim RCVAs in the proceeding RP-2004-0117, had followed Article 490 with respect to the RCVAs and disposed the respective RCVA balances in its 2013 CoS rate application proceeding EB-2012-0033 dated December 13, 2012.

There is no impact on the costs or revenues recovered from or refund to customers by THESL. However, THESL's practice with respect to regulatory accounting treatment of RCVAs is not consistent with the APH and the practice of other distributors. The zero balances in the RCVAs will not provide the Board with the accurate information regarding these accounts that the Board gathers and monitors on an ongoing basis.

8.5.3 Area of Non-Conformity Requiring Action

THESL did not follow Article 490 with respect to the recording RCVA costs and revenues in their respective accounts.

THESL needs to follow Article 490 with respect to regulatory accounting treatment of the RCVAs. Since THESL's last CoS Decision included the revenues and costs related to retail services in its revenue requirement, THESL should start recording the variances in Account 1518 and Account 1548 from 2015 and exclude the revenues and expenses related to retail services from the revenue requirement of its upcoming 2015 CoS rate application.

8.5.4 Management Responses

THESL agrees with the finding that it has not tracked retail settlement variances in Accounts 1518 and 1548 since the 2004 year end.

As noted by audit staff, THESL relied on the findings in RP-2004-0117 as the basis for not reporting amounts in RCVA accounts and including both costs and revenues related to the retail market in each of its Cost of Service filings since that decision.

As a result of this audit, THESL has obtained its most recent annual costs and revenues related to the retail market. For 2013, THESL estimates total costs of \$458K and total revenues of \$542K. The variance between these two amounts (consistent with evidence from RP-2004-0117) is an immaterial amount of \$84K.

8.5.5 Management Action Plan

On the basis of the immateriality of this amount and the fact that THESL has previously included the revenues and costs as part of its normal cost of service filings, THESL prefers to continue this practice. THESL sees this approach as being the most efficient and least costly approach for ratepayers. THESL will include in its 2015 application a request of the Board to exempt THESL for recording amounts in RCVA accounts in the future.

9. Findings related to DVAs' Accounting Procedures

9.1.1 Finding 1

THESL recorded contact voltage cost in Account 1508 while the Board Decision EB-2009-0243 indicated that it should be recorded in Account 1572. In addition, THESL recorded an amount for 2007 LRAM/SSM in Account 1508, but the Board had not authorized the use of a deferral account or a variance account regarding LRAM/SSM in its Decision and Order EB-2008-0401. However, there was no impact on the balance of Account 1508 as at December 31, 2012 since these costs were transferred

to Account 1595 upon the approval of the respective rate riders by the Board.

9.1.2 Basis for Finding

Page 8 of the APH Article 330 establishes a set of balance sheet accounts that should be used to record Board approved regulatory debits and credits. Account 1508 is one of the balance sheet accounts to record the Board approved regulatory debits.

Audit noted that THESL recorded two costs prior to 2010 in Account 1508 that had not been authorized by the Board to be recorded in Account 1508. THESL recorded contact voltage cost in Account 1508 while the Board Decision EB-2009-0243, dated December 10, 2009, indicated that it should be recorded in Account 1572. THESL recorded an amount for 2007 LRAM/SSM in Account 1508, but the Board had not authorized the use of a deferral variance account in its Decision and Order EB-2008-0401, dated September 22, 2009.

Audit asked THESL to provide a reference to APH for each of the sub-accounts of Account 1508 used by THESL. THESL explained that THESL interpreted Account 1508 as an account for recording costs not otherwise included in other accounts. In the absence of explicit Board directions, THESL recorded amounts in this account for future review and disposition.¹⁷

Audit noted that the THESL's interpretation of regulatory accounting treatment of contact voltage cost might have not been appropriate given that APH has explicitly stated that "Account 1508 is one of the balance sheet accounts to record the Board approved regulatory debits." The costs should only be recorded in Account 1508 when the account is authorized by the Board in its Decision and Order to record the deferred costs.

Audit notes that the Board established a Market Participant Enquiries ("MPEs") process that can be used by all stakeholders including rate regulated utilities to make inquiries for various matters. THESL had an opportunity to seek guidance with respect to regulatory accounting treatment of contact voltage costs by making an inquiry through the Board's MPEs process.

Audit notes that the THESL's practice with respect to the contact voltage and LRAM/SSM costs did not have any impact on the balance of Account 1508 since these costs were disposed in 2010 and transferred out of Account 1508 accordingly.

¹⁷ Per THESL's response received on October 25, 2013

9.1.3 Area of Non-Conformity Requiring Action

THESL should not have recorded any costs related to contact voltage and LRAM/SSM in Account 1508 that had not been authorized by the Board.

Moving forward, THESL should only record the deferred costs in Account 1508 when the Board authorizes this account to be used in a Board Decision and Order.

9.1.4 Management Responses

THESL agrees with the findings that it recorded Contact Voltage amounts in account 1508 rather than Account 1572, and that it recorded amounts related to LRAM/SSM in Account 1508 without specific Board authorization.

With respect to Contact Voltage amounts recorded to Account 1508, THESL acknowledges that the Board's decision directed amounts to be recorded in Account 1572, and THESL should have properly recorded them to that account on receipt of the Decision.

With respect to LRAM/SSM amounts, Audit staff have pointed out (in Finding 8.4) that prior to 2011, there were no specific accounts approved for LRAM/SSM amounts. THESL notes that these amounts were scrutinized and approved for clearance by the Board.

9.1.5 Management Action Plan

THESL will ensure to the best of its ability that future Board directions for recording amounts are properly followed.

9.2.1 Finding 2

There are some instances of mistakes made by THESL regarding application of certain regulatory accounting procedures. Although there might not be any impact on the DVA balances, future errors may result in incorrect accounting.

9.2.2 Basis for Finding

Audit noted that there may be some instances of mistakes that were made by THESL regarding application of certain regulatory accounting procedures. Aside from the findings in Section 8 of this Report, Audit noted that THESL did not follow certain accounting procedures as set out in the APH, or did not use the USoAs correctly to report the DVA balances including:

- Charge type 142 on IESO invoices were not recorded in the cost of power expense account 4705;
- THESL used one expense account in the general ledger to record both RPP portion of GA and Non-RPP portion of GA; and
- Global adjustments variance was included in account 1588 power in 2012 RRR 2.1.7 and RRR 2.1.1 instead of in account 1589 Global adjustment.

Q12 of APH FAQs Oct 2009 FAQs requires that charge type 142 amount should be posted to Account 4705, Power Purchased.

Q11 of APH FAQs October 2009 indicates that the RPP portion of global adjustment needs to be posted to Account 4705, Power Purchased, and the non-RPP portion of global adjustment be posted to Account 4705, Power Purchased, "Sub-account Global Adjustment." Effective Jan 1, 2012, the Account 4705 sub-account Global adjustment became as the Account 4707 Charges – global Adjustment.

APH revised version effective January 1, 2012 introduced a new account for global adjustment Account 1589, which was previously referred to as Account 1588 RSVA Power sub-account Global adjustment. Accordingly, the global adjustment variance is to be separately recorded and reported to the Board.

Although there might not be any impact on DVA balances as a result of THESL's departure from the APH requirements, the THESL's practice, as observed in this Audit, may not be consistent with the procedures required in the APH and related guidance. It may result in increased risk of incorrect accounting in the long run.

9.2.3 Area of Non-Conformity Requiring Action

THESL's application of certain accounting procedures is not consistent with the requirements set out in the APH.

Moving forward, THESL should follow the accounting procedures as set out in the APH and related FAQs for its regulatory accounting.

9.2.4 Management Responses

With respect to each of the bulleted findings above:

- THESL agrees that Charge Type 142 was not recorded in Cost of Power Account 4705. THESL's USGAAP audited financial statements recognize Cost of Power (COP) expense based upon the IESO-invoiced monthly COP charges. THESL continues this accounting treatment under their regulatory reporting of COP expense. THESL acknowledges the APH and related FAQ's require that Charge Type 142 should be included in Cost of Power Expense Account 4705.

- THESL's internal general ledger accounts for financial reporting do not record both the RPP and non-RPP portion of Global Adjustment, as described by the Auditors. However, THESL does have records that allow the non-RPP and RPP portions to be posted to the appropriate Regulatory accounts (4707 and 4705 respectively), and THESL has done so.
- THESL acknowledged during the course of the Audit that amounts were recorded in error for the year end 2012 RRR 2.1.7 filing.

9.2.5 Management Action Plan

THESL will correct its reporting where necessary before the end of April 2014, and endeavour to limit any future errors.

CONFIDENTIAL

NEW VARIANCE ACCOUNTS – DRAFT ACCOUNTING ORDER

1. EXTERNALLY INITIATED RELOCATES VARIANCE ACCOUNT – DRAFT ACCOUNTING ORDER

Toronto Hydro has included in base distribution rates the revenue requirement associated with \$4.0 million of annual in-service amounts for work related to Externally Initiated Relocates. Since expenditures under this program can be volatile and hard to predict, Toronto Hydro will record to a Variance Account annually amounts for Externally Initiated Relocates work that vary from the approved amount. For example, if Toronto Hydro puts in service \$10 million of Externally Initiated related capital in 2015, it will record an amount of \$6 million to the variance account. Carrying charges will apply annually to the opening balances in the account (exclusive of accumulated interest) at the OEB-approved rate for Deferral and Variance accounts.

At a later date, Toronto Hydro will apply to clear the Revenue Requirement consequences of the balances in this account to ratepayers. The clearance of the balances will be through a rate rider.

Toronto Hydro will establish the following Variance Accounts to record the amounts described above:

- Account 1508, Other Regulatory Assets, Subaccount THESL Externally Initiated Relocates Capital
- Account 1508, Other Regulatory Assets, Subaccount THESL Externally Initiated Relocates Capital Carrying Charges

The sample accounting entries for the Variance Accounts are provided below.

- 1 A. To record the Externally Initiated Relocates in-service capital amounts varying
2 from \$4.0 million annually
- 3 • DR 1508 Other Regulatory Assets, Subaccount THESL Externally
4 Initiated Relocates Capital
 - 5 • CR XXXX Property Plant and Equipment (various accounts - dependent
6 on Asset type)

- 7
- 8 B. To record the annual carrying charges in subaccount Externally Initiated
9 Relocates

- 10 • DR 1508 Other Regulatory Assets, Subaccount THESL Externally
11 Initiated Relocates Capital Carrying Charges
- 12 • CR 4405 Interest and Dividend Income

13

14 **2. DERECOGNITION VARIANCE ACCOUNT – DRAFT ACCOUNTING**
15 **ORDER**

16 Under Modified IFRS, the gain or loss arising from the derecognition of assets is required
17 to be recorded as a depreciation expense during the period in which the item is
18 derecognized. Due to the dynamic nature of Toronto Hydro’s capital program and
19 operating environment, Toronto Hydro is likely to experience a significant degree of
20 ongoing volatility in year over year losses on derecognition over the 2015-2019 rate
21 period. To manage this volatility, Toronto Hydro will record to a Variance Account an
22 amount which varies from the amount included in the 2015 Revenue Requirement and
23 the amounts included in the 2016-2019 C-Factor calculations.

} /C

24

25 Carrying charges will apply annually to the opening balances in the account (exclusive of
26 accumulated interest) at the OEB-approved rate for Deferral and Variance accounts.

1 At a later date, Toronto Hydro will apply to clear the balances in this account to
2 ratepayers. The clearance of the balances will be through a rate rider.

3
4 Toronto Hydro will establish the following Variance Accounts to record the amounts
5 described above:

- 6 • Account 1508, Other Regulatory Assets, Subaccount THESL Derecognition
7 Amounts
- 8 • Account 1508, Other Regulatory Assets, Subaccount THESL Derecognition
9 Amounts Carrying Charges

10
11 The sample accounting entries for the Variance Accounts are provided below.

12 A. To record the Derecognition amounts varying from \$33.9 million annually

- 13 • DR 1508 Other Regulatory Assets, Subaccount THESL Derecognition
14 Amounts
- 15 • CR 5705 Depreciation Expense

16 B. To record the annual carrying charges in subaccount THESL Derecognition
17 Amounts

- 18 • DR 1508 Other Regulatory Assets, Subaccount THESL Derecognition
19 Amounts Carrying Charges
- 20 • CR 4405 Interest and Dividend Income



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January 9, 2015

John Pickernell
Manager (Acting)
Applications Administration
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Mr. Pickernell:

Re: Toronto Hydro Electric System Limited – EB- 2014-0116, Audit of Deferral and Variance Accounts

I am writing to the Board regarding the results of the follow-up audit that the audit team of the Audit and Performance Assessment Department (the "Audit") of the Ontario Energy Board (the "Board") conducted on Toronto Hydro Electric System Limited ("THESL")'s Group 1 and Group 2 Deferral and Variance accounts ("DVAs"), as a part of Audit's 2014-2015 auditing activities.

The audit report (the "Report") for the initial audit was conducted as a part of Audit's 2013-2014 auditing activities, and was issued to THESL on March 31, 2014. The Report outlined seven audit findings and THESL's action plans to address the findings.

By letter dated May 20, 2014, Audit advised THESL of Audit's plan to conduct a follow-up audit to examine the implementation of THESL's proposed action plans with respect to the audit findings. Audit completed the follow-up audit except for one finding in the Report, as outlined below:

8.1.1 Finding 1

THESL does not use the amount billed to the customers to record the revenues reflected in the RSVA variances. Instead, it calculates the revenues reflected in the RSVA variances based on the amount of purchased power. As a result, the variances recorded in RSVAs may be

misstated since the amount of purchased power may not equal to billed power due to the differences between approved loss factors and actual loss factors.

Regarding other audit findings as outlined in the Report, Audit found no issues related to the implementation of THESL's management action plans related to the findings, except for Finding 8.1.1.

The management action plans for Finding 8.1.1 in the Report stated that:

As noted by Audit staff, THESL has agreed, as part of its 2014 IRM Settlement agreement which was accepted by the Board, to evaluate options to measure or estimate actual line losses and the impacts on Account 1588 balances in accordance with the Accounting Procedures Handbook. THESL believes that the data that is starting to becoming available as a result of the smart meter program will allow for a more accurate and timely reflection of total system sales on the same period basis as its information on power purchases, so that actual losses may be calculated with a greater degree of accuracy, and a robust method of reflecting billed revenue as per the APH will be utilized to record variances to the RSVA accounts in the future.

Notwithstanding the above, THESL agrees to explore options, based on research on other utilities' methodologies (including Hydro One and Enersource, etc) to develop a methodology in the interim period which will allow for a proxy estimate to record balances in Account 1588 for the period 2009 to 2013. THESL will propose a methodology and estimate to OEB Audit staff within the next 1-3 months, and record any estimated balances for disposal at its next Rate Filing. THESL will also evaluate the results of this methodology as the basis for any potential adjustments to Accounts 1580, 1584 and 1586. THESL agrees to evaluate options to measure or estimate actual line losses and the impacts on Account 1588 balances in accordance with the Accounting Procedures Handbook.

As noted above in THESL's management action plans, THESL acknowledged this issue in the Phase 2 settlement agreement under THESL's rate proceeding EB-2012-0064 dated December 18, 2013:

THESL agrees to evaluate options to measure or estimate actual line losses and the impacts on Account 1588 balances in accordance with the Accounting Procedures Handbook. THESL will file the results in its application for 2015 rates.

In its 2015 Customer IR rate application EB-2014-0116 dated November 24, 2014, THESL disclosed the audit conducted by Audit and voluntarily filed the Report issued by Audit as part of THESL's application. THESL disclosed to the Board the outstanding finding and stated that:

Toronto Hydro is progressing on this evaluation, and will file the information as an update to this application.

Audit has been monitoring the status of THESL's implementation of its action plan for Finding 8.1.1 and has held several discussions with THESL's staff regarding THESL's work on this matter. However, Audit will be unable to complete its follow-up audit with respect to this finding until THESL provides the audit evidence for the adjustments resulted for the Group 1 Account 1588 RSVA Power and other Group 1 RSVAs¹ in mid 2015. THESL is still in the process of implementing its quantification methodology of balances for these accounts and validating the results. Audit understands that the delay in implementation of THESL's action plan is due to several unexpected factors beyond THESL's control including analyzing and modeling significantly high volume of billing data since 2009, e.g., 200 million annual transactions for THESL's 700,000 customers, complexities as a result of THESL's legacy billing system, unfamiliarity of some of THESL's current staff with its legacy billing system and staff changes and the review of the internal audit staff. It is expected that THESL will continue closely working with Audit during 2015 towards successful implementation of the management action plans with respect to Finding 8.1.1.

Audit notes that an accurate determination of THESL's account balances for the Group 1 Account 1588 RSVA Power and other Group 1 RSVAs according to the Accounting Procedures Handbook (APH) is a key consideration for the Board's clearance of these accounts and setting just and reasonable rates for the THESL's customers. Therefore, Audit respectfully recommends that the Board consider deferring clearance of these accounts until a time at or before THESL's next rate proceeding when the Board sets the THESL's 2016 distribution rates. This deferral will allow Audit to properly complete its audit of these account balances and file the results with the Board for final disposition of these accounts.

Yours truly,



Daria Babaie, *P. Eng., CPA, CMA*
Manager, Audit and Performance Assessment
Phone: (416) 440-7614
Fax: (416) 440-7656
Daria.Babaie@ontarioenergyboard.ca

cc: JS Couillard, Executive Vice President and Chief Financial Officer

¹ These accounts are 1580 – RSVA WMS, 1584 – RSVA Network, 1586 – RSVA Connection, and 1589 RSVA Global Adjustment.

		2010											
Account Descriptions	For Disposition	Account Number	Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 excluding interest and adjustments	Board-Approved Disposition during 2010	Adjustments during 2010 - other	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board-Approved Disposition during 2010	Adjustments during 2010 - other	Closing Interest Amounts as of Dec-31-10	
LV Variance Account	Yes	1550	\$910,834	\$186,439	\$713,449		\$383,824	\$43,562	\$3,654	\$44,084		\$3,133	
RSVA - Wholesale Market Service Charge	No	1580	-\$54,927,284	-\$26,238,240	-\$47,563,346		-\$33,602,178	-\$2,852,619	-\$249,451	-\$2,924,115		-\$177,956	
RSVA - Retail Transmission Network Charge	No	1584	-\$15,203,484	\$7,764,568	-\$18,324,237		\$10,885,321	-\$738,236	\$38,920	-\$792,643		\$93,327	
RSVA - Retail Transmission Connection Charge	No	1586	-\$10,736,969	\$3,097,923	-\$7,432,471		-\$206,576	-\$1,364,052	-\$17,950	-\$1,383,545		\$1,543	
RSVA - Power (excluding Global Adjustment)	No	1588	-\$259,129	\$0	-\$264,726		\$5,597	\$0				\$0	
RSVA - Global Adjustment	No	1589	\$44,599,726	-\$8,632,018	\$15,859,509		\$20,108,199	-\$15,819	\$152,866	-\$91,679		\$228,725	
Recovery of Regulatory Asset Balances	Yes	1590	\$2				\$2	\$0		\$0		\$0	
Disposition and Recovery/Refund of Regulatory Balances (2008)	Yes	1595	-\$491,772				-\$491,772	-\$276,556	-\$9,743	\$0		-\$286,299	
Disposition and Recovery/Refund of Regulatory Balances (2009)	Yes	1595	-\$2,787,938	\$2,424,338	\$0		-\$363,600	-\$42,064	-\$35,321	\$0		-\$77,385	
Disposition and Recovery/Refund of Regulatory Balances (2010) [E1]	Yes	1595	\$0	\$20,335,674	\$54,015,861		-\$33,680,187	\$0	-\$287,194	\$5,088,128		-\$5,375,322	
Disposition and Recovery/Refund of Regulatory Balances (2011)	Yes	1595	\$0				\$0	\$0				\$0	
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0										
Smart meter Entity charges [Z]	Yes	1551	\$0				\$0	\$0				\$0	
Group 1 Sub-Total (including Account 1589 - Global Adjustment)			-\$38,896,013	-\$1,061,317	-\$2,995,961	\$0	-\$36,961,370	-\$5,245,783	-\$404,221	-\$59,769	\$0	-\$5,590,235	
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)			-\$83,495,739	\$7,570,701	-\$18,855,470	\$0	-\$57,069,568	-\$5,229,964	-\$557,087	\$31,910	\$0	-\$5,818,960	
RSVA - Global Adjustment		1589	\$44,599,726	-\$8,632,018	\$15,859,509	\$0	\$20,108,199	-\$15,819	\$152,866	-\$91,679	\$0	\$228,725	
Group 2 Accounts													
Other Regulatory Assets - Sub-Account - US GAAP Transfer		1508	\$0	\$0	\$0	\$0	\$0	\$0				\$0	
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	cleared	1508	\$2,926,932	\$3,107,749			\$6,034,681	\$16,215	\$38,434	\$0		\$54,649	
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	No	1508	\$0	\$0	\$0	\$0	\$0	\$0				\$0	
Other Regulatory Assets - Sub-Account - Hydro one capital contribution [X]	Yes	1508											
Other Regulatory Assets - Sub-Account - Gain on sale- Named properties [Y]	Yes	1508											
Other Regulatory Assets - Sub-Account - Other	Yes	1508	-\$185,889	\$6,126,064	-\$1,985,191		\$7,925,366	-\$44,551	\$44,551	\$0		\$0	
Special purpose charges	Cleared	1521	\$0	\$3,574,359			\$3,574,359	\$0	-\$19,401	\$0		-\$19,401	
Contact Voltage costs	cleared	1508	\$9,050,000	-\$3,754,000	\$5,296,000		\$0	\$0	\$31,644	\$31,644	\$0	\$0	
RSVA - One-time		1582	\$3,334,512		\$3,334,512		\$0	\$593,749	\$6,113	\$599,862		-\$0	
Group 2 Sub-Total			\$15,125,556	\$9,054,172	\$6,645,321	\$0	\$17,534,406	\$565,413	\$101,341	\$631,506	\$0	\$35,249	
Deferred Payments in Lieu of Taxes	cleared	1562	\$1,110,415	-\$7,104			\$1,103,311	\$0				\$0	
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	yes	1592	-\$14,427,499	-\$2,314,616	-\$11,109,564		-\$5,632,551	-\$769,845	-\$62,633	-\$790,079		-\$42,399	
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	yes	1592	\$0	-\$733,400			-\$733,400	\$0	-\$2,932			-\$2,932	
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)			-\$37,087,542	\$4,937,735	-\$7,460,203	\$0	-\$24,689,604	-\$5,450,215	-\$368,445	-\$218,342	\$0	-\$5,600,318	
LRAM Variance Account	yes	1568	\$3,330,873	\$0	\$3,489,822		-\$158,948	\$215,375	-\$11,470	\$218,342		-\$14,437	
Total including Account 1568			-\$33,756,668	\$4,937,735	-\$3,970,382	\$0	-\$24,848,552	-\$5,234,840	-\$379,915	\$0	\$0	-\$5,614,755	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	cleared	1555	\$51,500,772	\$14,087,275			\$65,588,047					\$0	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	cleared	1555	-\$9,536,309	-\$5,774,192			-\$15,310,501	\$115,659	\$95,646	\$0	\$0	\$211,305	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	cleared	1555	\$0				\$0	\$0				\$0	
Smart Meter OM&A Variance	cleared	1556	\$8,589,008	\$8,465,136			\$17,054,144	\$0				\$0	
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	Yes	1575											
Accounting Changes Under CGAAP Balance + Return Component		1576											
The following is not included in the total claim but are included on a memo basis:													
Deferred PILs Contra Account	cleared	1563	-\$1,110,415	\$7,104	\$0	\$0	-\$1,103,311	\$0	\$0	\$0	\$0	\$0	
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	Yes	1592	\$0	\$733,400	\$0	\$0	\$733,400	\$0	\$2,932	\$0	\$0	\$2,932	
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Notes

[A] Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2014 till December 31, 2014.

[B] Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2015 till April 30, 2015.

[C] Relates to the balances which are not booked and not included in FY 2013 audited Financial statements nor included in OEB trial balance for FY 2013. These balances are calculated in FY 2014 for disposition in 2015 CIR application.

[D] Relates to the balances for the total claim applied for disposition in 2015 CIR application.

[D1] RARA 2013 not applied for disposition as the rate rider was completed only in April 30,2014.

[D2] The balance applied for claim is \$36,014,000. Back ups support will be provided for the balances & for IFRS 1575, the balance applied for clearing is \$25.8M

[D3] No ICM balances are applied for clearing in the CIR 2015 application.

[D4] The balances related to LRAM from FY 2010-2013. This balances were calculated upon available of correct and valid data in FY 2014. This is applied for clearing in the CIR 2015 application.

[D5] The balances relates to Stranded meters, applied for recoveries. It includes \$1.8M relating to depreciation from Jan 2014 till Dec 2014, which reduced the FY 2013 Audited financial balance by \$1.8M.

[E] Balances as per FY 2013 Audited Financial statements.

[E1] The RARA 2010 Audited financial statements is higher by (\$44K) as it does not include this adjustment. The LRAM Residual balance was written off in March 2014 as per the OEB Audit requirement & direction and the write off is reflected in the FY 2013 OEB Trial balance submitted to OEB in May 2014.

[X] Hydro one capital contribution included in Group 2 accounts- currently included in 1508 account

[Y] Gain on sale- Named properties included in Group 2 accounts- currently included in 1508 account

[Z] The Smart meter entity charges are cleared based on FY 2013 balances.

			2011									
Account Descriptions	For Disposition	Account Number	Opening Principal Amounts as of Jan-1-11	Transactions Debit / (Credit) during 2011 excluding interest and adjustments	Board-Approved Disposition during 2011	Adjustments during 2011 - other	Closing Principal Balance as of Dec-31-11	Opening Interest Amounts as of Jan-1-11	Interest Jan-1 to Dec-31-11	Board-Approved Disposition during 2011	Adjustments during 2011 - other	Closing Interest Amounts as of Dec-31-11
LV Variance Account	Yes	1550	\$383,824	\$265,712	\$197,386		\$452,150	\$3,133	\$6,020	\$4,053		\$5,100
RSVA - Wholesale Market Service Charge	No	1580	-\$33,602,178	-\$25,238,928	-\$7,363,938		-\$51,477,169	-\$177,956	-\$612,311	-\$137,577		-\$652,689
RSVA - Retail Transmission Network Charge	No	1584	\$10,885,321	\$9,970,020	\$3,120,753		\$17,734,587	\$93,327	\$225,583	\$72,499		\$246,411
RSVA - Retail Transmission Connection Charge	No	1586	-\$206,576	\$6,613,902	-\$3,304,499		\$9,711,825	\$1,543	\$71,215	-\$48,830		\$121,588
RSVA - Power (excluding Global Adjustment)	No	1588	\$5,597	\$0			\$5,597	\$0				\$0
RSVA - Global Adjustment	No	1589	\$20,108,199	\$17,222,415	\$0		\$37,330,613	\$228,725	\$412,110	\$0		\$640,835
Recovery of Regulatory Asset Balances	Yes	1590	\$2	-\$2			\$0	\$0				\$0
Disposition and Recovery/Refund of Regulatory Balances (2008)	Yes	1595	-\$491,772		-\$491,772		\$0	-\$286,299	-\$10,477	-\$296,776		\$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	Yes	1595	-\$363,600	\$0	\$0		-\$363,600	-\$77,385	-\$60,188			-\$137,573
Disposition and Recovery/Refund of Regulatory Balances (2010) ^[E1]	Yes	1595	-\$33,680,187	\$31,838,451	\$0		-\$1,841,736	-\$5,375,322	-\$569,923			-\$5,945,245
Disposition and Recovery/Refund of Regulatory Balances (2011)	Yes	1595	\$0	\$2,351,771			\$2,351,771	\$0	-\$425,133			-\$425,133
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0									
Smart meter Entity charges ^[Z]	Yes	1551	\$0				\$0	\$0				\$0
Group 1 Sub-Total (including Account 1589 - Global Adjustment)			-\$36,961,370	\$43,023,339	-\$7,842,070	\$0	\$13,904,039	-\$5,590,235	-\$963,103	-\$406,631	\$0	-\$6,146,707
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)			-\$57,069,568	\$25,800,924	-\$7,842,070	\$0	-\$23,426,574	-\$5,818,960	-\$1,375,213	-\$406,631	\$0	-\$6,787,542
RSVA - Global Adjustment		1589	\$20,108,199	\$17,222,415	\$0	\$0	\$37,330,613	\$228,725	\$412,110	\$0	\$0	\$640,835
Group 2 Accounts												
Other Regulatory Assets - Sub-Account - US GAAP Transfer		1508	\$0				\$0	\$0				\$0
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	cleared	1508	\$6,034,681	-\$3,017,341	\$3,017,341		\$0	\$54,649	-\$21,990	\$32,659		\$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	No	1508	\$0				\$0	\$0				\$0
Other Regulatory Assets - Sub-Account - Hydro one capital contribution ^[X]	Yes	1508										
Other Regulatory Assets - Sub-Account - Gain on sale- Named properties ^[Y]	Yes	1508										
Other Regulatory Assets - Sub-Account - Other	Yes	1508	\$7,925,366	-\$224,412	\$7,525,588		\$175,366	-\$44,551	\$44,551			\$0
Special purpose charges	Cleared	1521	\$3,574,359	-\$3,050,473			\$523,886	-\$19,401	\$67,502			\$48,101
Contact Voltage costs	cleared	1508	\$0				\$0	\$0				\$0
RSVA - One-time		1582	\$0				\$0	-\$0				-\$0
Group 2 Sub-Total			\$17,534,406	-\$6,292,225	\$10,542,929	\$0	\$699,252	-\$9,302	\$90,063	\$32,659	\$0	\$48,101
Deferred Payments in Lieu of Taxes	cleared	1562	\$1,103,311	-\$3,882,685			-\$2,779,374	\$0				\$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	yes	1592	-\$5,632,551	\$0	-\$3,317,935		-\$2,314,616	-\$769,845	\$664,971	-\$55,042		-\$49,832
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	yes	1592	-\$733,400	-\$366,600			-\$1,100,000	-\$2,932	-\$15,046			-\$17,979
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)			-\$24,689,604	\$32,481,829	-\$617,075	\$0	\$8,409,301	-\$6,372,315	-\$223,116	-\$429,013	\$0	-\$6,166,417
LRAM Variance Account	yes	1568	-\$158,948	\$1,333,086			\$1,174,138	-\$14,437	\$49,453			\$35,016
Total including Account 1568			-\$24,848,552	\$33,814,915	-\$617,075	\$0	\$9,583,438	-\$6,386,752	-\$173,663	-\$429,013	\$0	-\$6,131,401
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	cleared	1555	\$65,588,047	-\$6,361,404			\$59,226,643	\$0				\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	cleared	1555	-\$15,310,501	-\$5,866,196			-\$21,176,697	\$211,305	\$59,581			\$270,886
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	cleared	1555	\$0				\$0	\$0				\$0
Smart Meter OM&A Variance	cleared	1556	\$17,054,144	\$5,871,405			\$22,925,549	\$0				\$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	Yes	1575										
Accounting Changes Under CGAAP Balance + Return Component		1576										
The following is not included in the total claim but are included on a memo basis:												
Deferred PILs Contra Account	cleared	1563	-\$1,103,311	\$3,882,685	\$0	\$0	\$2,779,374	\$0	\$0	\$0	\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	Yes	1592	\$733,400	\$366,600	\$0	\$0	\$1,100,000	\$2,932	\$15,046	\$0	\$0	\$17,979
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes

Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2014 till December 31, 2014.

Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2015 till April 30, 2015.

Relates to the balances which are not booked and not included in FY 2013 audited Financial statements nor included in OEB trial balance for FY 2013. These balances are calculated in

Relates to the balances for the total claim applied for disposition in 2015 CIR application.

RARA 2013 not applied for disposition as the rate rider was completed only in April 30,2014.

The balance applied for claim is \$36,014,000. Back ups support will be provided for the balances & for IFRS 1575, the balance applied for clearing is \$25.8M

No ICM balances are applied for clearing in the CIR 2015 application.

The balances related to LRAM from FY 2010-2013. This balances were calculated upon available of correct and valid data in FY 2014. This is applied for clearing in the CIR 2015 applica

The balances relates to Stranded meters, applied for recoveries. It includes \$1.8M relating to depreciation from Jan 2014 till Dec 2014, which reduced the FY 2013 Audited financial b

Balances as per FY 2013 Audited Financial statements.

The RARA 2010 Audited financial statements is higher by (\$44K) as it does not include this adjustment. The LRAM Residual balance was written off in March 2014 as per the OEB Audi

Hydro one capital contribution included in Group 2 accounts- currently included in 1508 account

Gain on sale- Named properties included in Group 2 accounts- currently included in 1508 account

The Smart meter entity charges are cleared based on FY 2013 balances.

			2012												
Account Descriptions	For Disposition	Account Number	Opening Principal Amounts as of Jan-1-12	Transactions Debit / (Credit) during 2012 excluding interest and adjustments	Board-Approved Disposition during 2012	Other ² Adjustments during Q1 2012	Other ² Adjustments during Q2 2012	Other ² Adjustments during Q3 2012	Other ² Adjustments during Q4 2012	Closing Principal Balance as of Dec-31-12	Opening Interest Amounts as of Jan-1-12	Interest Jan-1 to Dec-31-12	Board-Approved Disposition during 2012	Adjustments during 2012 - other	Closing Interest Amounts as of Dec-31-12
LV Variance Account	Yes	1550	\$452,150	\$307,684						\$759,834	\$5,100	\$8,732			\$13,832
RSVA - Wholesale Market Service Charge	No	1580	-\$51,477,169	-\$31,437,375						-\$82,914,543	-\$652,689	-\$951,994			-\$1,604,683
RSVA - Retail Transmission Network Charge	No	1584	\$17,734,587	\$18,283,517						\$36,018,105	\$246,411	\$380,494			\$626,905
RSVA - Retail Transmission Connection Charge	No	1586	\$9,711,825	\$8,440,748						\$18,152,573	\$121,588	\$202,604			\$324,191
RSVA - Power (excluding Global Adjustment)	No	1588	\$5,597	\$0						\$5,597	\$0				\$0
RSVA - Global Adjustment	No	1589	\$37,330,613	-\$8,834,554						\$28,496,060	\$640,835	\$551,874			\$1,192,708
Recovery of Regulatory Asset Balances	Yes	1590	\$0							\$0	\$0	\$0			\$0
Disposition and Recovery/Refund of Regulatory Balances (2008)	Yes	1595	\$0							\$0	\$0	\$0			\$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	Yes	1595	-\$363,600	\$0						-\$363,600	-\$137,573	-\$60,188			-\$197,761
Disposition and Recovery/Refund of Regulatory Balances (2010) ^[E1]	Yes	1595	-\$1,841,736	\$2,082,389						\$240,653	-\$5,945,245	\$7,441,810			\$1,496,565
Disposition and Recovery/Refund of Regulatory Balances (2011)	Yes	1595	\$2,351,771	-\$792,427						\$1,559,344	-\$425,133	\$156,110			-\$269,023
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595													
Smart meter Entity charges ^[Z]	Yes	1551	\$0							\$0	\$0				\$0
Group 1 Sub-Total (including Account 1589 - Global Adjustment)			\$13,904,039	-\$11,950,017	\$0	\$0	\$0	\$0	\$0	\$1,954,022	-\$6,146,707	\$7,729,441	\$0	\$0	\$1,582,734
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)			-\$23,426,574	-\$3,115,463	\$0	\$0	\$0	\$0	\$0	-\$26,542,037	-\$6,787,542	\$7,177,568	\$0	\$0	\$390,026
RSVA - Global Adjustment		1589	\$37,330,613	-\$8,834,554	\$0	\$0	\$0	\$0	\$0	\$28,496,060	\$640,835	\$551,874	\$0	\$0	\$1,192,708
Group 2 Accounts															
Other Regulatory Assets - Sub-Account - US GAAP Transfer		1508	\$0	\$61,499,000						\$61,499,000	\$0				\$0
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	cleared	1508	\$0							\$0	\$0				\$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	No	1508	\$0							\$0	\$0				\$0
Other Regulatory Assets - Sub-Account - Hydro one capital contribution ^[X]	Yes	1508													
Other Regulatory Assets - Sub-Account - Gain on sale- Named properties ^[Y]	Yes	1508													
Other Regulatory Assets - Sub-Account - Other	Yes	1508	\$175,366							\$175,366	\$0				\$0
Special purpose charges	Cleared	1521	\$523,886							\$523,886	\$48,101	\$7,701			\$55,802
Contact Voltage costs	cleared	1508	\$0							\$0	\$0				\$0
RSVA - One-time		1582	\$0	\$0						\$0	-\$0				-\$0
Group 2 Sub-Total			\$699,252	\$61,499,000	\$0	\$0	\$0	\$0	\$0	\$62,198,252	\$48,101	\$7,701	\$0	\$0	\$55,802
Deferred Payments in Lieu of Taxes	cleared	1562	-\$2,779,374	-\$4,269,014						-\$7,048,388	\$0				\$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	yes	1592	-\$2,314,616	\$0						-\$2,314,616	-\$49,832	-\$34,020			-\$83,852
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	yes	1592	-\$1,100,000	\$0						-\$1,100,000	-\$17,979	-\$16,169			-\$34,148
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)			\$8,409,301	\$45,279,969	\$0	\$0	\$0	\$0	\$0	\$53,689,270	-\$6,166,417	\$7,686,953	\$0	\$0	\$1,520,536
LRAM Variance Account	yes	1568	\$1,174,138	-\$1,174,138						\$0	\$35,016	-\$35,016			\$0
Total including Account 1568			\$9,583,438	\$44,105,832	\$0	\$0	\$0	\$0	\$0	\$53,689,270	-\$6,131,401	\$7,651,938	\$0	\$0	\$1,520,536
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	cleared	1555	\$59,226,643	\$0						\$59,226,643	\$0				\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	cleared	1555	-\$21,176,697	-\$5,901,869						-\$27,078,565	\$270,886	\$79,382			\$350,269
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	cleared	1555	\$0	\$0						\$0	\$0				\$0
Smart Meter OM&A Variance	cleared	1556	\$22,925,549	\$0						\$22,925,549	\$0				\$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	Yes	1575								\$0	\$0				\$0
Accounting Changes Under CGAAP Balance + Return Component		1576								\$0	\$0				\$0
The following is not included in the total claim but are included on a memo basis:															
Deferred PILs Contra Account	cleared	1563	\$2,779,374	\$4,269,014	\$0	\$0	\$0	\$0	\$0	\$7,048,388	\$0	\$0	\$0	\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	Yes	1592	\$1,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,100,000	\$17,979	\$16,169	\$0	\$0	\$34,148
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes

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Hydro one capital contribution included in Group 2 accounts- currently included in 1508 account

Gain on sale- Named properties included in Group 2 accounts- currently included in 1508 account

The Smart meter entity charges are cleared based on FY 2013 balances.

			2013												
Account Descriptions	For Disposition	Account Number	Opening Principal Amounts as of Jan-1-13	Transactions Debit / (Credit) during 2013 excluding interest and adjustments	Board-Approved Disposition during 2013	Other 2 Adjustments during Q1 2013	Other 2 Adjustments during Q2 2013	Other 2 Adjustments during Q3 2013	Other Adjustments during Q1 2014- as per OEB Audit	Closing Principal Balance as of Dec-31-13	Opening Interest Amounts as of Jan-1-13	Interest Jan-1 to Dec-31-13	Board-Approved Disposition during 2013	Other Adjustments during Q1 2014- as per OEB Audit	Closing Interest Amounts as of Dec-31-13
LV Variance Account	Yes	1550	\$759,834	\$432,750						\$1,192,585	\$13,832	\$14,078			\$27,909
RSVA - Wholesale Market Service Charge	No	1580	-\$82,914,543	-\$15,469,571						-\$98,384,115	-\$1,604,683	-\$1,364,041			-\$2,968,724
RSVA - Retail Transmission Network Charge	No	1584	\$36,018,105	\$9,245,964						\$45,264,069	\$626,905	\$631,698			\$1,258,603
RSVA - Retail Transmission Connection Charge	No	1586	\$18,152,573	\$3,068,072						\$21,220,645	\$324,191	\$302,557			\$626,748
RSVA - Power (excluding Global Adjustment)	No	1588	\$5,597	\$0						\$5,597	\$0	\$0			\$0
RSVA - Global Adjustment	No	1589	\$28,496,060	\$9,567,063						\$38,063,123	\$1,192,708	\$727,902			\$1,920,610
Recovery of Regulatory Asset Balances	Yes	1590	\$0	\$0						\$0	\$0	\$0			\$0
Disposition and Recovery/Refund of Regulatory Balances (2008)	Yes	1595	\$0	\$0						\$0	\$0				\$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	Yes	1595	-\$363,600	\$0						-\$363,600	-\$197,761	-\$60,188			-\$257,949
Disposition and Recovery/Refund of Regulatory Balances (2010) ^[E1]	Yes	1595	\$240,653	-\$2,736,580					\$0	-\$2,495,927	\$1,496,565	\$13,766		\$0	\$1,510,331
Disposition and Recovery/Refund of Regulatory Balances (2011)	Yes	1595	\$1,559,344	-\$1,449,615						\$109,729	-\$269,023	\$6,056			-\$262,967
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$4,033,127	\$6,501,806					-\$2,468,679		-\$40,802	\$6,715		-\$47,516
Smart meter Entity charges ^[Z]	Yes	1551	\$0	\$435,919						\$435,919	\$0	\$4,303			\$4,303
Group 1 Sub-Total (including Account 1589 - Global Adjustment)			\$1,954,022	\$7,127,129	\$6,501,806	\$0	\$0	\$0	\$0	\$2,579,346	\$1,582,734	\$235,328	\$6,715	\$0	\$1,811,348
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)			-\$26,542,037	-\$2,439,934	\$6,501,806	\$0	\$0	\$0	\$0	-\$35,483,777	\$390,026	-\$492,573	\$6,715	\$0	-\$109,263
RSVA - Global Adjustment		1589	\$28,496,060	\$9,567,063	\$0	\$0	\$0	\$0	\$0	\$38,063,123	\$1,192,708	\$727,902	\$0	\$0	\$1,920,610
Group 2 Accounts															
Other Regulatory Assets - Sub-Account - US GAAP Transfer		1508	\$61,499,000	-\$22,718,000						\$38,781,000	\$0				\$0
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	cleared	1508	\$0							\$0	\$0				\$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	No	1508	\$0	\$147,040,107						\$147,040,107	\$0	-\$25,061			-\$25,061
Other Regulatory Assets - Sub-Account - Hydro one capital contribution ^[X]	Yes	1508													
Other Regulatory Assets - Sub-Account - Gain on sale- Named properties ^[Y]	Yes	1508													
Other Regulatory Assets - Sub-Account - Other	Yes	1508	\$175,366						-\$175,367	-\$0	\$0				\$0
Special purpose charges	Cleared	1521	\$523,886	-\$523,886						\$0	\$55,802	-\$55,802			\$0
Contact Voltage costs	cleared	1508	\$0							\$0	\$0				\$0
RSVA - One-time		1582	\$0							\$0	-\$0				-\$0
Group 2 Sub-Total			\$62,198,252	\$123,798,220	\$0	\$0	\$0	\$0	-\$175,367	\$185,821,106	\$55,802	-\$80,864	\$0	\$0	-\$25,061
Deferred Payments in Lieu of Taxes	cleared	1562	-\$7,048,388	-\$43,030	-\$7,091,418					\$0	\$0				\$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	yes	1592	-\$2,314,616							-\$2,314,616	-\$83,852	-\$34,020			-\$117,872
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT	yes	1592	-\$1,100,000	\$0						-\$1,100,000	-\$34,148	-\$16,169			-\$50,317
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)			\$53,689,270	\$130,882,319	-\$589,612	\$0	\$0	\$0	-\$175,367	\$184,985,835	\$1,520,536	\$104,275	\$6,715	\$0	\$1,618,097
LRAM Variance Account	yes	1568	\$0	\$0						\$0	\$0				\$0
Total including Account 1568			\$53,689,270	\$130,882,319	-\$589,612	\$0	\$0	\$0	-\$175,367	\$184,985,835	\$1,520,536	\$104,275	\$6,715	\$0	\$1,618,097
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	cleared	1555	\$59,226,643	-\$59,226,643						\$0	\$0				\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	cleared	1555	-\$27,078,565	\$27,078,565						\$0	\$350,269	-\$350,269			\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	cleared	1555	\$0	\$16,876,471						\$16,876,471	\$0				\$0
Smart Meter OM&A Variance	cleared	1556	\$22,925,549	-\$22,925,549						\$0	\$0				\$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	Yes	1575								\$0	\$0				\$0
Accounting Changes Under CGAAP Balance + Return Component		1576								\$0	\$0				\$0
The following is not included in the total claim but are included on a memo basis:															
Deferred PILs Contra Account	cleared	1563	\$7,048,388	\$43,030	\$7,091,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	Yes	1592	\$1,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,100,000	\$34,148	\$16,169	\$0	\$0	\$50,317
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$4,033,127	\$6,501,806	\$0	\$0	\$0	\$0	-\$2,468,679	\$0	-\$40,802	\$6,715	\$0	-\$47,516

Notes

Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2014 till December 31, 2014.

Relates to Carrying charges on FY 2013 Audited Financial balances calculated from January 1, 2015 till April 30, 2015.

Relates to the balances which are not booked and not included in FY 2013 audited Financial statements nor included in OEB trial balance for FY 2013. These balances are calculated in

Relates to the balances for the total claim applied for disposition in 2015 CIR application.

RARA 2013 not applied for disposition as the rate rider was completed only in April 30,2014.

The balance applied for claim is \$36,014,000. Back ups support will be provided for the balances & for IFRS 1575, the balance applied for clearing is \$25.8M

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Balances as per FY 2013 Audited Financial statements.

The RARA 2010 Audited financial statements is higher by (\$44K) as it does not include this adjustment. The LRAM Residual balance was written off in March 2014 as per the OEB Audi

Hydro one capital contribution included in Group 2 accounts- currently included in 1508 account

Gain on sale- Named properties included in Group 2 accounts- currently included in 1508 account

The Smart meter entity charges are cleared based on FY 2013 balances.

			2013				Projected Interest on Dec-31-13 Balances				2.1.7 RRR	
Account Descriptions	For Disposition	Account Number	Principal Disposition during 2013 - instructed by Board	Interest Disposition during 2013 - instructed by Board	Closing Principal Balances as of Dec 31-13 Adjusted for Dispositions during 2013	Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2013	Projected Interest from Jan 1, 2014 to December 31, 2014 on 13 balance adjusted for disposition during 2015 ^[A]	Projected Interest from January 1, 2015 to April 30, 2015 on Dec 31 -12 balance adjusted for disposition during 2015 ^[B]	Balances not in FY 2013 RRR - but proposed for clearing ^[C]	Total Claim ^[D]	As of Dec 31-13 ^[E]	Variance vs. 2013 Balance (Principal + Interest) RRR
LV Variance Account	Yes	1550			\$1,192,585	\$27,909	\$17,531	\$5,844		\$1,243,869	\$1,220,494	\$0
RSVA - Wholesale Market Service Charge	No	1580			-\$98,384,115	-\$2,968,724					-\$101,352,839	-\$0
RSVA - Retail Transmission Network Charge	No	1584			\$45,264,069	\$1,258,603					\$46,522,672	\$0
RSVA - Retail Transmission Connection Charge	No	1586			\$21,220,645	\$626,748					\$21,847,393	\$0
RSVA - Power (excluding Global Adjustment)	No	1588			\$5,597	\$0					\$5,597	\$0
RSVA - Global Adjustment	No	1589			\$38,063,123	\$1,920,610					\$39,983,733	-\$0
Recovery of Regulatory Asset Balances	Yes	1590			\$0	\$0				\$0	\$0	-\$0
Disposition and Recovery/Refund of Regulatory Balances (2008)	Yes	1595			\$0	\$0				\$0	\$0	-\$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	Yes	1595			-\$363,600	-\$257,949	-\$60,188	-\$20,063		-\$701,799	-\$621,549	\$0
Disposition and Recovery/Refund of Regulatory Balances (2010) ^[E1]	Yes	1595			-\$2,495,927	\$1,510,331	\$21,071	\$7,024		-\$957,501	-\$941,072	\$44,525
Disposition and Recovery/Refund of Regulatory Balances (2011)	Yes	1595			\$109,729	-\$262,967	\$1,612	\$537		-\$151,089	-\$153,238	-\$0
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595			-\$2,468,679	-\$47,516				\$0	-\$2,516,195	\$0
Smart meter Entity charges ^[Z]	Yes	1551			\$435,919	\$4,303	\$6,408	\$2,136		\$448,766	\$440,222	\$0
Group 1 Sub-Total (including Account 1589 - Global Adjustment)			\$0	\$0	\$2,579,346	\$1,811,348	-\$13,565	-\$4,522	\$0	-\$117,755	\$4,435,218	\$44,525
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)			\$0	\$0	-\$35,483,777	-\$109,262	-\$13,565	-\$4,522	\$0	-\$117,755	-\$35,548,514	\$44,525
RSVA - Global Adjustment		1589	\$0	\$0	\$38,063,123	\$1,920,610	\$0	\$0	\$0	\$0	\$39,983,733	-\$0
Group 2 Accounts												
Other Regulatory Assets - Sub-Account - US GAAP Transfer		1508			\$38,781,000	\$0			\$0	\$0	\$38,781,000	\$0
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	cleared	1508			\$0	\$0				\$0	\$0	-\$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	No	1508			\$147,040,107	-\$25,061				\$0	\$147,015,045	\$0
Other Regulatory Assets - Sub-Account - Hydro one capital contribution ^[X]	Yes	1508							\$1,853,428	\$1,853,428	\$0	-\$1,853,428
Other Regulatory Assets - Sub-Account - Gain on sale- Named properties ^[Y]	Yes	1508							\$5,751,104	\$5,751,104	\$0	-\$5,751,104
Other Regulatory Assets - Sub-Account - Other	Yes	1508			-\$0	\$0				-\$0		\$0
Special purpose charges	Cleared	1521			\$0	\$0				\$0		\$0
Contact Voltage costs	cleared	1508			\$0	\$0				\$0		\$0
RSVA - One-time		1582			\$0	-\$0				-\$0		\$0
Group 2 Sub-Total			\$0	\$0	\$185,821,106	-\$25,061	\$0	\$0	\$7,604,532	\$7,604,532	\$185,796,045	-\$7,604,532
Deferred Payments in Lieu of Taxes	cleared	1562			\$0	\$0				\$0		\$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	yes	1592			-\$2,314,616	-\$117,872	-\$34,025	-\$11,342		-\$2,477,859	-\$2,432,489	-\$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	yes	1592			-\$1,100,000	-\$50,317	-\$16,169	-\$5,390		-\$1,171,876	-\$1,150,317	\$0
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)			\$0	\$0	\$184,985,835	\$1,618,097	-\$63,759	-\$21,253	\$7,604,532	\$3,837,046	\$186,648,458	-\$7,560,007
LRAM Variance Account	yes	1568			\$0	\$0			\$3,552,374	\$3,552,374	\$0	-\$3,552,374
Total including Account 1568			\$0	\$0	\$184,985,835	\$1,618,097	-\$63,759	-\$21,253	\$11,156,906	\$7,389,420	\$186,648,458	-\$11,112,381
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	cleared	1555			\$0	\$0				\$0		\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	cleared	1555			\$0	\$0				\$0		\$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	cleared	1555			\$16,876,471	\$0			-\$1,085,160	\$15,791,311	\$16,876,471	\$1,085,160
Smart Meter OM&A Variance	cleared	1556			\$0	\$0				\$0		\$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	Yes	1575			\$0	\$0			\$30,506,428	\$30,506,428	\$0	-\$30,506,428
Accounting Changes Under CGAAP Balance + Return Component		1576			\$0	\$0				\$0		\$0
The following is not included in the total claim but are included on a memo basis:												
Deferred PILs Contra Account	cleared	1563	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	Yes	1592	\$0	\$0	\$1,100,000	\$50,317	\$16,169	\$5,390	\$0	\$1,171,876	\$1,150,317	\$0
Disposition and Recovery/Refund of Regulatory Balances (2013)	No	1595	\$0	\$0	-\$2,468,679	-\$47,516	\$0	\$0	\$0	\$0	-\$2,516,195	\$0

Notes

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December 31, 2013 - Reconciliation of Sale of Electricity and Cost of Power Expense**Filing Requirement 2.12 - Deferral and Variance Accounts**

The sale of electricity and cost of power expense have been reconciled to the Audited Financial Statements and the net profit is zero as shown in the tables below.

The IESO Global Adjustment charge is pro-rated into the RPP and Non-RPP portions.

Table 1: Sale of Electricity and Cost of Power Expense		
SALE OF ELECTRICITY		
USofA		Dec 31 2013 RRR (\$,000's)
4006 Residential Energy Sales		-419,259
4010 Commercial Energy Sales		-1,248,557
4020 Energy Sales to Large Users		-190,674
4025 Street Lighting Energy Sales		-9,307
4035 General Energy Sales		-190,062
4050 Revenue Adjustment		-51,051
4062 Billed WMS		-132,001
4066 Billed NW		-175,389
4068 Billed CN		-117,433
4075 Billed - LV		-433
Total Sale of Electricity Revenue		-2,534,165
Board filing 2.1.13 Sale of Electricity		-2,534,165
COST OF POWER EXPENSE		
USofA		Dec 31 2013 RRR (\$,000's)
4705 Power Purchased		1,225,482
4707 Charges - Global Adjustment		883,428
4708 Charges-WMS		132,001
4714 Charges-NW		175,389
4716 Charges-CN		117,433
4750 Charges - LV		433
Total Cost of Power Expense		2,534,165
Board filing 2.1.13 Cost of Power Expense		2,534,165

December 31, 2013 - Sale of Electricity and Cost of Power Expense**THESL Audited Financial Statements (AFS) Mapped to USofA Accounts****Filing Requirement 2.12 - Deferral and Variance Accounts**

As filed under the December 31, 2013 2.1.13, the Boards Reporting and Record Keeping Requirements (RRR), THESL AFS are reconciled to the RRR filed Sale of electricity and Cost of power expense OEB accounts.

Table 2: USofA Balances Mapped and Reconciled to the AFS - Sale of Electricity and Cost of Power Expense - Year ended December 31, 2013						
	THESL Consolidated Audited 2013	Less: Distribution Services Revenue	Adjusted THESL Consolidated Audited 2013	Dec 31 2013 RRR	Difference	Notes
	(\$,000s) (1)	(\$,000s) (2)	(\$,000s) (3)=(1)-(2)	(\$,000s) (4)	(\$,000s) (5)=(3)-(4)	
Sale of electricity	-3,145,455	-546,052	-2,599,403	-2,534,165	-65,238	1
Cost of power expense	2,567,512	0	2,567,512	2,534,165	33,346	2

Note 1: "Sale of electricity" difference of (\$65,238): Adjusted AFS balance of (\$2,599,403) versus RRR balance of (\$2,534,165), as follows:

(\$,000s)

- | | |
|--|----------------|
| a. A "Smart meter recovery" regulatory asset (RA) was booked for AFS, with the offsetting entry to Distribution revenue. This is not considered a regulatory asset for purposes of RRR reporting, and the RA and related distribution revenue have been reversed for RRR reporting: | -25,230 |
| b. For RRR Reporting, THESL booked to "Cost of Power revenue" and "COP expense" the amount of the IESO settlement invoices charge type 142, in the amounts of \$33,346 and (\$33,346), respectively. For the AFS, THESL does not book IESO settlement invoices charge type 142 to either COP revenue or COP expense: | -33,346 |
| c. An Incremental Capital Model (ICM) revenue contra account Regulatory Asset (RA) was booked for the AFS, with an offsetting entry to Distribution revenue. This is not considered a regulatory asset for purposes of RRR reporting. The RA and related Distribution revenue have been reversed for RRR reporting: | -6,706 |
| d. For RRR reporting, THESL has written-off to Distribution revenue a credit amount of \$44, which was included in regulatory liabilities in the AFS. The amount does not represent a regulatory liability for RRR reporting: | 44 |
| Total difference: | <u>-65,238</u> |

Note 2: "Cost of power expense" difference of \$33,346: Adjusted AFS balance of \$2,567,511 versus RRR balance of \$2,534,165, as follows:

(\$,000s)

- | | |
|--|---------------|
| a. For RRR Reporting we booked to "Cost of Power revenue" and "COP expense" the amount of the IESO settlement invoices charge type 142, in the amounts of \$33,346 and (\$33,346), respectively. For the AFS, THESL does not book IESO settlement invoices charge type 142 to either COP revenue or COP expense: | <u>33,346</u> |
|--|---------------|

Appendix 2-TA

Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

The following table should be completed based on the information requested below, in accordance with the notes following the table. An explanation should be provided for any blank entries.

Tax Item	Principal as of December 31, 2013
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from May 1, 2006 to April 30, 2007	Not applicable
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from January 1, 2006 to April 30, 2006 (4/12ths of the approved grossed-up proxy), if not recorded in PILs account 1562	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2007	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2008	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2009	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2010 [see item (i) of the calculations shown below for details]	-\$ 555,236
Ontario Capital Tax rate decrease and increase in capital deduction for 2011	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2012	Not applicable
Ontario Capital Tax rate decrease and increase in capital deduction for 2013	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2006	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2007	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2008	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2009	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2010 [see item (ii) of the calculations shown below for details]	-\$ 656,984
Capital Cost Allowance class changes from 2006 EDR application for 2011	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2012	Not applicable
Capital Cost Allowance class changes from 2006 EDR application for 2013	Not applicable
Capital Cost Allowance class changes from any prior application not recorded above. Please provide details and explanation separately.	Not applicable
Federal Income Tax Rate change from 2006 EDR application for 2010 [see item (iii) of the calculations shown below for details]	-\$ 1,102,396
Total	-\$ 2,314,616

Notes:

- (1) Revise the deferral and variance account continuity schedule to include account 1592 as a group 2 account and enter all relevant information for transactions, adjustments, etc., for all relevant years.

Response: There are no changes to the continuity schedule balances relating to account 1592. Since this account is considered group 2, the continuity schedule provides all the needed information with regard to the additions and transfers.

- (2) Describe each type of tax item that has been recorded in account 1592.

Response: See above table and below calculations for the requested clearance balance in respect of the 2015 CIR Rate application.

Appendix 2-TA

Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

- (3) Provide the calculations that show how each item was determined and provide any pertinent supporting evidence and documentation.

Response: See above table and below calculations for the requested clearance balance in respect of the 2015 CIR Rate application.

- (4) Please state whether or not the applicant followed the guidance provided in the FAQ of July 2007. If not, please provide an explanation.

Response: THESL has followed the guidance provided in FAQ of July 2007

- (5) Identify the account balance as of December 31, 2012 as per the 2012 Audited Financial Statements. Identify the account balance as of December 31, 2012 as per the April 2013 2.1.7 RRR filing to the Board. Provide a reconciliation if the balances provided are not identical to each other and to the total shown on the continuity schedule.

Response: The total account balance including cumulative carrying charges (\$83,852) was \$2,398,468 as of December 31, 2012 as reported in Note 9 f) of the 2012 Audited Financial Statements. This balance was reported to the Board in the April 2013 2.1.7 RRR filing.

- (6) Complete the above table based on the answers to the previous. Add rows as required to complete the analysis in an informative manner. Please provide the completed table as a working Excel spreadsheet.

Response: See response in Note (2).

Refer to the above table, see below calculations for how each item was determined:

(i) Ontario Capital Tax rate decrease and increase in capital deduction for 2010

For the period May 1, 2009 to April 30, 2010 per 2009 Rate Model

Net taxable capital per 2009 rate model	\$ 2,220,943,135
Ontario capital tax rate per 2009 rate model	0.225%
Total capital tax in the year per 2009 rate model	\$ 4,997,122
Divided by 12 months	12 months
Monthly capital tax from 1/1/2010 to 4/30/2010 by using the rate per 2009 rate model	\$ 416,427 [A]

Net taxable capital per 2009 rate model	\$ 2,220,943,135
Ontario capital tax rate per 2010 Statutory rate (0.15%/2*)	0.075%
Total capital tax in the year	\$ 1,665,707
Divided by 6 months	6 months
Monthly capital tax from 1/1/2010 to 4/30/2010 by using the statutory tax rate	\$ 277,618 [B]

Increase in PILs 1592 variance liability (not grossed-up) per month (1/1/2010 - 4/30/2010)	[A] - [B] \$ 138,809
Multiplied by 4 months	4 months
Increase in PILs 1592 variance liability for the period January 1, 2010 to April 30, 2010	\$ 555,236

*Note that Ontario capital tax was eliminated effective July 1, 2010. Full year capital tax rate for 2010 was 0.15%.

(ii) Capital Cost Allowance class changes from 2006 EDR application for 2010

For the period May 1, 2008 to April 30, 2009 per 2008 Rate Model

CCA class 45 additions per 2008 rate model	\$ 6,789,452
Half-year rule (50%)	50%
Reduced CCA class 45 additions before CCA	\$ 3,394,726

Appendix 2-TA

Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

CCA on Class 45 additions as calculated in 2008 rate model	
\$3,394,726 x 45%	\$ 1,527,627
CCA on Class 50 additions based on Class 45 additions per 2008 rate model	
\$3,394,726 x 55%	1,867,099
Increase in CCA due to change in CCA class	<u>\$ 339,472 [C]</u>

For the period May 1, 2009 to April 30, 2010 per 2009 Rate Model

CCA class 45 additions per 2009 rate model	\$ 5,664,102
Half-year rule (50%)	50%
Reduced CCA class 45 additions before CCA	<u>\$ 2,832,051 [D]</u>

CCA on Class 45 additions as calculated in 2009 rate model (45%)	
[D]: \$2,832,051 x 45%	<u>\$ 1,274,423</u>
Recalculated CCA on Class 50/52 additions in 2009 rate model	
Class 50 addition: \$5,664,102 x 1/12 x 50% x 55%	\$ 129,802
Class 52 addition: \$5,664,102 x 11/12 x 100%	5,192,094
CCA due to change in CCA class	<u>\$ 5,321,896</u>
Increase in CCA due to change in CCA class	<u>\$ 4,047,473 [E]</u>

Capital Cost Allowance class changes from 2006 EDR application for 2010

Increase in CCA due to change in CCA class per 2008 and 2009 rate models [see above item (4)]	
2010 statutory tax rate	[C] + [E] \$ 4,386,945
Decrease in income tax before grossed-up	31.00%
Gross up factor [1/(1-tax rate)]	\$ 1,359,953
Decrease in income tax (grossed-up)	1.4492754
	<u>\$ 1,970,946 [F]</u>

Total increase in PILS 1592 variance liability for 2010

Due to 2009 CCA class 45 additions per 2008 and 2009 rate models	
[F]: \$1,970,946 x 4/12	\$ 656,982
Rounding	\$ 2
Increase in PILs 1592 variance liability for the period January 1, 2010 to April 30, 2010	<u>\$ 656,984</u>

Appendix 2-TA

Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

(iii) Federal Income Tax Rate change from 2006 EDR application for 2010

For the period May 1, 2009 to April 30, 2010 per 2009 Rate Model

Taxable income per 2009 rate model	\$ 50,403,073
2010 statutory tax rate	31.00%
	<u>\$ 15,624,953</u>
Less: Tax credits per 2009 rate model	200,000
Income tax before grossed-up	<u>\$ 15,424,953</u>
Gross up factor [1/(1-tax rate)]	1.4492754
Income tax (grossed-up) – recalculated	<u>\$ 22,355,004</u>
Income tax (grossed-up) – per 2009 rate model	25,662,189
Decrease in Income tax due to change in statutory rate	<u><u>\$ 3,307,185</u></u> (G)

Total increase in PILS 1592 variance liability for 2010

Due to change in 2010 statutory income tax rate	
Per 2009 rate model: (G): \$3,307,185 x 4/12	\$ 1,102,395
Rounding	<u>\$ 1</u>
	<u><u>\$ 1,102,396</u></u>

OEB Appendix 2-EC
Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
2014 Adopters of IFRS for Financial Reporting Purposes

For applicants that adopt IFRS on **January 1, 2015** for financial reporting purposes

Note: this sheet should be filled out if the applicant adopts IFRS for its financial reporting purpose as of January 1, 2014.

				2014 Transition Year	2015 Rebasing Year	2016	2017	2018	2019
Reporting Basis				MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Forecast vs. Actual Used in Rebasing Year				Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
				\$	\$	\$	\$	\$	\$
PP&E Values under USGAAP									
Opening net PP&E - Note 1				2,757,342,197					
Net Additions - Note 4				355,605,618					
Net Depreciation (amounts should be negative) - Note 4				-149,585,965					
Closing net PP&E (1)				2,963,361,851					
PP&E Values under MIFRS (Starts from 2014, the transition year)									
Opening net PP&E - Note 1				2,763,674,228					
Net Additions - Note 4				272,815,408					
Net Depreciation (amounts should be negative) - Note 4				-92,207,357					
Closing net PP&E (2)				2,944,282,279					
Difference in Closing net PP&E, USGAAP vs. MIFRS				19,079,572					
Remove Land Lease Balance Sheet Reclass Day 1 Impact				7,191,090					
Remove ICM Regulatory Asset Transfer Impact				-488,337					
Revised Difference in Closing net PP&E, USGAAP vs. MIFRS				25,782,325					

Effect on Deferral and Variance Account Rate Riders

Closing balance in deferral account	25,782,325
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 2	4,724,103
Amount included in Deferral and Variance Account Rate Rider Calculation	30,506,428

WACC	6.19%	/c
# of years of rate rider disposition period	4	/c

Notes:

- For an applicant that adopts IFRS on January 1, 2014, the PP&E values as of January 1, 2013 under both CGAAP and MIFRS should be the same.
- Return on rate base associated with deferred balance is calculated as:
the deferral account opening balance as of 2014 rebasing year x WACC X # of years of rate rider disposition period
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.
- The PP&E deferral account is cleared by including the total balance in the deferral and variance account rate rider calculation.
- Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

**RECOVERY OF 2011, 2012, AND 2013 LOST
REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT
(“LRAMVA”) AMOUNTS**

1. SUMMARY

In accordance with the OEB’s Filing Requirements for Electricity Distribution Rate Applications (July 17, 2013), Toronto Hydro is submitting a claim for the recovery of LRAMVA amounts related to Conservation and Demand Management (“CDM”) activities in 2011, 2012, and 2013. Toronto Hydro seeks the OEB’s approval to recover the total LRAMVA amount of \$3,452,615 plus carrying charges of \$99,759 through a 12-month rate rider.

/C

Toronto Hydro submits that it has relied on and conformed with the OEB’s CDM Guidelines (EB-2012-0003) and used the most recent input assumptions available at the time of the program evaluation when calculating its lost revenue amounts. Table 1 represents a summary of LRAMVA amounts for 2011, 2012, and 2013 by customer class.

Table 1: 2011, 2012 and 2013 LRAMVA amounts by customer class

Customer Class	2011 LRAMVA Amounts	2012 LRAMVA Amounts	2013 LRAMVA Amounts	2011, 2012, 2013 LRAMVA Amounts
Residential	-\$138,294	-\$92,412	\$73,382	-\$157,324
Competitive Sector Multi-Unit Residential ("CSMUR")	\$0	\$0	\$2,892	\$2,892
General Service <50 kW	-\$126,171	\$230,591	\$836,378	\$940,797
General Service 50 - 999 kW	\$344,797	\$904,081	\$1,551,852	\$2,800,730
General Service 1000 - 4999 kW	-\$43,063	-\$42,628	\$49,187	-\$36,504
Large Use	-\$50,305	-\$73,684	\$26,013	-\$97,976
Total	-\$13,037	\$925,948	\$2,539,704	\$3,452,615

/C

1 **2. LOST REVENUE ADJUSTMENT MECHANISM (“LRAM”) FOR CDM**
2 **ACTIVITIES PRIOR TO 2011:**

3 Toronto Hydro was last granted approval from the OEB to clear LRAM balances as part
4 of its 2010 Cost of Service (“COS”) rate application (see EB-2009-0139). These
5 amounts were previously reviewed and approved in EB-2008-0401, and related to 2007
6 CDM activities.

7
8 Toronto Hydro confirms it will not be submitting an application to recover LRAM
9 amounts related to 2008, 2009, and 2010 CDM activities consistent with the OEB
10 expectations in the CDM Guidelines (EB-2012-0003) Section 13.6, where it states:
11 “LRAM for pre-2011 CDM activities should be completed with the 2012 rate
12 applications” and if not filed for the recovery of LRAM amounts in its 2012 rate
13 application, “it will forego the opportunity to recover LRAM for this legacy
14 period of CDM activity”.

15
16 **3. LRAMVA AMOUNT CALCULATIONS**

17 As defined in CDM Guidelines EB-2012-0003, the LRAMVA is intended to capture the
18 difference between the level of CDM program activities included in the distributor’s load
19 forecast and the actual impacts of authorized CDM activities achieved in Toronto
20 Hydro’s service territory.

21
22 The latest Toronto Hydro OEB-approved load forecast was for 2011 and was part of 2011
23 COS rate application (EB-2010-0142). As a result, Toronto Hydro is eligible to apply for
24 recovery LRAMVA amounts related to CDM activities for 2011, 2012, 2013 and 2014.
25 In accordance with LRAM Filing Data Table from the 2012 CDM Guidelines, currently
26 Toronto Hydro is able to seek for approval of 2011-2013 LRAMVA amounts. An
27 application for 2014 LRAMVA amount will be submitted at a later date.

1 **4. CDM SAVINGS FORECAST**

2 Toronto Hydro's load forecast for 2011 did not include an explicit amount for CDM
3 savings. Instead, CDM was accounted for through the trend variables in the customer
4 class regression models. As described in Toronto Hydro's previous evidence¹, the trend
5 variables captured impacts of various factors including conservation – both natural and
6 CDM related.

7
8 In order to determine the amount of CDM implicitly embedded in the trend variables
9 used in the 2011 load forecast (and hence the basis for the LRAMVA calculation),
10 Toronto Hydro has estimated a relationship between the actual historical CDM savings
11 (on a net basis) and the trend variables used in the forecast models for each rate class.
12 The regression model uses the actual CDM savings as the dependent variable, and the
13 Trend Variables as the explanatory variable. In addition, a variable to represent the
14 spring and fall periods was added to capture saddle period pattern of CDM program
15 activities during the year. The estimated coefficients from the regressions were then used
16 to determine the amount of CDM included in the 2011 load forecast. The outcomes of
17 this estimation represent the portion of expected overall load decline which could be
18 attributed to the CDM activities. In other words, the cumulative (to date) CDM savings
19 embedded in the load forecast for a given class. Table 2 shows the details of forecasted
20 cumulative CDM savings compared to value of the trend variable used for each class.

¹ Excerpt from EB-2010-0142 Exhibit K1, Tab 1, Schedule 1: "The load forecast described above does not explicitly take into account any load impacts arising from CDM programs undertaken by Toronto Hydro. However, the inclusion of the time trend variables does capture the impacts of conservation – both natural conservation and CDM program conservation."

1 **Table 2: 2011 CDM Savings Forecast embedded in 2011 Load forecast**

Customer Class	2011 OEB- Approved Purchased Load Forecast, kWh	Trend Variable component, kWh	Estimated cumulative CDM Savings, kWh
Residential (incl. CSMUR)	5,174,271,175	-1,103,440,244	181,121,318
General Service <50 kW	2,219,756,435	-595,827,679	145,464,252
General Service 50 - 999 kW	10,496,749,821	0	0
General Service 1000 - 4,999 kW	4,800,900,765	-562,121,632	152,041,157
Large Use	2,421,224,078	-258,186,760	149,271,581

/C
/C

2 Because the LRAMVA calculations are based on new CDM activities in 2011, and
3 specifically exclude the impacts of CDM activity prior to 2011, the kWh savings are
4 determined by subtracting the 2011 cumulative CDM estimates from the 2010 end of
5 year cumulative CDM estimates. This amount, shown in Table 3 below, serves as the
6 basis for calculating the estimated incremental CDM savings for 2011 with no persistence
7 from the prior years.

8

9 Table 3 contains the summary of 2011 estimated incremental CDM savings as well as
10 2012 and 2013 estimated CDM savings due to persistence of 2011 programs, by class.
11 For the classes with demand based distribution rates (50-1000kW, 1-5 MW, and Large
12 Use classes), kWh CDM savings forecast has been converted into the appropriate billing
13 units for each class (kVA) based on historical load factors.

1 **Table 3: 2011-2013 Forecasted CDM Savings**

Customer Class	2011 CDM		2012 CDM		2013 CDM		
	kWh	kVA	kWh	kVA	kWh	kVA	
Residential	16,077,338	n/a	29,643,858	n/a	29,216,469	n/a	} /C
CSMUR	n/a	n/a	n/a	n/a	346,394	n/a	
General Service <50 kW	16,910,008	n/a	31,179,157	n/a	31,093,969	n/a	
General Service 50 - 999 kW	n/a	0	n/a	0	n/a	0	} /C
General Service 1000 - 4999 kW	n/a	40,863	n/a	75,086	n/a	74,891	
Large Use	n/a	37,655	n/a	69,011	n/a	68,831	
Total	32,987,346	78,518	60,823,015	144,097	60,656,832	143,722	

2 **5. ACTUAL CDM SAVINGS FOR 2011, 2012, AND 2013**

3 Toronto Hydro has relied on the most recent evaluation report from the Ontario Power
4 Authority (“OPA”) – 2013 OPA draft verified results report in support of its LRAMVA
5 calculations. The 2011 and 2012 net CDM savings are OPA approved and verified, and
6 2013 net CDM savings are OPA draft verified. A copy of the 2013 OPA draft verified
7 results report is provided as Appendix B.

8
9 The 2011 load savings reflect an actual impact of 2011 CDM program activities
10 excluding persistence from the prior years. The 2012 load savings consist of the actual
11 impact from 2012 CDM programs, plus the remaining realization of 2011 CDM
12 programs, and partial 2011 persistence. The 2013 load savings consist of actual impact
13 from 2013 CDM programs, plus remaining realization of 2012 CDM programs, and
14 persistence of 2011 and 2012 programs. Toronto Hydro notes that the savings data
15 provided by the OPA is annualized, which does not accurately reflect the actual initiation
16 and implementation of CDM savings when compared to CDM estimates by customer
17 class. Consequently, Toronto Hydro has adjusted its claimed savings based on typical
18 application rates and monthly savings realization from samples and averages.

1 Demand savings for the Demand Response (“DR”) programs were excluded. Toronto
2 Hydro believes that the peak demand savings from the DR program is not necessarily
3 coincident with customer’s individual peak demand for the demand reduction occurrence.

4
5 The actual impacts of CDM savings achieved by OPA-contracted CDM programs are
6 summarized by customer class in Table 4 below.

7
8 **Table 4: Actual 2011-2013 CDM Savings**

Customer Class	2011 CDM		2012 CDM		2013 CDM	
	kWh	kVA	kWh	kVA	kWh	kVA
Residential	7,040,991	n/a	23,528,923	n/a	34,058,730	n/a
CSMUR	n/a	n/a	n/a	n/a	458,504	n/a
General Service <50 kW	11,310,557	n/a	41,443,979	n/a	68,047,762	n/a
General Service 50 - 999 kW	n/a	61,746	n/a	162,183	n/a	277,011
General Service 1000 - 4999 kW	n/a	30,002	n/a	64,775	n/a	86,941
Large Use	n/a	25,582	n/a	51,876	n/a	74,806
Total	18,351,547	117,330	64,972,902	278,833	102,564,996	438,758

9 **6. LRAMVA RATE RIDER CALCULATION**

10 The requested LRAMVA relief is composed of the difference between Toronto Hydro’s
11 2011, 2012, and 2013 CDM forecasts, and the 2011, 2012, and 2013 CDM savings
12 resulting from the OPA funded CDM programs implemented within each of those three.
13 Toronto Hydro has applied the historic monthly distribution volumetric rates, foregone
14 revenue and application of tax change rate riders in place throughout three years to the
15 (rate class specific) monthly load differences in calculating the LRAMVA amounts. See
16 Appendix A for more details on LRAMVA amount calculations. Table 5 represents the
17 total 2011-2013 LRAMVA balances by customer class.

18
19 Toronto Hydro proposes class-specific rate riders which are expressed as amounts per
20 kWh or per kVA, as applicable, and are to be applied to the variable distribution rate

1 component for each class. This approach most closely matches program eligibility and
2 potential for benefits to customers in each class with the corresponding program costs,
3 and is the most simple to administer. Toronto Hydro proposes that the amounts to be
4 cleared for LRAMVA be included together with other deferral and variance account
5 clearances, the details of which can be found in Exhibit 9, Tab 2, Schedule 1.

6

7 **Table 5: 2011-2013 LRAMVA Balances and Carrying Charges**

Customer Class	2011, 2012, 2013 LRAMVA			
	Lost Revenues (\$)	Carrying Charges (\$)	Total LRAMVA (\$)	
Residential	-\$157,324	-\$4,546	-\$161,870	} /C
CSMUR	\$2,892	\$84	\$2,976	
General Service <50 kW	\$940,797	\$27,183	\$967,980	
General Service 50 - 999 kW	\$2,800,730	80,923	\$2,881,653	
General Service 1000 - 4999 kW	-\$36,504	-\$1,055	-\$37,559	
Large Use	-\$97,976	-\$2,831	-\$100,807	
Total	\$3,452,615	99,759	3,552,374	

8 **7. CARRYING CHARGES**

9 Toronto Hydro has calculated carrying charges on the 2011, 2012, and 2013 LRAMVA
10 amounts from January 1, 2011 to April 30, 2015 using the appropriate OEB-approved
11 interest rates.

12

13 **8. THIRD-PARTY VERIFICATION**

14 For 2011-2013 Toronto Hydro did not undertake any OEB-approved programs. Since all
15 the CDM program activities were OPA funded, no separate third-party verification is
16 required.

THESL - 2011 LRAMVA Calculation:

Year: 2011																									
Calculation:		A		B		C = B - A																			
	CDM Component of approved OEB Forecast 2011 CoS		2011 OPA approved CDM (actual impact)		Energy Volume to Calculate Variance			Energy Volume to Calculate Variance (Jan - Jul)		Energy Volume to Calculate Variance (Aug - Dec)		Distribution Volumetric Rate (Jan - Jul)*		Distribution Volumetric Rate (Aug - Dec)*		Entry for 1568 LRAM Account									
Customer Class	kWh	kW	kWh	kW	kWh	kW	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA								
Residential	16,077,338	0	7,040,991	56,357	-9,036,347	56,357	61,746	-3,590,854	22,289	-5,445,493	39,456	\$0.01572	\$ 5.5840	\$0.01503	\$ 5.5998	(\$138,293.99)	\$352,414.68								
General Service <50 kW	16,910,008		11,310,557		-5,599,451			-2,579,903		-3,019,548		\$0.02270		\$0.02239		(\$126,171.48)									
General Service 50 - 999 kW																									
Transformer Allowance																									
Sub Total																									
General Service 1000 - 4999 kW		37,509		27,494		-10,015	-10,861		-3,960		-6,901		\$ 4.0438		\$ 4.5989		(\$48,425.33)								
Transformer Allowance							-8,533		-3,107		-5,426		-\$ 0.62		-\$ 0.62		\$5,362.70								
Sub Total																	(\$43,062.62)								
Large Use		34,739		23,567		-11,171	-12,073		-4,189		-7,884		\$ 4.2852		\$ 4.9015		(\$57,460.93)								
Transformer Allowance							-11,375		-4,014		-7,361		-\$ 0.62		-\$ 0.62		\$7,155.87								
Sub Total																	(\$50,305.06)								
Total	32,987,346	72,248	18,351,547	107,419	-14,635,798	35,171	38,811	-6,170,758	14,140	-8,465,041	24,671	Total		Total		(\$264,465.46)	\$246,528.42 (\$17,937.04)								
Transformer Allowance							-7,864		-2,797		-5,067	Transformer Allowance		Transformer Allowance		\$4,900.53	\$4,900.53								
Total (Net of Transformer Allowance)														Total (Net of Transformer Allowance)		(\$264,465.46)	\$251,428.95 (\$13,036.51)								

*Volumetric Rate Riders include foregone revenue.

THESL - 2012 LRAMVA Calculation:

Year: 2012																									
Calculation:		A		B		C = B-A																			
	CDM Component of approved OEB Forecast 2011 CoS		2012 OPA approved CDM (actual impact)		Energy Volume to Calculate Variance			Energy Volume to Calculate Variance (Jan - Apr)		Energy Volume to Calculate Variance (May - Dec)		Distribution Volumetric Rate (Jan - Apr)*		Distribution Volumetric Rate (May - Dec)*		Entry for 1568 LRAM Account									
Customer Class	kWh	kW	kWh	kW	kWh	kW	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA								
Residential	29,643,858	0	23,528,923	148,517	-6,114,934	148,517	162,183	-3,147,000	36,287	-2,967,935	125,896	\$ 0.01503	\$ 5.5998	\$ 0.01520	\$ 5.5956	(\$92,412.01)	\$923,972.89	/C							
General Service <50 kW	31,179,157		41,443,979		10,264,821		747,780	9,517,041		\$ 0.02239		\$ 0.02247		\$230,590.71		/C									
General Service 50 - 999 kW																								/C	
Transformer Allowance																									/C
Sub Total																								\$904,081.46	/C
General Service 1000 - 4999 kW		69,009		59,458		-9,550	-10,311		-7,319		-2,992		\$ 4.5989	\$ 4.4497		(\$47,694.35)		/C							
Transformer Allowance							-8,046		-5,656		-2,390		-\$ 0.62	-\$ 0.62		\$5,065.88		/C							
Sub Total																(\$42,628.48)		/C							
Large Use		63,739		47,861		-15,878	-17,135		-8,188		-8,947		\$ 4.9015	\$ 4.7406		(\$83,930.99)		/C							
Transformer Allowance							-16,255		-7,788		-8,467		-\$ 0.62	-\$ 0.62		\$10,247.47		/C							
Sub Total																(\$73,683.52)		/C							
Total	60,823,015	132,748	64,972,902	255,837	4,149,887	123,088	134,736	-2,399,219	20,780	6,549,106	113,956	Total		Total		\$138,178.70	\$792,347.54	\$930,526.24	/C						
Transformer Allowance					7,216			-6,535		13,751		Transformer Allowance		Transformer Allowance			(\$4,578.08)	(\$4,578.08)	/C						
														Total (Net of Transformer Allow)		\$138,178.70	\$787,769.46	\$925,948.16	/C						

*Volumetric Rate Riders include foregone revenue.

THESL - 2013 LRAMVA Calculation:

Year: 2013

Calculation:		A		B		C = B-A														
	CDM Component of approved OEB Forecast 2011 CoS		2013 OPA draft verified CDM (actual impact)		Energy Volume to Calculate Variance			Energy Volume to Calculate Variance (Jan - May)		Energy Volume to Calculate Variance (Jun - Dec)		Distribution Volumetric Rate (Jan - May)*		Distribution Volumetric Rate (Jun - Dec)*		Entry for 1568 LRAM Account				
Customer Class	kWh	kW	kWh	kW	kWh	kW	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA	kWh	kVA			
Residential	29,216,469	0	34,058,730	253,769	4,842,261	253,769	277,011	-667,304	88,434	5,509,565	188,577	\$ 0.01520	\$ 5.5956	\$ 0.01516	\$ 5.6563	\$73,381.98	\$1,585,734.91	/C		
Competitive Sector Multi-Unit Residential (CSMUR)**	346,394		458,504		112,110					112,110		\$ 0.02580		\$2,892.43		/C				
General Service <50 kW	31,093,969		68,047,762		36,953,793			9,563,527		27,390,267		\$ 0.02247		\$836,377.59		/C				
General Service 50 - 999 kW																/C				
Transformer Allowance																/C				
Sub Total																		/C		
General Service 1000 - 4999 kW	68,827		79,805		10,978			12,050		-1,388		13,438		\$ 4.4497		\$ 4.4973			\$55,178.37	/C
Transformer Allowance								9,502		-1,086		10,588		-\$ 0.62		-\$ 0.62			(\$5,991.30)	/C
Sub Total																			\$49,187.06	/C
Large Use	63,572	69,007	5,435	5,975	-4,923	10,898	\$ 4.7406	\$ 4.7916		\$29,567.28	/C									
Transformer Allowance					-4,705	10,306	-\$ 0.62	-\$ 0.62		(\$3,554.61)	/C									
Sub Total										\$26,012.66	/C									
Total	60,656,832	132,399	102,564,996	402,581	41,908,164	270,182	295,036	8,896,223	82,123	33,011,941	212,913	Total		Total		\$912,652.00	\$1,670,480.55	\$2,583,132.55	/C	
Transformer Allowance					68,913			11,201		57,711		Transformer Allowance		Transformer Allowance			(\$43,429.04)	(\$43,429.04)	/C	
												Total (Net of Transformer Allow)		Total (Net of Transformer Allow)		\$912,652.00	\$1,627,051.51	\$2,539,703.51	/C	

*Volumetric Rate Riders include foregone revenue and application of tax change.
**CSMUR rate class implementation date Jun 01, 2013. Prior years were included in Residential class.



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Message from the Vice President:

The OPA is pleased to provide the enclosed Draft 2013 Verified Results Report. This report is designed to provide preliminary information on the Draft 2013 Verified Results and to help populate LDC Annual Report templates that will be submitted to the OEB in September.

Top Line Results:

- We have achieved 85% of our cumulative energy savings target and 49% of our annual peak demand savings target to date (Scenario 2), representing a 31% and 51% improvement over 2012 verified results respectively.
- The Business Programs continue to perform well, representing 74% of the cumulative energy savings and 69% of the annual peak demand savings (Scenario 1).
- There are currently three verified Process and System Upgrades projects contributing savings. Process and System Upgrades has a healthy pipeline of 22 contracted projects and 201 studies which will likely result in significant savings in 2014.

Please note that the 2013 Draft Verified Results within this report may vary from the unverified Q4 2013 Preliminary Unverified Report for the following reasons:

- Direct Install Lighting realization rate for peak demand savings has shown an increase of 19% since 2012.
- Retrofit realization rate for peak demand savings has declined by 2% and the net-to-gross ratio has declined by 3%. The realization rate and net-to-gross ratio have both declined by 4% for energy savings.
- Home Assistance Program realization rates have declined by 17% for peak demand and 11% for energy savings. The net-to-gross ratios remain the same at 100%.
- This report includes both the 2011 and 2012 adjustments. The adjustments analysis ensures that energy and demand savings are properly categorized in the year that they were achieved and that any variances identified after the release of the 2011 and 2012 Final Results Report are properly accounted for and reported to the LDCs. The adjustments will be identified in the year following implementation, while the cumulative effect will be accounted for in the implementation year.

These results are considered draft and may be subject to change. The OPA is committed to providing LDCs with the opportunity to review and provide feedback. To ensure that all inquiries can be directed to the appropriate OPA contact and addressed prior to the release of the 2013 Final Verified Results, please e-mail a list of questions and/or concerns to LDC Support (LDC.Support@powerauthority.on.ca) by Monday, August 11, 2014.

The Final 2013 Verified Results Report will be available to all LDCs on or before August 31, 2014. At that time, all results will be considered final for 2013. Any variances in 2013 program activity not captured will be reported in the Final 2014 Verified Results Report (to be issued in 2015), through the 2013 adjustments process.

We appreciate your collaboration and support throughout the reporting and evaluation process and we look forward to another successful year ahead.

Sincerely

Andrew Pride

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OPA-Contracted Province-Wide CDM Programs Draft Verified 2013 Results

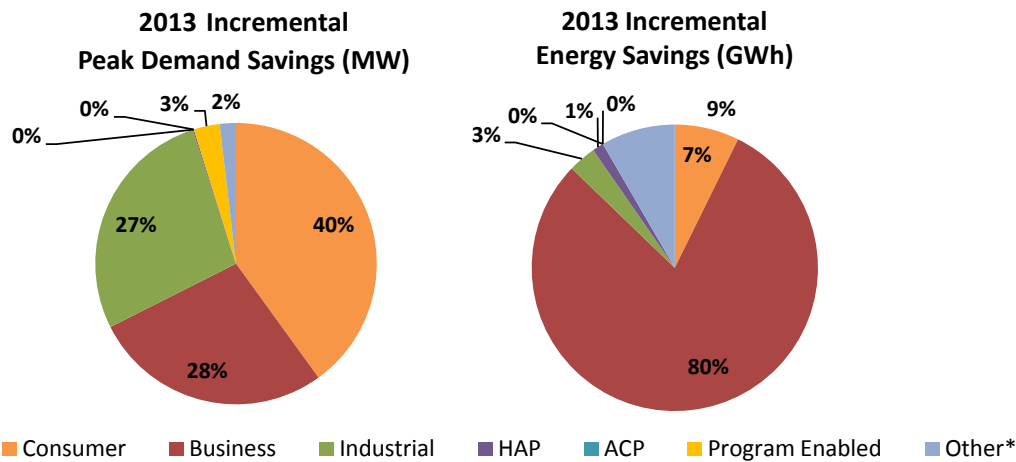
LDC: Toronto Hydro-Electric System Limited

FINAL 2013 Progress to Targets	2013 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	94.1	84.4	29.5%	52.9%
Net Energy Savings (GWh)	127.8	1,281.8	98.3%	98.4%

Scenario 1 = Assumes that demand response resources have a persistence of 1 year

Scenario 2 = Assumes that demand response resources remain in your territory until 2014

Achievement by Sector



*Other includes adjustments to previous years' results and savings from pre-2011 initiatives

Comparison: Your Achievement vs. LDC Community Achievement (Progress to Target)

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

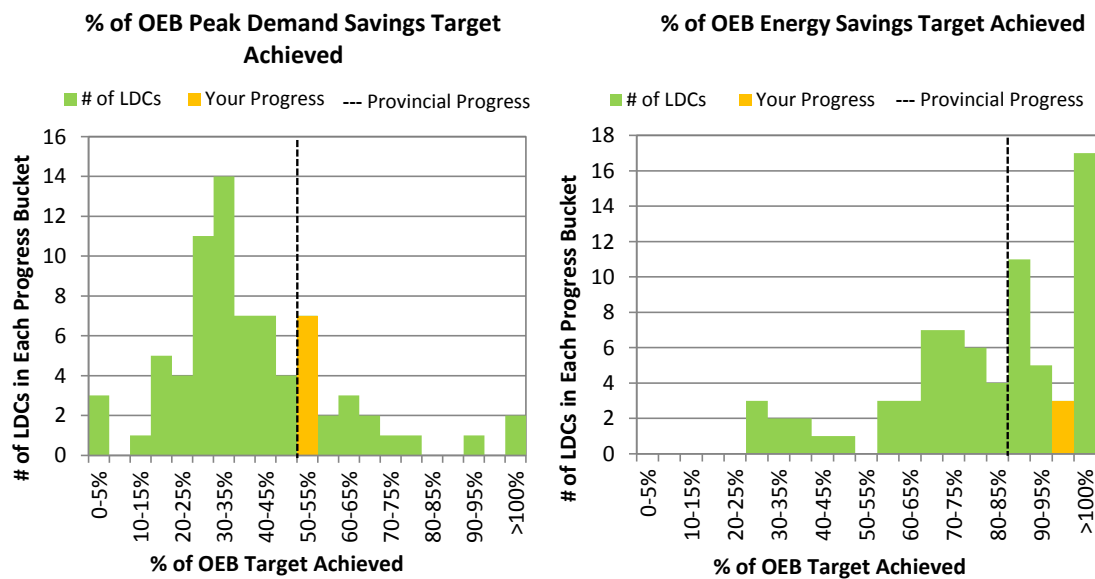


Table 1: **Toronto Hydro-Electric System Limited** Initiative and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program															
Appliance Retirement	Appliances	6,088	2,802	1,487		349	161	90		2,343,820	1,091,609	591,184		568	13,803,699
Appliance Exchange	Appliances	549	580	314		52	83	65		57,879	143,607	116,004		161	859,115
HVAC Incentives	Equipment	16,744	13,393	14,327		5,674	2,821	3,015		10,493,166	4,781,806	5,189,758		11,510	66,697,599
Conservation Instant Coupon Booklet	Items	66,320	3,953	44,395		150	29	66		2,439,881	178,941	986,409		245	12,269,164
Bi-Annual Retailer Event	Items	121,855	135,773	120,911		215	189	151		3,760,986	3,427,499	2,198,663		556	29,723,766
Retailer Co-op	Items	13	0	0		0	0	0		230	0	0		0	919
Residential Demand Response	Devices	1,328	43,149	54,306		743	22,940	34,268		1,924	168,943	116,929		0	287,797
Residential Demand Response (IHD)	Devices	0	23,824	51,736		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	50		0	0	13		0	0	105,822		13	211,643
Consumer Program Total						7,184	26,223	37,668		19,097,886	9,792,405	9,304,770		13,053	123,853,704
Business Program															
Retrofit	Projects	636	1,266	1,712		7,527	15,972	15,421		43,007,032	80,294,445	90,503,454		38,359	591,178,363
Direct Install Lighting	Projects	3,971	3,519	2,366		4,903	2,502	2,092		12,683,558	9,383,020	6,898,480		7,404	85,037,910
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	11	3		0	151	74		0	269,821	407,340		225	1,624,142
Energy Audit	Audits	79	93	89		0	393	767		0	1,913,395	4,215,217		1,160	14,170,620
Small Commercial Demand Response	Devices	36	132	145		23	84	92		84	478	212		0	775
Small Commercial Demand Response (IHD)	Devices	0	0	89		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	26	28	44		1,915	4,413	7,466		75,010	64,142	84,257		0	223,409
Business Program Total						14,369	23,516	25,911		55,765,683	91,925,302	102,108,961		47,149	692,235,218
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	19	26		0	785	607		0	5,639,289	3,446,706		1,037	21,517,666
Retrofit	Projects	32	0	0		522	0	0		3,017,532	0	0		522	12,070,127
Demand Response 3	Facilities	17	20	28		10,024	10,274	25,233		588,385	247,610	566,901		0	1,402,897
Industrial Program Total						10,545	11,059	25,840		3,605,917	5,886,899	4,013,607		1,559	34,990,690
Home Assistance Program															
Home Assistance Program	Homes	0	626	2,398		0	98	122		0	790,242	1,620,650		219	5,612,026
Home Assistance Program Total						0	98	122		0	790,242	1,620,650		219	5,612,026
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0		0	0	0		0	0
High Performance New Construction	Projects	0	0	0		16	14	0		84,494	14,011	0		31	380,009
Toronto Comprehensive	Projects	577	0	0		15,805	0	0		86,964,886	0	0		15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	107	0	0		1,906	0	0		7,400,835	0	0		1,906	29,603,338
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						17,727	14	0		94,450,215	14,011	0		17,741	377,842,892
Other															
Program Enabled Savings	Projects	1	4	1		0	0	2,800		0	0	0		2,800	0
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						0	0	2,800		0	0	0		2,800	0
Adjustments to 2011 Verified Results							178	390			3,791,694	165,560		561	15,805,911
Adjustments to 2012 Verified Results								1,369				10,542,115		1,328	31,480,349
Energy Efficiency Total						37,120	23,199	25,284		172,254,298	107,927,685	116,279,687		82,521	1,232,619,654
Demand Response Total (Scenario 1)						12,705	37,711	67,058		665,403	481,174	768,300		0	1,914,877
Adjustments to Previous Year's Verified Results Total						0	178	1,759		0	3,791,694	10,707,675		1,888	47,286,260
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						49,825	61,088	94,101		172,919,701	112,200,552	127,755,662		84,410	1,281,820,791
Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).		The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.								Full OEB Target:				286,270	1,303,990,000
										% of Full OEB Target Achieved to Date (Scenario 1):				29.5%	98.3%

Table 2: Adjustments to **Toronto Hydro-Electric System Limited** Net Verified Results due to Variances

Table 2: Adjustments to Toronto Hydro-Electric System Limited Net Verified Results due to variances													
Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program													
Appliance Retirement	Appliances	0	0			0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0			0	0		
HVAC Incentives	Equipment	-3,164	346			-863	70			-1,572,488	138,411		
Conservation Instant Coupon Booklet	Items	1,051	0			2	0			35,278	0		
Bi-Annual Retailer Event	Items	10,471	0			14	0			279,429	0		
Retailer Co-op	Items	0	0			0	0			0	0		
Residential Demand Response	Devices	0	0			0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0			0	0		
Residential New Construction	Homes	0	0			0	0			0	0		
Consumer Program Total						-847	70			-1,257,781	138,411		
Business Program													
Retrofit	Projects	54	98			905	1,050			4,543,720	7,525,905		
Direct Install Lighting	Projects	25	21			32	48			78,682	164,080		
Building Commissioning	Buildings	0	0			0	0			0	0		
New Construction	Buildings	0	0			0	0			0	0		
Energy Audit	Audits	19	17			88	0			427,996	0		
Small Commercial Demand Response	Devices	0	0			0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Business Program Total						1,025	1,098			5,050,398	7,689,985		
Industrial Program													
Process & System Upgrades	Projects	0	0			0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0			0	0		
Energy Manager	Projects	0	0			0	0			0	0		
Retrofit	Projects	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Industrial Program Total						0	0			0	0		
Home Assistance Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Home Assistance Program Total						0	0			0	0		
Aboriginal Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0			0	0		
Aboriginal Program Total						0	0			0	0		
Pre-2011 Programs completed in 2011													
Electricity Retrofit Incentive Program	Projects	0	0			0	0			0	0		
High Performance New Construction	Projects	0	0			0	0			0	0		
Toronto Comprehensive	Projects	0	0			0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total						0	0			0	0		
Other													
Program Enabled Savings	Projects	1	3			390	202			164,800	2,713,720		
Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total						390	202			164,800	2,713,720		
Adjustments to 2011 Verified Results						568				3,957,417			
Adjustments to 2012 Verified Results							1,369				10,542,115		
Total Adjustments to Previous Year's Verified Results						568	1,369			3,957,417	10,542,115		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Table 3: Toronto Hydro-Electric System Limited Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	n/a		0.49	0.46	0.42		1.00	1.00	n/a		0.50	0.47	0.44	
Appliance Exchange	1.00	1.00	1.00		0.52	0.52	0.53		1.00	1.00	1.00		0.52	0.52	0.53	
HVAC Incentives	1.00	1.00	n/a		0.60	0.50	0.48		1.00	1.00	n/a		0.60	0.49	0.48	
Conservation Instant Coupon Booklet	1.00	1.00	1.00		1.14	1.00	1.11		1.00	1.00	1.00		1.11	1.05	1.13	
Bi-Annual Retailer Event	1.00	1.00	1.00		1.13	0.91	1.04		1.00	1.00	1.00		1.10	0.92	1.04	
Retailer Co-op	1.00	n/a	n/a		0.68	n/a	n/a		1.00	n/a	n/a		0.68	n/a	n/a	
Residential Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential New Construction	n/a	n/a	0.69		n/a	n/a	0.63		n/a	n/a	2.85		n/a	n/a	0.63	
Business Program																
Retrofit	0.98	0.92	0.91		0.69	0.72	0.71		1.02	0.98	0.97		0.72	0.74	0.72	
Direct Install Lighting	1.08	0.69	0.82		0.93	0.94	0.94		0.90	0.85	0.84		0.93	0.94	0.94	
Building Commissioning	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
New Construction	n/a	1.00	0.59		n/a	0.49	0.54		n/a	1.00	0.97		n/a	0.49	0.54	
Energy Audit	n/a	n/a	1.02		n/a	n/a	0.66		n/a	n/a	0.97		n/a	n/a	0.66	
Small Commercial Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Small Commercial Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Demand Response 3	0.76	n/a	n/a		n/a	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a	
Industrial Program																
Process & System Upgrades	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Monitoring & Targeting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Energy Manager	n/a	1.13	0.90		n/a	0.90	0.90		n/a	1.13	0.90		n/a	0.90	0.90	
Retrofit																
Demand Response 3	0.84	n/a	n/a		n/a	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a	
Home Assistance Program																
Home Assistance Program	n/a	0.41	0.84		n/a	1.00	1.00		n/a	1.00	0.87		n/a	1.00	1.00	
Aboriginal Program																
Home Assistance Program	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Direct Install Lighting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
High Performance New Construction	1.00	1.00	1.00		0.50	0.50	0.50		1.00	1.00	1.00		0.50	0.50	0.50	
Toronto Comprehensive	1.33	n/a	n/a		0.41	n/a	n/a		1.15	n/a	n/a		0.41	n/a	n/a	
Multifamily Energy Efficiency Rebates	0.99	n/a	n/a		0.69	n/a	n/a		0.99	n/a	n/a		0.69	n/a	n/a	
LDC Custom Programs	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Other																
Program Enabled Savings	n/a	n/a	1.00		n/a	n/a	1.00		n/a	n/a	1.00		n/a	n/a	1.00	
Time-of-Use Savings	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	

Summary Progress Towards CDM Targets

Results are attributed to target using current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year (Scenerio 1). Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW) (Scenerio 1)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	49.8	37.1	36.7	35.2
2012 - Verified†	0.2	61.1	23.1	22.7
2013 - Verified†	0.4	1.8	94.1	26.5
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				84.4
Toronto Hydro-Electric System Limited 2014 Annual CDM Capacity Target:				286.3
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				29.5%

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	172.9	172.1	171.0	166.9	683.0
2012 - Verified†	3.8	112.2	110.8	109.4	336.3
2013 - Verified†	0.2	10.7	127.8	124.0	262.6
2014					
Verified Net Cumulative Energy Savings 2011-2014:					1,281.8
Toronto Hydro-Electric System Limited 2011-2014 Annual CDM Energy Target:					1,304.0
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					98.3%

† Includes adjustments to previous year's verified results

Table 6: Province-Wide Initiatives and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146	20,014		3,299	2,011	1,272		23,005,812	13,424,518	7,746,950		6,443	147,670,757
Appliance Exchange	Appliances	3,688	3,836	4,378		371	556	907		450,187	974,621	1,617,408		1,597	7,747,341
HVAC Incentives	Equipment	92,743	87,427	91,581		32,037	19,060	19,552		59,437,670	32,841,283	33,923,592		70,650	404,121,713
Conservation Instant Coupon Booklet	Items	567,678	30,891	346,896		1,344	230	517		21,211,537	1,398,202	7,707,573		2,091	104,455,900
Bi-Annual Retailer Event	Items	952,149	1,060,901	944,772		1,681	1,480	1,184		29,387,468	26,781,674	17,179,841		4,345	232,254,579
Retailer Co-op	Items	152	0	0		0	0	0		2,652	0	0		0	10,607
Residential Demand Response	Devices	19,550	98,388	171,796		10,947	49,038	95,869		24,870	359,408	263,461		0	647,740
Residential Demand Response (IHD)	Devices	0	49,689	133,717		0	0	0		0	0	0		0	0
Residential New Construction	Homes	26	19	86		0	2	16		743	17,152	163,690		18	381,811
Consumer Program Total						49,681	72,377	119,317		133,520,941	75,796,859	68,602,515		85,144	897,290,448
Business Program															
Retrofit	Projects	2,819	6,093	8,757		24,467	61,147	59,509		136,002,258	314,922,468	344,604,758		142,664	2,167,023,694
Direct Install Lighting	Projects	20,741	18,691	17,782		23,724	15,284	18,708		61,076,701	57,345,798	64,315,558		49,886	519,693,356
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	22	69	85		123	764	1,584		411,717	1,814,721	4,959,266		2,472	17,009,564
Energy Audit	Audits	198	345	319		0	1,450	2,653		0	7,049,351	14,583,681		4,102	50,315,416
Small Commercial Demand Response	Devices	132	294	1,211		84	187	773		157	1,068	1,297		0	2,521
Small Commercial Demand Response (IHD)	Devices	0	0	378		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	145	151	175		16,218	19,389	26,338		633,421	281,823	294,024		0	1,209,268
Business Program Total						64,617	98,221	109,564		198,124,253	381,415,230	428,758,583		199,124	2,755,253,819
Industrial Program															
Process & System Upgrades	Projects	0	0	3		0	0	294		0	0	2,603,764		294	5,207,528
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	39	205		0	1,086	3,558		0	7,372,108	21,019,100		3,194	53,752,948
Retrofit	Projects	433	0	0		4,615	0	0		28,866,840	0	0		4,613	115,462,282
Demand Response 3	Facilities	124	185	281		52,484	74,056	165,132		3,080,737	1,784,712	4,245,451		0	9,110,900
Industrial Program Total						57,098	75,141	168,984		31,947,577	9,156,820	27,868,315		8,101	183,533,657
Home Assistance Program															
Home Assistance Program	Homes	46	5,033	26,756		2	566	2,361		39,283	5,442,232	20,987,275		2,930	58,458,380
Home Assistance Program Total						2	566	2,361		39,283	5,442,232	20,987,275		2,930	58,458,380
Aboriginal Program															
Home Assistance Program	Homes	0	0	584		0	0	267		0	0	1,609,393		267	3,218,786
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						0	0	267		0	0	1,609,393		267	3,218,786
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,028	0	0		21,662	0	0		121,138,219	0	0		21,662	484,552,876
High Performance New Construction	Projects	179	69	4		5,098	3,251	772		26,185,591	11,901,944	3,522,240		9,121	147,492,677
Toronto Comprehensive	Projects	577	0	0		15,805	0	0		86,964,886	0	0		15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	110	0	0		1,981	0	0		7,595,683	0	0		1,981	30,382,733
LDC Custom Programs	Projects	8	0	0		399	0	0		1,367,170	0	0		399	5,468,679
Pre-2011 Programs completed in 2011 Total						44,945	3,251	772		243,251,550	11,901,944	3,522,240		48,967	1,015,756,510
Other															
Program Enabled Savings	Projects	14	55	12		0	2,304	2,979		0	1,188,362	1,160,045		5,283	5,885,176
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						0	2,304	2,979		0	1,188,362	1,160,045		5,283	5,885,176
Adjustments to 2011 Verified Results															
Adjustments to 2012 Verified Results															
Energy Efficiency Total						136,610	109,191	116,133		603,144,419	482,474,435	547,704,133		349,816	4,908,426,347
Demand Response Total (Scenario 1)						79,733	142,670	288,112		3,739,185	2,427,011	4,804,233		0	10,970,429
Adjustments to Previous Year's Verified Results Total						0	1,406	6,181		0	18,689,081	36,823,743		7,265	185,830,610
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						216,343	253,267	410,426		606,883,604	503,590,526	589,332,109		357,082	5,105,227,386
Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively). The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.						Full OEB Target:								1,330,000	6,000,000,000
						% of Full OEB Target Achieved to Date (Scenario 1):								26.8%	85.1%

Table 7: Adjustments to Province-Wide Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program													
Appliance Retirement	Appliances	0	0			0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0			0	0		
HVAC Incentives	Equipment	-18,844	2,206			-5,271	452			-9,709,500	907,735		
Conservation Instant Coupon Booklet	Items	8,216	0			16	0			275,655	0		
Bi-Annual Retailer Event	Items	81,817	0			108	0			2,183,391	0		
Retailer Co-op	Items	0	0			0	0			0	0		
Residential Demand Response	Devices	0	0			0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0			0	0		
Residential New Construction	Homes	19	0			1	0			13,767	0		
Consumer Program Total						-5,146	452			-7,236,687	907,735		
Business Program													
Retrofit	Projects	303	488			3,204	4,183			16,216,165	27,458,566		
Direct Install Lighting	Projects	444	197			501	204			1,250,388	736,541		
Building Commissioning	Buildings	0	0			0	0			0	0		
New Construction	Buildings	12	0			828	0			3,520,620	0		
Energy Audit	Audits	95	65			481	0			2,341,392	0		
Small Commercial Demand Response	Devices	0	0			0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Business Program Total						5,014	4,387			23,328,565	28,195,107		
Industrial Program													
Process & System Upgrades	Projects	0	0			0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0			0	0		
Energy Manager	Projects	0	0			0	0			0	0		
Retrofit	Projects	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Industrial Program Total						0	0			0	0		
Home Assistance Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Home Assistance Program Total						0	0			0	0		
Aboriginal Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0			0	0		
Aboriginal Program Total						0	0			0	0		
Pre-2011 Programs completed in 2011													
Electricity Retrofit Incentive Program	Projects	12	0			138	0			545,536	0		
High Performance New Construction	Projects	34	0			1,407	0			2,065,200	0		
Toronto Comprehensive	Projects	0	0			0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total						1,545	0			2,610,736	0		
Other													
Program Enabled Savings	Projects	14	39			624	711			1,673,712	6,034,873		
Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total						624	711			1,673,712	6,034,873		
Adjustments to 2011 Verified Results						2,037				20,376,325			
Adjustments to 2012 Verified Results							5,550				35,137,715		
Adjustments to Previous Year's Verified Results Total						2,037	5,550			20,376,325	35,137,715		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Table 8: Province-Wide Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	1.00		0.51	0.46	0.42		1.00	1.00	1.00		0.46	0.47	0.44	
Appliance Exchange	1.00	1.00	1.00		0.51	0.52	0.53		1.00	1.00	1.00		0.52	0.52	0.53	
HVAC Incentives	1.00	1.00	1.00		0.60	0.50	0.48		1.00	1.00	1.00		0.50	0.49	0.48	
Conservation Instant Coupon Booklet	1.00	1.00	1.00		1.14	1.00	1.11		1.00	1.00	1.00		1.00	1.05	1.13	
Bi-Annual Retailer Event	1.00	1.00	1.00		1.12	0.91	1.04		1.00	1.00	1.00		0.91	0.92	1.04	
Retailer Co-op	1.00	n/a	n/a		0.68	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential New Construction	1.00	3.65	0.78		0.41	0.49	0.63		3.65	7.17	3.09		0.49	0.49	0.63	
Business Program																
Retrofit	1.06	0.93	0.92		0.72	0.75	0.73		0.93	1.05	1.01		0.75	0.76	0.73	
Direct Install Lighting	1.08	0.69	0.82		1.08	0.94	0.94		0.69	0.85	0.84		0.94	0.94	0.94	
Building Commissioning	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
New Construction	0.50	0.98	0.68		0.50	0.49	0.54		0.98	0.99	0.76		0.49	0.49	0.54	
Energy Audit	n/a	n/a	1.02		n/a	n/a	0.66		n/a	n/a	0.97		n/a	n/a	0.66	
Small Commercial Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Small Commercial Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Demand Response 3	0.76	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Industrial Program																
Process & System Upgrades	n/a	n/a	0.85		n/a	n/a	0.94		n/a	n/a	0.87		n/a	n/a	0.93	
Monitoring & Targeting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Energy Manager	n/a	1.16	0.90		n/a	0.90	0.90		1.16	1.16	0.90		0.90	0.90	0.90	
Retrofit	1.11	n/a	n/a		0.72	n/a	n/a		0.91	n/a	n/a		0.75	n/a	n/a	
Demand Response 3	0.84	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Home Assistance Program																
Home Assistance Program	1.00	0.32	0.26		0.70	1.00	1.00		0.32	0.99	0.88		1.00	1.00	1.00	
Aboriginal Program																
Home Assistance Program	n/a	n/a	0.05		n/a	n/a	1.00		n/a	n/a	0.95		n/a	n/a	1.00	
Direct Install Lighting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	0.80	n/a	n/a		0.54	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
High Performance New Construction	1.00	1.00	1.00		0.49	0.50	0.50		1.00	1.00	1.00		0.50	0.50	0.50	
Toronto Comprehensive	1.13	n/a	n/a		0.50	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Multifamily Energy Efficiency Rebates	0.93	n/a	n/a		0.78	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
LDC Custom Programs	1.00	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Other																
Program Enabled Savings	n/a	1.06	1.00		n/a	1.00	1.00		1.06	2.26	1.00		1.00	1.00	1.00	
Time-of-Use Savings	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	

Summary Provincial Progress Towards CDM Targets

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	216.3	136.6	135.8	129.0
2012†	1.4	253.3	109.8	108.2
2013†	0.6	6.2	410.4	119.9
2014				
Verified Net Annual Peak Demand Savings in 2014:				357.1
2014 Annual CDM Capacity Target:				1,330
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				26.8%

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	606.9	603.0	601.0	582.3	2,393.1
2012†	18.7	503.6	498.4	492.6	1,513.2
2013†	1.7	36.8	589.3	571.0	1,198.9
2014					
Verified Net Cumulative Energy Savings 2011-2014:					5,105.2
2011-2014 Cumulative CDM Energy Target:					6,000
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					85.1%

† Includes adjustments to previous year's verified results

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	Gross Savings = Activity * Per Unit Assumption Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)
Engineered and Custom Projects	Gross Savings = Reported Savings * Realization Rate Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)
Demand Response	Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)
Adjustments to Previous Year's Verified Results	All variances from the Final Annual Results Reports from prior years will be adjusted within this report. Any variances with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program			
Appliance Retirement	Includes both retail and home pickup stream; Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection	Savings are considered to begin in the year the appliance is picked up.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year that the exchange event occurred	
HVAC Incentives	Results directly attributed to LDC based on customer postal code	Savings are considered to begin in the year that the installation occurred	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC; Otherwise results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the coupon was redeemed.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Residential Demand Response	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any "snapback" in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Business Program			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see page for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
	Additional Note: project counts were derived by filtering out invalid statuses (e.g. Post-Project Submission - Payment denied by LDC) and only including projects with an "Actual Project Completion Date" in 2013)		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application	Savings are considered to begin in the year of the audit date.	Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Industrial Program			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011, 2012 or 2013.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Home Assistance Program			
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Aboriginal Program			
Aboriginal Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012 or 2013 assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available , an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	<p>Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).</p>
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

Retrofit Sector (C&I vs. Industrial Mapping)

Building Type	Sector
Agribusiness - Cattle Farm	C&I
Agribusiness - Dairy Farm	C&I
Agribusiness - Greenhouse	C&I
Agribusiness - Other	C&I
Agribusiness - Other,Mixed-Use - Office/Retail	C&I
Agribusiness - Other,Office,Retail,Warehouse	C&I
Agribusiness - Other,Office,Warehouse	C&I
Agribusiness - Poultry	C&I
Agribusiness - Poultry,Hospitality - Motel	C&I
Agribusiness - Swine	C&I
Convenience Store	C&I
Education - College / Trade School	C&I
Education - College / Trade School,Multi-Residential - Condominium	C&I
Education - College / Trade School,Multi-Residential - Rental Apartment	C&I
Education - College / Trade School,Retail	C&I
Education - Primary School	C&I
Education - Primary School,Education - Secondary School	C&I
Education - Primary School,Multi-Residential - Rental Apartment	C&I
Education - Primary School,Not-for-Profit	C&I
Education - Secondary School	C&I
Education - University	C&I
Education - University,Office	C&I
Hospital/Healthcare - Clinic	C&I
Hospital/Healthcare - Clinic,Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Clinic,Industrial	C&I
Hospital/Healthcare - Clinic,Retail	C&I
Hospital/Healthcare - Long-term Care	C&I
Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail,Office	C&I
Hospitality - Hotel	C&I
Hospitality - Hotel,Restaurant - Dining	C&I
Hospitality - Motel	C&I
Industrial	Industrial
Mixed-Use - Office/Retail	C&I
Mixed-Use - Office/Retail,Industrial	Industrial
Mixed-Use - Office/Retail,Mixed-Use - Other	C&I
Mixed-Use - Office/Retail,Mixed-Use - Other,Not-for-Profit,Warehouse	C&I
Mixed-Use - Office/Retail,Mixed-Use - Residential/Retail	C&I
Mixed-Use - Office/Retail,Office,Restaurant - Dining,Restaurant - Quick Serve,Retail,Warehouse	C&I

Mixed-Use - Office/Retail,Office,Warehouse	C&I
Mixed-Use - Office/Retail,Retail	C&I
Mixed-Use - Office/Retail,Warehouse	C&I
Mixed-Use - Office/Retail,Warehouse,Industrial	Industrial
Mixed-Use - Other	C&I
Mixed-Use - Other,Industrial	Industrial
Mixed-Use - Other,Not-for-Profit,Office	C&I
Mixed-Use - Other,Office	C&I
Mixed-Use - Other,Other: Please specify	C&I
Mixed-Use - Other,Retail,Warehouse	C&I
Mixed-Use - Other,Warehouse	C&I
Mixed-Use - Residential/Retail	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Condominium	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Rental Apartment	C&I
Mixed-Use - Residential/Retail,Retail	C&I
Multi-Residential - Condominium	C&I
Multi-Residential - Condominium,Multi-Residential - Rental Apartment	C&I
Multi-Residential - Condominium,Other: Please specify	C&I
Multi-Residential - Rental Apartment	C&I
Multi-Residential - Rental Apartment,Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Warehouse	C&I
Multi-Residential - Social Housing Provider	C&I
Multi-Residential - Social Housing Provider,Industrial	C&I
Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Not-for-Profit	C&I
Not-for-Profit,Office	C&I
Not-for-Profit,Other: Please specify	C&I
Not-for-Profit,Warehouse	C&I
Office	C&I
Office,Industrial	Industrial
Office,Other: Please specify	C&I
Office,Other: Please specify,Warehouse	C&I
Office,Restaurant - Dining	C&I
Office,Restaurant - Dining,Industrial	Industrial
Office,Retail	C&I
Office,Retail,Industrial	C&I
Office,Retail,Warehouse	C&I
Office,Warehouse	C&I
Office,Warehouse,Industrial	Industrial
Other: Please specify	C&I
Other: Please specify,Industrial	Industrial
Other: Please specify,Retail	C&I
Other: Please specify,Warehouse	C&I
Restaurant - Dining	C&I
Restaurant - Dining,Retail	C&I

Restaurant - Quick Serve	C&I
Restaurant - Quick Serve,Retail	C&I
Retail	C&I
Retail,Industrial	Industrial
Retail,Warehouse	C&I
Warehouse	C&I
Warehouse,Industrial	Industrial

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%

Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%
Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start'.

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Table 11: **Toronto Hydro-Electric System Limited** Initiative and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	751	161	208		4,896,184	1,091,609	1,346,080	
Appliance Exchange**	Appliances	101	83	124		112,306	143,607	220,400	
HVAC Incentives	Equipment	9,421	5,659	6,221		17,547,359	9,728,761	10,883,754	
Conservation Instant Coupon Booklet	Items	133	30	59		2,213,090	169,687	875,665	
Bi-Annual Retailer Event	Items	192	208	146		3,442,548	3,739,819	2,104,149	
Retailer Co-op	Items	0	0	0		339	0	0	
Residential Demand Response	Devices	743	22,940	34,268		1,924	168,943	116,929	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	0	20		0	0	167,971	
Consumer Program Total		11,342	29,080	41,045		28,213,749	15,042,427	15,714,948	
Business Program									
Retrofit	Projects	10,942	22,291	22,008		59,789,306	108,932,749	127,666,496	
Direct Install Lighting	Projects	4,579	3,352	2,215		13,659,691	11,273,244	7,308,716	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	0	8	137		0	7,679	754,333	
Energy Audit	Audits	0	393	1,168		0	1,913,395	6,378,029	
Small Commercial Demand Response	Devices	23	84	92		84	478	212	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	1,915	4,413	7,466		75,010	64,142	84,257	
Business Program Total		17,459	30,540	33,086		73,524,091	122,191,688	142,192,045	
Industrial Program									
Process & System Upgrades	Projects	0	0	0		0	0	0	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	769	675		0	5,526,412	3,829,673	
Retrofit	Projects	719	0	0		3,974,681	0	0	
Demand Response 3	Facilities	10,024	10,274	25,233		588,385	247,610	566,901	
Industrial Program Total		10,742	11,043	25,908		4,563,066	5,774,022	4,396,574	
Home Assistance Program									
Home Assistance Program	Homes	0	239	122		0	788,226	1,620,650	
Home Assistance Program Total		0	239	122		0	788,226	1,620,650	
Aboriginal Program									
Home Assistance Program	Homes	0	0	0		0	0	0	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		0	0	0		0	0	0	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0	
High Performance New Construction	Projects	33	29	0		168,988	28,022	0	
Toronto Comprehensive	Projects	33,467	0	0		174,070,574	0	0	
Multifamily Energy Efficiency Rebates	Projects	2,443	0	0		9,488,249	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		35,943	29	0		183,727,812	28,022	0	
Other									
Program Enabled Savings	Projects	0	0	2,800		0	0	0	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		0	0	2,800		0	0	0	
Adjustments to 2011 Verified Results		0	17	391		0	4,645,167	166,079	
Adjustments to 2012 Verified Results		0	0	1,833		0	0	13,442,476	
Energy Efficiency Total		62,780	33,220	35,903		289,363,315	143,343,211	163,155,917	
Demand Response Total		12,705	37,711	67,058		665,403	481,174	768,300	
Adjustments to Previous Year's Verified Results Total		0	17	2,223		0	4,645,167	13,608,554	
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		75,486	70,948	105,184		290,028,718	148,469,552	177,532,772	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Gross results are presented for informational purposes only and are not considered official 2013 Draft Verified Results
 **Net results substituted for gross results due to inavailability of data

Table 12: Adjustments to **Toronto Hydro-Electric System Limited** Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0		
HVAC Incentives	Equipment	-1,433	159			-2,629,958	282,613		
Conservation Instant Coupon Booklet	Items	2	0			32,760	0		
Bi-Annual Retailer Event	Items	15	0			303,774	0		
Retailer Co-op	Items	0	0			0	0		
Residential Demand Response	Devices	0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0		
Residential New Construction	Homes	0	0			0	0		
Consumer Program Total		-1,417	159			-2,293,425	282,613		
Business Program									
Retrofit	Projects	1,312	1,421			6,427,137	10,271,968		
Direct Install Lighting	Projects	35	51			84,737	174,175		
Building Commissioning	Buildings	0	0			0	0		
New Construction	Buildings	0	0			0	0		
Energy Audit	Audits	88	0			427,996	0		
Small Commercial Demand Response	Devices	0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Business Program Total		1,435	1,472			6,939,870	10,446,143		
Industrial Program									
Process & System Upgrades	Projects	0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0		
Energy Manager	Projects	0	0			0	0		
Retrofit	Projects	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Industrial Program Total		0	0			0	0		
Home Assistance Program									
Home Assistance Program	Homes	0	0			0	0		
Home Assistance Program Total		0	0			0	0		
Aboriginal Program									
Home Assistance Program	Homes	0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0		
Aboriginal Program Total									
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	0	0			0	0		
High Performance New Construction	Projects	0	0			0	0		
Toronto Comprehensive	Projects	0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0		
Pre-2011 Programs completed in 2011 Total		0	0			0	0		
Other									
Program Enabled Savings	Projects	390	202			164,800	2,713,720		
Time-of-Use Savings	Homes	0	0			0	0		
Other Total		390	202			164,800	2,713,720		
Adjustments to 2011 Verified Results		408				4,811,245			
Adjustments to 2012 Verified Results			1,833				13,442,476		
Total Adjustments to Previous Year's Verified Results		408	1,833			4,811,245	13,442,476		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Gross results are presented for informational purposes only and are not considered official 2013 Draft Verified Results

Table 13: Province-Wide Initiatives and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	6,750	2,011	3,012		45,971,627	13,424,518	17,760,133	
Appliance Exchange**	Appliances	719	556	1,723		873,531	974,621	3,072,972	
HVAC Incentives	Equipment	53,209	38,346	40,418		99,413,430	66,929,213	71,225,037	
Conservation Instant Coupon Booklet	Items	1,184	231	464		19,192,453	1,325,898	6,842,244	
Bi-Annual Retailer Event	Items	1,504	1,622	1,142		26,899,265	29,222,072	16,441,329	
Retailer Co-op	Items	0	0	0		3,917	0	0	
Residential Demand Response	Devices	10,390	49,038	95,869		23,597	359,408	263,461	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	1	26		1,813	4,884	259,826	
Consumer Program Total		73,757	91,805	142,654		192,379,633	112,240,615	115,865,002	
Business Program									
Retrofit	Projects	34,201	78,965	82,646		184,070,265	387,817,248	477,343,220	
Direct Install Lighting	Projects	22,155	20,469	19,807		65,777,197	68,896,046	68,140,249	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	247	1,596	2,934		823,434	3,755,869	9,183,826	
Energy Audit	Audits	0	1,450	4,042		0	7,049,351	22,066,516	
Small Commercial Demand Response	Devices	55	187	773		131	1,068	1,297	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	21,390	19,389	26,338		633,421	281,823	294,024	
Business Program Total		78,048	122,056	136,539		251,304,448	467,801,406	577,029,131	
Industrial Program									
Process & System Upgrades	Projects	0	0	313		0	0	2,799,746	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	1,034	3,953		0	7,067,535	23,354,555	
Retrofit	Projects	6,372	0	0		38,412,408	0	0	
Demand Response 3	Facilities	176,180	74,056	165,132		4,243,958	1,784,712	4,245,451	
Industrial Program Total		182,552	75,090	169,398		42,656,366	8,852,247	30,399,752	
Home Assistance Program									
Home Assistance Program	Homes	4	1,777	2,361		56,119	5,524,230	20,987,275	
Home Assistance Program Total		4	1,777	2,361		56,119	5,524,230	20,987,275	
Aboriginal Program									
Home Assistance Program	Homes	0	0	267		0	0	1,609,393	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		0	0	267		0	0	1,609,393	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	40,418	0	0		223,956,390	0	0	
High Performance New Construction	Projects	10,197	6,501	772		52,371,183	23,803,888	3,522,240	
Toronto Comprehensive	Projects	33,467	0	0		174,070,574	0	0	
Multifamily Energy Efficiency Rebates	Projects	2,553	0	0		9,774,792	0	0	
LDC Custom Programs	Projects	534	0	0		649,140	0	0	
Pre-2011 Programs completed in 2011 Total		87,169	6,501	772		460,822,079	23,803,888	3,522,240	
Other									
Program Enabled Savings	Projects	0	2,177	2,979		0	525,011	1,160,045	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		0	2,177	2,979		0	525,011	1,160,045	
Adjustments to 2011 Verified Results			13,266	635			48,705,294	1,694,293	
Adjustments to 2012 Verified Results				7,840				47,147,540	
Energy Efficiency Total		213,515	156,735	166,859		942,317,539	616,320,385	745,768,605	
Demand Response Total		208,015	142,670	288,112		4,901,107	2,427,011	4,804,233	
Adjustments to Previous Year's Verified Results Total		0	13,266	8,474		0	48,705,294	48,841,832	
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		421,530	312,671	463,445		947,218,646	667,452,690	799,414,670	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

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**Net results substituted for gross results due to inavailability of data

Table 14: Adjustments to Province-Wide Gross Verified Results due to Variances

Table 14: Adjustments to Province-wide Gross Verified Results due to variances										
Initiative		Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
			2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program										
Appliance Retirement	Appliances	0	0			0	0			
Appliance Exchange	Appliances	0	0			0	0			
HVAC Incentives	Equipment	-8,762	1,036			-16,245,279	1,854,833			
Conservation Instant Coupon Booklet	Items	15	0			255,975	0			
Bi-Annual Retailer Event	Items	117	0			2,373,616	0			
Retailer Co-op	Items	0	0			0	0			
Residential Demand Response	Devices	0	0			0	0			
Residential Demand Response (IHD)	Devices	0	0			0	0			
Residential New Construction	Homes	0	0			328,256	0			
Consumer Program Total			-8,630	1,036			-13,287,430	1,854,833		
Business Program										
Retrofit	Projects	4,504	5,876			22,046,931	38,475,976			
Direct Install Lighting	Projects	541	217			1,346,618	781,858			
Building Commissioning	Buildings	0	0			0	0			
New Construction	Buildings	3,243	0			11,323,593	0			
Energy Audit	Audits	481	0			2,341,392	0			
Small Commercial Demand Response	Devices	0	0			0	0			
Small Commercial Demand Response (IHD)	Devices	0	0			0	0			
Demand Response 3	Facilities	0	0			0	0			
Business Program Total			8,769	6,092			37,058,534	39,257,834		
Industrial Program										
Process & System Upgrades	Projects	0	0			0	0			
Monitoring & Targeting	Projects	0	0			0	0			
Energy Manager	Projects	0	0			0	0			
Retrofit	Projects	0	0			0	0			
Demand Response 3	Facilities	0	0			0	0			
Industrial Program Total			0	0			0	0		
Home Assistance Program										
Home Assistance Program	Homes	0	0			0	0			
Home Assistance Program Total			0	0			0	0		
Aboriginal Program										
Home Assistance Program	Homes	0	0			0	0			
Direct Install Lighting	Projects	0	0			0	0			
Aboriginal Program Total			0	0			0	0		
Pre-2011 Programs completed in 2011										
Electricity Retrofit Incentive Program	Projects	266	0			1,049,108	0			
High Performance New Construction	Projects	12,872	0			23,905,663	0			
Toronto Comprehensive	Projects	0	0			0	0			
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			
LDC Custom Programs	Projects	0	0			0	0			
Pre-2011 Programs completed in 2011 Total			13,137	0			24,954,771	0		
Other										
Program Enabled Savings	Projects	624	711			1,673,712	6,034,873			
Time-of-Use Savings	Homes	0	0			0	0			
Other Total			624	711			1,673,712	6,034,873		
Adjustments to 2011 Verified Results			13,900				50,399,586			
Adjustments to 2012 Verified Results				7,840				47,147,540		
Adjustments to Previous Year's Verified Results Total			13,900	7,840			50,399,586	47,147,540		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

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Rate Riders Development

	UNMETERED SCATTERED LOAD									
	RESIDENTIAL	CSMUR	GS < 50 kW	GS - 50 to 999 kW	GS > 1000 to 4999 kW	LARGE USER	STREETLIGHTING			
	A	B	C	D	E	F	G	H		I
2015 Forecast Billing Determinants										
kVA	N/A	N/A	N/A	26,395,826	10,671,871	5,305,030	324,479	N/A		42,697,206
kWh	4,909,898,145	213,116,822	2,118,402,162	9,848,614,894	4,654,535,571	2,228,386,374	114,092,929	41,132,354		24,128,179,251
Non-RPP kWh	308,667,131	1,831,511	360,993,267	7,203,076,041	4,431,593,661	2,228,386,374	114,074,934	4,404,055		14,803,939,178
Number of Customers	612,985	54,122	69,131	12,054	440	49	1	898		749,680
Allocators										
2013 kWh	20.2%	0.4%	8.8%	40.5%	20.0%	9.4%	0.5%	0.2%		100.0%
2013 Distribution Revenue	43.4%	1.8%	12.8%	26.4%	8.6%	4.4%	2.1%	0.5%		100.0%
2011 Revenue Offsets	50.6%	1.9%	18.9%	20.5%	4.1%	1.6%	1.6%	0.8%		100.0%
2009/10 Reg Assets Allocation	18.2%	0.7%	8.2%	42.4%	19.6%	10.2%	0.5%	0.2%		100.0%
2013 Non-RPP kWh	2.1%	0.0%	2.4%	48.3%	31.0%	15.4%	0.8%	0.0%		100.0%
2011-13 LRAMVA	-4.6%	0.1%	27.2%	81.1%	-1.1%	-2.8%	0.0%	0.0%		100.0%
2013 Smart Metering Entity Rider Recovery	85.2%	5.2%	9.6%							
Stranded Meters	51.4%	0.0%	31.8%	16.8%	0.0%	0.0%	0.0%	0.0%		100.0%

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	Total Amount For Clearance	ALLOCATOR	RESIDENTIAL	CSMUR	GS < 50 kW	GS - 50 to 999 kW	GS > 1000 to 4999 kW	LARGE USER	STREETLIGHTING	UNMETERED SCATTERED LOAD	TOTAL
Rate Rider for RSVA - WMS		2013 kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Rider for RSVA - Network		2013 kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Rider for RSVA - Connection		2013 kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Rider for RSVA - Power - GA		2013 Non-RPP kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Rider for Smart Metering Entity	\$ 440,222	2013 Smart Metering Entity Recovery	\$ 375,165	\$ 22,792	\$ 42,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,222
Rate Rider for Low Voltage Variance	\$ 1,243,869	2013 kWh	\$ 251,869	\$ 5,035	\$ 109,302	\$ 503,506	\$ 248,861	\$ 117,527	\$ 5,739	\$ 2,031	\$ 1,243,869
Rate Rider for PILs and Tax Variance	\$ (2,477,855)	2013 Distribution Revenue	\$ (1,074,291)	\$ (45,550)	\$ (318,298)	\$ (653,631)	\$ (212,638)	\$ (108,868)	\$ (52,768)	\$ (11,810)	\$ (2,477,855)
Rate Rider for PILs and Tax Variance HST	\$ (1,171,876)	2013 Distribution Revenue	\$ (508,075)	\$ (21,543)	\$ (150,536)	\$ (309,128)	\$ (100,565)	\$ (51,488)	\$ (24,956)	\$ (5,586)	\$ (1,171,876)
Rate Rider for Gain on Sale Named Properties	\$ 5,751,104	2011 Revenue Offsets	\$ 2,911,291	\$ 111,412	\$ 1,085,597	\$ 1,176,695	\$ 234,628	\$ 91,363	\$ 93,756	\$ 46,363	\$ 5,751,104
Rate Rider for Hydro One Capital Contributions Variance	\$ 1,853,428	2013 Distribution Revenue	\$ 803,567	\$ 34,071	\$ 238,086	\$ 488,914	\$ 159,053	\$ 81,433	\$ 39,470	\$ 8,834	\$ 1,853,428
Rate Rider for Residual RARA	\$ (1,810,389)	2009/10 Reg Assets Allocation	\$ (329,829)	\$ (12,622)	\$ (148,909)	\$ (767,101)	\$ (354,001)	\$ (184,593)	\$ (9,645)	\$ (3,688)	\$ (1,810,389)
Rate Rider for LRAMVA	\$ 3,552,374	2011-13 LRAMVA	\$ (161,870)	\$ 2,976	\$ 967,980	\$ 2,881,653	\$ (37,559)	\$ (100,807)	\$ -	\$ -	\$ 3,552,374
Rate Rider for Stranded Meters Disposition	\$ 15,791,311	Stranded Meters	\$ 8,118,464	\$ -	\$ 5,020,984	\$ 2,651,863	\$ -	\$ -	\$ -	\$ -	\$ 15,791,311
Rate Rider for IFRS - 2014 Derecognition	\$ 30,506,428	2013 Distribution Revenue	\$ 13,226,272	\$ 560,798	\$ 3,918,767	\$ 8,047,259	\$ 2,617,921	\$ 1,340,345	\$ 649,661	\$ 145,405	\$ 30,506,428
Rate Rider for POEB - Tax Savings	\$ (23,300,560)	2013 Distribution Revenue	\$ (10,102,118)	\$ (428,333)	\$ (2,993,122)	\$ (6,146,430)	\$ (1,999,547)	\$ (1,023,745)	\$ (496,206)	\$ (111,059)	\$ (23,300,560)
Rate Rider for 2012-14 Lost Revenue	\$ 33,304,363	2013 Distribution Revenue	\$ 14,439,336	\$ 612,232	\$ 4,278,182	\$ 8,785,323	\$ 2,858,027	\$ 1,463,276	\$ 709,245	\$ 158,741	\$ 33,304,363
Rate Rider for Operations Center Consolidation Plan Sharing		2013 Distribution Revenue									
TOTAL											

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	Proposed Recovery Period (years)	Billing Unit	RESIDENTIAL	CSMUR	GS < 50 kW	GS - 50 to 999 kW	GS > 1000 to 4999 kW	LARGE USER	STREETLIGHTING	UNMETERED SCATTERED LOAD
Rate Riders										
Volumetric Rate Riders										
Rate Rider for RSVA - WMS	1	\$/kWh or \$/kVA	-	-	-	-	-	-	-	-
Rate Rider for RSVA - Network	1	\$/kWh or \$/kVA	-	-	-	-	-	-	-	-
Rate Rider for RSVA - Connection	1	\$/kWh or \$/kVA	-	-	-	-	-	-	-	-
Rate Rider for RSVA - Power - GA	2	\$/kWh	-	-	-	-	-	-	-	-
Rate Rider for Low Voltage Variance	1	\$/kWh or \$/kVA	0.00005	0.00002	0.00005	0.0188	0.0230	0.0219	0.0174	0.00005
Rate Rider for PILs and Tax Variance	1	\$/kWh or \$/kVA	- 0.00022	- 0.00021	- 0.00015	- 0.0244	- 0.0197	- 0.0202	- 0.1604	- 0.00029
Rate Rider for PILs and Tax Variance HST	1	\$/kWh or \$/kVA	- 0.00010	- 0.00010	- 0.00007	- 0.0116	- 0.0093	- 0.0096	- 0.0759	- 0.00014
Rate Rider for Gain on Sale Named Properties	1	\$/kWh or \$/kVA	0.00059	0.00052	0.00051	0.0440	0.0217	0.0170	0.2850	0.00113
Rate Rider for Hydro One Capital Contributions Variance	1	\$/kWh or \$/kVA	0.00016	0.00016	0.00011	0.0183	0.0147	0.0151	0.1200	0.00021
Rate Rider for Residual RARA	1	\$/kWh or \$/kVA	- 0.00007	- 0.00006	- 0.00007	- 0.0287	- 0.0327	- 0.0343	- 0.0293	- 0.00009
Rate Rider for LRAMVA	1	\$/kWh or \$/kVA	- 0.00003	0.00001	0.00046	0.1077	- 0.0035	- 0.0187	-	-
Rate Rider for IFRS - 2014 Derecognition	4	\$/kWh or \$/kVA	0.00067	0.00066	0.00046	0.0752	0.0605	0.0623	0.4937	0.00088
Rate Rider for POEB - Tax Savings	3	\$/kWh or \$/kVA	- 0.00069	- 0.00067	- 0.00047	- 0.0766	- 0.0616	- 0.0634	- 0.5028	- 0.00090
Rate Rider for 2012-14 Lost Revenue	4	\$/kWh or \$/kVA	0.00074	0.00072	0.00050	0.0821	0.0660	0.0680	0.5390	0.00096
Rate Rider for Operations Center Consolidation Plan Sharing	3	\$/kWh or \$/kVA								
Per Customer Rate Riders										
Rate Rider for Stranded Meters Disposition	5	\$/cust/30 days	0.22		1.19	3.62				
Rate Rider for Smart Metering Entity	1	\$/cust/30 days	0.05	0.03	0.05					

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