

Toronto Hydro 2015-2019 CIR Rates Application - EXECUTIVE SUMMARY -



Table of Contents

1. FOREWORD AND INTRODUCTION	3
2. ABOUT TORONTO HYDRO: FACTS AND CONTEXT	5
2.1 Toronto Hydro's Customers	6
2.2 Challenges Faced by the Utility	6
2.3 Toronto Hydro's Corporate Strategy.....	8
3. APPROACH TO THIS APPLICATION.....	10
3.1 Planning for the Next Five years.....	10
3.2 Productivity And Performance	11
3.3 Customers	12
3.4 Consideration of OEB Guidance and Rate Setting.....	14
4. SUMMARY OF KEY DETAILS OF THE APPLICATION	15
4.1 Capital Expenditures And Rate Base	15
4.2 Operations, Maintenance And Administrative (OM&A).....	22
4.3 Revenue Requirement.....	24
4.4 Bill Impacts	25
4.5 Budgeting and Accounting Assumptions	27
4.6 Load Forecast Summary	27
4.7 Cost Of Capital	28
4.8 Cost Allocation And Rate Design.....	29
4.9 Deferral and Variance Accounts	30

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1. FOREWORD AND INTRODUCTION

This custom incentive rate application covers the next five years (2015-2019) for Toronto Hydro-Electric System Limited (“Toronto Hydro”), and touches on all aspects of what the utility needs in order to serve its customers effectively and efficiently, and ensure a safe and reliable source of electricity for the dynamic and complex urban environment that is the City of Toronto.

This application represents a five-year commitment by the utility at a crucial period in its history. Investments are required now in order to address aging infrastructure, ensure a safe and reliable source of electricity and acceptable customer service levels – during the next five years and in the future.

In Toronto Hydro’s last Incremental Capital Module (“ICM”) rate application, the Ontario Energy Board (“OEB”) approved funding for a substantial capital work program, and the method of performing that work program.¹ This application builds on that foundation. Toronto Hydro has identified the system requirements based on prevailing engineering and utility practice, and has developed detailed and coordinated plans to deliver the program.

The proposals within this application are interdependent. They are the result of a planning approach in which the utility considered, among other things, operational and system needs, customer preferences, productivity, value-for-money and rate impacts.

¹ EB-2012-0064, Partial Decision and Order (April 2, 2013).

Toronto Hydro CIR Application 2015-2019
Executive Summary

1 Much of Toronto Hydro's proposed work has been reviewed and validated by external
2 experts. Toronto Hydro has filed over a dozen third party reports in this application.

3
4 Toronto Hydro has also reached out to its customers in an unprecedented manner. The
5 utility surveyed its customers on its plans. It learned that the majority of those customers
6 accept the need for timely renewal of the distribution system, while acknowledging that
7 this will mean an increase in their monthly bills.

8
9 And while Toronto Hydro's engineers consider that an overall program larger than that
10 represented in this application is optimal, the utility has chosen to restrain and constrain
11 its work to achieve the pace and rate impacts that fall within a tolerable range.

12
13 Toronto Hydro has been an efficient organization. Through this application, it will
14 continue that history of productivity, and share those benefits with ratepayers.

15
16 Finally, this application has been prepared in a manner that is consistent with the OEB's
17 guidance as expressed in its Renewed Regulatory Framework for Electricity Distributors
18 policy ("RRFE").

19
20 In this Executive Summary, Toronto Hydro sets out the context in which it operates, its
21 approach to this application, and a summary of key application details. References to
22 evidence in the application where further details can be located are provided throughout.

2. ABOUT TORONTO HYDRO: FACTS AND CONTEXT

Toronto Hydro is an electricity distributor licensed by the OEB to provide electricity to the City of Toronto, in accordance with its Distribution Licence.² In 2013, Toronto Hydro distributed 24.4 terawatt-hours of electricity representing approximately 18 percent of the electricity consumed in the province of Ontario, and served a peak demand of 4,914 megawatts. Toronto Hydro distributes electricity at voltages up to 27.6kV, and the utility's asset base includes approximately 175,000 poles, 60,600 distribution transformers, 15,000 kilometres of overhead wires, 11,200 kilometres of underground wires, 16,000 primary switches and 167 municipal substations.

For more information about Toronto Hydro's distribution system, please refer to Exhibit 1C, Tab 1, Schedules 1 and 2; and Exhibit 2B, Section D2.

Toronto Hydro is the successor to the six former hydro-electric commissions of the municipalities which amalgamated on January 1, 1998 to form the City of Toronto. The utility is a wholly-owned subsidiary of Toronto Hydro Corporation (THC), whose sole shareholder is the City of Toronto.

To learn more about Toronto Hydro's Corporate Structure and Governance, please refer to Exhibit 1C, Tab 2, Schedule 1.

² ED-2002-0497.

Toronto Hydro CIR Application 2015-2019
Executive Summary

2.1 Toronto Hydro's Customers

Toronto Hydro serves approximately 730,000 customer accounts, ranging from individual residential consumers up to large industrial and commercial businesses. In addition, Toronto is home to the country's largest banks, stock exchanges and other large customers that are sensitive to service interruptions. The utility powers non-residential customers from a wide variety of sectors, including: approximately 360 hospitals and healthcare facility accounts, 690 school accounts, 140 colleges and universities accounts, plus data centers as well as large industrial and manufacturing facilities. Toronto Hydro also supplies electricity to Ontario's Provincial Legislature and Ministries, as well as Toronto's municipal government. The utility also has over 2,900 high-rise multi-residential condominium and apartment buildings accounts, many of which are bulk-metered. Taking these behind-the-meter customers into account, Toronto Hydro's effective customer base exceeds one million customers.

To learn more about the breadth and diversity of Toronto Hydro's customer base, please refer to Exhibit 1B, Tab 2, Schedule 7.

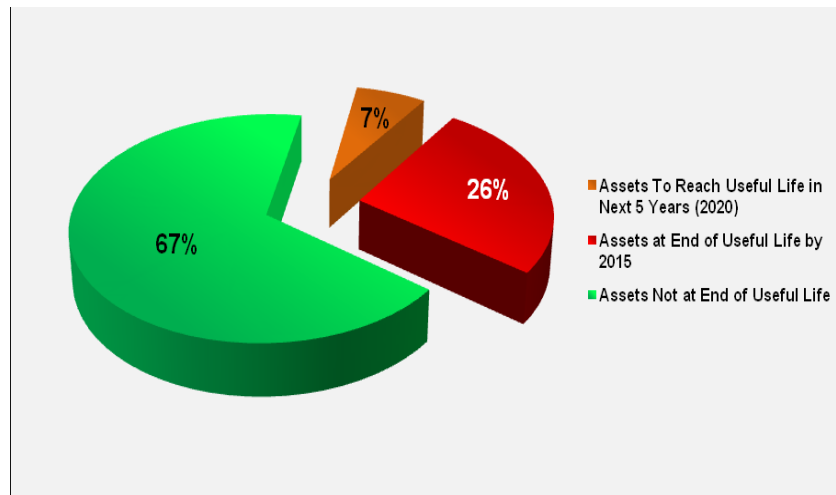
2.2 Challenges Faced by the Utility

Toronto Hydro operates in a mature, congested urban environment. In undertaking its capital and maintenance work, the utility must contend with complexities including the intensification of development (like condominium complexes, the Pan-Am Games, and waterfront redevelopment), limited space for utility equipment installation, over a century of previous construction by various agencies often with missing or inaccurate historical records, and coordination with other City and utility reconstruction programs. Toronto's densely populated downtown core, served by a complex arrangement of equipment

Toronto Hydro CIR Application 2015-2019
Executive Summary

including a secondary network system, is unique in its span and configuration in Ontario's distribution sector.

Toronto Hydro's distribution system includes a large and growing backlog of assets that are operating beyond their expected useful lives – an estimated 26% by 2015. If the utility



were to invest in a minimal and reactive way (i.e., run-to-failure), this number is forecast to reach 32% by 2020 and reliability would likely deteriorate.³ Toronto Hydro's system also faces pressures from economic (system load) growth and capacity constraints. This results in part from large-scale projects in Toronto such as transit projects, and increased proliferation of distributed generation. Changes in climate and extreme weather also put additional strain on the distribution system.

In addition, approximately 50% of Toronto Hydro's workforce is projected to retire over the next decade, and 25% during the next five years. Of that 25%,



³ Toronto Hydro projects that a run-to-failure approach would result in SAIFI (System Average Interruption Frequency Index) worsening by approximately 30% and SAIDI (System Average Interruption Duration Index) worsening by approximately 24% from 2015-2019.

Toronto Hydro CIR Application 2015-2019
Executive Summary

1 approximately half are from key segments (certified and skilled trades, designated and
2 technical professionals, and supervisory positions). These personnel are critical to
3 maintaining and operating the distribution system in a safe and efficient manner, and new
4 personnel for these positions take up to six years to train.

5
6 These are among several of the realities that drive Toronto Hydro's costs. To learn more
7 about these challenges and other cost drivers, please refer to Exhibit 1B, Tab 2,
8 Schedules 3-5; Exhibit 2B, and Exhibit 4A.

9
10 **2.3 Toronto Hydro's Corporate Strategy**

11 The utility's strategic vision is to continuously maximize customers' and stakeholders'
12 satisfaction by operating in a safe, reliable and environmentally responsible manner at
13 optimal costs. To realize this vision, Toronto Hydro employs a framework consisting of
14 four strategic pillars:

- 15
16 1. **Customer Service:** deliver value-for-money to Toronto Hydro's customers,
17 including making it easier for them to work with the utility, helping them
18 conserve energy and providing them with tools and technology;
19 2. **Operations:** improve reliability through optimal and sustainable system
20 management, including keeping the system safe, building a grid that supports a
21 modern city and maintaining productivity;
22 3. **People:** fully-engaged, safe and healthy workforce, that meets the changing
23 business environment; and
24 4. **Financial Strength:** meet financial objectives including obtaining a fair return.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 These strategic pillars guide
2 the establishment of the
3 utility's goals and business
4 plans, and focus the
5 organization. Toronto Hydro
6 uses a comprehensive
7 framework of Key
8 Performance Indicators



9 ("KPIs") and a balanced scorecard approach to track the implementation and execution of
10 its plans against its strategic goals.

11
12 These pillars, and Toronto Hydro's approach to business planning, execution and
13 performance measurement, are well-aligned with the OEB's performance outcomes
14 described in the RRFE: Customer Focus, Operational Effectiveness, Public Policy
15 Responsiveness and Financial Performance (together the "RRFE Outcomes").

16
17 For more information, please refer to Exhibit 1C, Tab 3, Schedules 1 and 2.

3. APPROACH TO THIS APPLICATION

3.1 Planning for the Next Five years

Toronto Hydro's approach to the planning that underlies this application entailed: (a) developing a proposed capital program that balances the needs of the distribution system with a level of rate increases that customers accept; and (b) building an Operations, Maintenance & Administration ("OM&A") plan that, following rebasing, requires the utility to operate with funding that is less than inflation for non-capital expenditures.

Consistent with its Strategic Pillars and the RRFE Outcomes, Toronto Hydro's proposals and plans were informed by a number of operational needs such as asset investment requirements, maintenance requirements, staffing requirements and legislative and regulatory obligations. The plans are also informed by other important considerations such as customer needs and preferences (including service levels and consumption-management tools), rate impacts, value-for-money, productivity, and maintaining the financial health and viability of the utility.

To this end, for both capital and OM&A expenditures, Toronto Hydro did not put forward all possible and reasonable funding requests that would represent what the utility may believe is operationally optimal or required. For example, while Toronto Hydro views that a capital investment approach well above \$500 million per year over the 2015-2019 period is optimal from an assets-needs perspective, in light of rate impacts and execution logistics, it has constrained its actual plan (and corresponding funding request to the OEB) to approximately \$500 million per year over the 2015-2019 period. Toronto Hydro believes that a capital plan of this magnitude fairly balances system requirements with the needs of current and future customers.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

To learn more about the details of Toronto Hydro's approach to business and financial planning, as well as its specific approaches to building the capital and OM&A proposals contained within this application, please see Exhibit 1B, Tab 2, Schedule 3; Exhibit 1B, Tab 2, Schedule 7; Exhibit 1C, Tab 3, Schedule 2; Exhibit 2B; and Exhibit 4A.

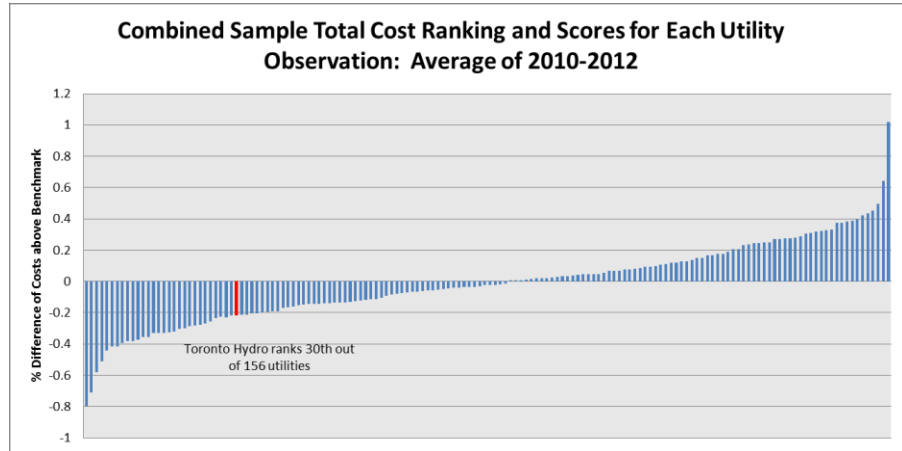
3.2 Productivity And Performance

Toronto Hydro's commitment to productivity and performance is embodied within its strategic pillars. Toronto Hydro has a long-standing productivity culture which has evolved over time in line with operating challenges, changes in government policy, and expectations that underlie the regulatory regimes that govern the utility's operations. Toronto Hydro assesses that since amalgamation in 1998, its productivity efforts have resulted in significant savings for ratepayers.

The utility's commitment to productivity and performance are embedded throughout its plans and proposals in this application. For example, Toronto Hydro has developed a ratemaking framework for this application, which by its nature provides incentives for the utility to seek out further productivity and efficiency improvements over the 2015-2019 timeframe and beyond. This framework also requires the utility to *share the benefits* of these improvements with its customers. Further, and in addition to the OEB Scorecard to measure performance, the utility has proposed a framework of capital performance metrics to facilitate the continuous improvement in the efficiency of capital planning and execution. Finally, the plans and proposals that Toronto Hydro has put forward in this application focus on delivering value-for-money to its customers.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

Among other reasons, Toronto Hydro's commitment to productivity and performance makes it a strong cost performer in comparison to



other utilities. A third party total cost econometric benchmarking report concludes that the utility is below expected reasonable costs, and ranks Toronto Hydro's total cost performance in the top quartile – 30th out of 156 Ontario and U.S. utilities.

To learn more about Toronto Hydro's commitment and approach to productivity and performance, please refer to Exhibit 1B, Tab 2, Schedule 5 (including Appendixes A and B); Exhibit 2B, Section C; and Exhibit 4A.

3.3 Customers

Toronto Hydro's commitment to its customers is embodied within its strategic pillars. On average, Toronto Hydro receives approximately 100,000 written enquiries and nearly 600,000 telephone calls a year. Toronto Hydro seeks to provide customer satisfaction and improve the customer experience: overall, the utility performs well against the OEB's customer service quality indicators. Further, the utility consistently seeks opportunities to meaningfully engage with its customers, expand the range and quality of service that it provides, and integrate new technological tools and solutions to improve service levels and find efficiencies.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

3.3.1 Engagement on Capital Plans

Toronto Hydro serves a broad and diverse customer base, with which it engages on a regular basis through ordinary-course interactions. In addition to these ordinary-course interactions, it reached out to its most populous rate classes, the residential and small general service customers, through Innovative Research Group, regarding the utility's capital plans for 2015-2019 (Exhibit 1B, Tab 2, Schedule 7, Appendix B). The results of this exercise provided Toronto Hydro valuable insight into these customers' perceptions of the utility's priorities. Among other things, Toronto Hydro learned that customers' preferences align with the central pillars of the utility's capital plan. And while these customers reasonably expect that the utility will make prudent investment decisions, the majority accept the need for timely renewal of the distribution system, while acknowledging that this will mean an increase in their monthly bills.

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3.3.2 Emergency and Extreme Weather Response

Recent extreme weather events such as the July 2013 flood and the December 2013 ice storm have had significant effects on Toronto Hydro's customers, and drive Toronto Hydro to continue to emphasize plans and programs that facilitate and improve its system resiliency, and ability to respond to these events.



At the core of the utility's emergency operations framework lies the Emergency Response Program, which provides an around-the-clock response to any urgent and

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Toronto Hydro CIR Application 2015-2019
Executive Summary

1 unplanned events in Toronto's dense urban environment 365 days a year.⁴ Moreover, to
2 enhance the utility's operations during sustained and large-scale emergency events,
3 Toronto Hydro is proposing a new Disaster Preparedness Management program (Exhibit
4 4A, Tab 2, Schedule 4) that aims to establish industry best practices for the planning,
5 communication and coordination of work prior to, during and after major events across
6 the utility and in relation to customers and key stakeholders.⁵ Beyond the introduction of
7 new communication and decision-making frameworks, the proposed program seeks to
8 expand emergency training for Toronto Hydro's employees and facilitate the negotiation
9 of Mutual Aid agreements with utilities that operate systems similar to Toronto's.

10
11 Toronto Hydro has also received valuable feedback from its customers regarding their
12 experiences of communicating with the utility during the 2013 ice storm, and has
13 implemented a number of key enhancements to its emergency communications systems.
14 These include:

- 15
16 • An expanded Interactive Voice Response (IVR) capability to ensure that Toronto
17 Hydro customers can successfully reach the utility to report an outage during
18 emergencies when call volumes significantly exceed the typical levels.
- 19
20 • A new mobile-friendly website OutageTO.com, available in eight languages. The
21 website consolidates all outage-related content in a single location, including
22 detailed and frequent alerts through a variety of platforms, safety tips for
23 customers without power, and a capability for customers to report new outages.
- 24

⁴ Exhibit 4A, Tab 2, Schedule 3

⁵ Exhibit 4A, Tab 2, Schedule 4

Toronto Hydro CIR Application 2015-2019
Executive Summary

- 1 • Planned enhancements to the 311 Toronto website and customer contact centre, to
2 simplify customers' ability to reach the utility through the 311 platform to report
3 outages and obtain relevant information.

4
5 In addition to recently implemented and planned operational enhancements, Toronto
6 Hydro's application includes a number of capital investments and maintenance activities
7 that can be expected to improve system performance against extreme weather, in addition
8 to addressing their respective primary drivers. These include:

- 9
10 • Overhead Infrastructure Relocation (Trigger Driver – Functional Obsolescence);⁶
11 • Rear Lot Conversion (Trigger Driver – Functional Obsolescence);⁷
12 • Box Construction Conversion (Trigger Driver – Functional Obsolescence);⁸
13 • Feeder Automation (Trigger Driver – System Efficiency);⁹
14 • Contingency Enhancement (Trigger Driver – Reliability);¹⁰
15 • Downtown Contingency (Trigger Driver – Reliability);¹¹
16 • Design Enhancement (Trigger Driver: Reliability);¹² and
17 • Vegetation Management (Trigger Driver – Reliability).¹³

18
19 Over the 2015-2019 timeframe, the utility anticipates taking further steps to enhance its
20 storm-related operational practices and capabilities, including an upgrade of its Outage
21 Management System, enhancements to the damage assessment activities and outage

⁶ Exhibit 2B, E6.5

⁷ Exhibit 2B, E6.6

⁸ Exhibit 2B, E6.7

⁹ Exhibit 2B, E7.3

¹⁰ Exhibit 2B, E7.1

¹¹ Exhibit 2B, E7.7

¹² Exhibit 2B, E7.2

¹³ Exhibit 4A, Tab 2, Schedule 1, pp.26-34

Toronto Hydro CIR Application 2015-2019
Executive Summary

restoration time estimation practices, and other improvements recommended by the report of the independent panel that reviewed Toronto Hydro's performance during the 2013 ice storm.¹⁴

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To learn more about Toronto Hydro's customer focus, engagement, and relevant plans and proposals, please see Exhibit 1B, Tab 2, Schedule 7; Exhibit 2B; and Exhibit 4A.

3.4 Consideration of OEB Guidance and Rate Setting

Toronto Hydro approached this application from the perspective of alignment with policy guidance provided by the OEB. This includes the form of the rate-setting mechanism, the RRFE Outcomes, as well as the scope and nature of the evidence the utility filed regarding productivity, capital planning, customer engagement and operational expenditures. In addition to aligning with policy direction, Toronto Hydro believes that its approach aids in the utility's application being more accessible to the OEB, intervenors and the public.

Toronto Hydro has proposed a rate-setting framework that constrains operational funding increases to less than inflation after rebasing. This approach reconciles the utility's need for significant multi-year capital investment with a level of rate increases that its customers are willing to accept. The framework is based on a forward test year for 2015, and a custom Price Cap Index ("PCI") for 2016 through 2019.

To learn more about how Toronto Hydro's application aligns with the OEB policy guidance and the utility's approach to ratemaking, please refer to Exhibit 1B, Tab 2, Schedules 2 and 3.

¹⁴ Exhibit 4A, Tab 2, Schedule 4, Appendix A.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

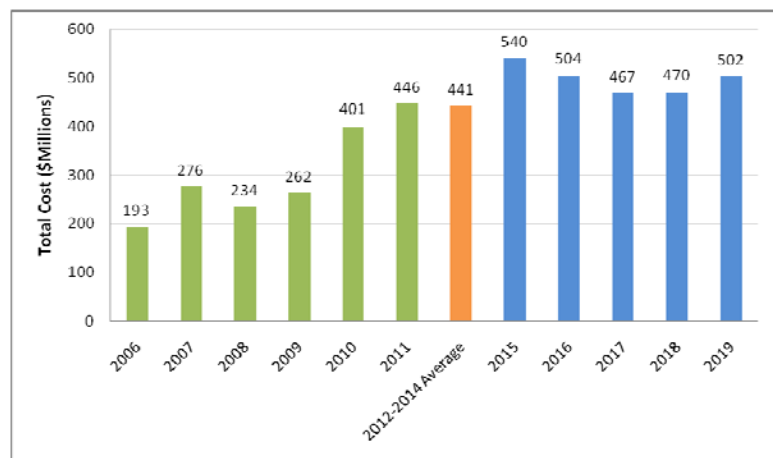
4. SUMMARY OF KEY DETAILS OF THE APPLICATION

4.1 Capital Expenditures And Rate Base

4.1.1 Capital Expenditures

The nature and amount of capital spending in this application builds on the foundation that the OEB accepted in Toronto Hydro's 2012-2014 ICM application.⁵ The majority of the capital programs are continuations of the work programs the OEB approved in the ICM application. New programs are driven by public policy responsiveness, additional system renewal needs, evolving system conditions, and enhancing customer value. Toronto Hydro's proposed capital plan has been validated by a third party expert,⁶ and its pillars are accepted by the utility's customers.

Toronto Hydro's requested Capital Expenditures for the period 2015-2019 are approximately \$500 million per year, which is comparable to the average annual spending since the utility's last rebasing in 2011 (approximately \$440



million per year). Forecasted capital expenditures for the 2015 test year are approximately \$ 539.6 million, which represents an increase of approximately \$160.8

⁵ EB-2012-0064, Partial Decision and Order (April 2, 2013).

⁶ Exhibit 1B, Tab 2, Schedule 4, Appendix B.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

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1 million, or 42.4 percent, from the utility's last rebasing application in 2011.⁷ For 2016 to
2 2019, Toronto Hydro is proposing capital expenditures as summarized below.

3

4 **Table 1: 2016 – 2019 Requested Capital Expenditures (\$ Millions)**

	2016	2017	2018	2019
Capital Expenditures	504.2	467.4	470.0	502.2

/C

5 To learn more about Toronto Hydro's proposed multi-year capital funding needs, please
6 refer to Exhibit 1B, Tab 2, Schedule 4, and Exhibit 2B.

7

8 ***Capital Investment Drivers***

9 The "trigger" investment drivers of Toronto Hydro's DSP are summarized below.

10 Trigger drivers are the primary reason that a program must be carried out. Most DSP
11 programs also have secondary drivers that may be more consequential than the trigger
12 driver. For example, although Safety and Reliability are trigger drivers for relatively few
13 programs, these important drivers are the most common, relating to 32 and 23 programs
14 respectively.

⁷ EB-2010-0142

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 Table 2: Trigger Drivers for Capital Investments from 2015 to 2019 (\$ Millions)

Trigger Driver	2015	2016	2017	2018	2019
Failure Risk	156.9	130.3	134.9	151.4	156.8
Functional Obsolescence	80.6	105.5	78.3	75.1	74.5
Customer Service Requests / Third Party Requests	55.3	71.7	82.9	76.6	69.8
System Maintenance & Capital Investment Support	80.3	52.1	28.9	32.1	27.9
Capacity Constraints	54.4	31.0	37.1	22.5	44.4
Failure	31.9	32.7	33.1	33.6	34.2
Other ⁸	10.3	19.8	28.7	37.9	49.4
Mandated Service Obligations	30.8	21.8	18.0	13.8	15.7
Reliability	11.0	9.4	13.8	13.8	17.4
System Efficiency	11.7	16.2	11.6	13.2	12.2
Safety	16.5	13.7	0.0	0.0	0.0
Total Capital Expenditures	539.6	504.2	467.4	470.1	502.2

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⁸ "Other" capital includes expenditures that do not fit in a discrete capital program, such as Historic Road Cut Repairs and inflation for the capital program. For more details, see Exhibit 2B, Section E4.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 ***Costs Associated with REG Connections***

2 Toronto Hydro's proposed Capital Expenditures over the 2015 to 2019 period include the
3 following costs associated with renewable energy generation ("REG") connections:⁹

4
5 **Table 3: Renewable Enabling Improvements (REI) from 2015 to 2019 (\$ Millions)**

Program	2015	2016	2017	2018	2019
Generation Protection Control and Monitoring ¹⁰	6.12	5.19	3.26	2.10	2.02
Energy Storage ¹¹	0.54	1.09	2.16	3.24	3.78
Total REG Costs	6.66	6.27	5.43	5.34	5.79

/C

6 The total amount that Toronto Hydro seeks to recover from provincial ratepayers,
7 pursuant to Ontario Regulation 330/09, is summarized below in Table 4.

8
9 **Table 4: Provincial Rate Protection Amounts from 2015 to 2019 (\$Millions)**

	2015	2016	2017	2018	2019
Provincial Rate Protection	0.31	1.00	1.69	2.31	2.93

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⁹ For more information please see Exhibit 2A, Tab 8, Schedule 1.

¹⁰ Exhibit 2B, E5.05.

¹¹ Exhibit 2B, E7.11.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 ***Smart Grid Costs***

2 Toronto Hydro's proposed Capital Expenditures over the 2015 to 2019 period include the
3 following costs associated with smart grid investments:¹²

4
5 **Table 5: Smart Grid Related Costs from 2015 to 2019 (\$Millions)**

Program	2015	2016	2017	2018	2019	/C
Metering (Exhibit 2B, E5.1)	24.7	16.6	14.7	11.7	13.7	
Network Unit Renewal (Exhibit 2B, E6.10)	5.2	7.4	7.3	7.3	7.3	
Stations Control & Monitoring (Exhibit 2B, E6.16)	0.1	0.9	1.1	1.5	1.4	
Distribution System Communication Infrastructure (Exhibit 2B, E6.22)	6.1	6.0	4.0	0.0	0.0	
Feeder Automation (E7.3)	11.1	15.1	9.4	10.0	8.5	
Overhead Momentary Reduction (Exhibit 2B, E7.4)	0.0	0.0	0.6	0.6	0.6	
Local Demand Response (Exhibit 2B, E7.10)	0.2	2.4	0.6	0.5	0.3	
Total Smart Grid Costs	47.4	48.4	37.7	31.6	31.8	/C

¹² Exhibit 2B, E1.3.2

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 In addition to the programs listed above, Toronto Hydro's Overhead Circuit Renewal
2 program¹³ includes costs for standardizing SCADAMATE related communications
3 technology in areas currently using an obsolete radio communication system.

4
5 ***Regional Planning Investments***

6 Toronto Hydro's proposed Capital Expenditures over the 2015 to 2019 period include the
7 following costs associated with regional planning investments:

8
9 **Table 6: Regional Planning Investments from 2015 to 2019 (\$ Millions)**

Program	2015	2016	2017	2018	2019
Generation Protection, Monitoring and Control (Exhibit 2B, E5.5)	6.12	5.19	3.26	2.10	2.02
Stations Expansion (Exhibit 2B, E7.9)	53.6	28.5	36.5	22.0	44.0
Local Demand Response (Exhibit 2B, E7.10)	0.17	2.4	0.60	0.50	0.35

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¹³ Exhibit 2B, E6.4.

Toronto Hydro CIR Application 2015-2019
Executive Summary

4.1.2 Rate Base

Toronto Hydro's requested rate base for the 2015 Test Year is \$3,312.4 million, which represents an increase of approximately \$1,014.2 million, or 44.1%, from the rate base amount of \$2,298.2 million approved by the OEB in the utility's last rebasing application in 2011.¹⁴

} /C

The change in rate base is driven by an increase of approximately \$1,069.3 million in the average net book value ("NBV") of property, plant and equipment ("PP&E"), which is offset by a decrease of approximately \$55 million in the working capital allowance ("WCA") component of rate base due to an updated WCA rate, as per Toronto Hydro's updated Lead Lag study. The growth in PP&E includes investments Toronto Hydro has made under the ICM framework during the 2012-14 period, as well as the addition of street lighting assets into rate base.

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For more information about Toronto Hydro's rate base, please refer to Exhibit 2A.

¹⁴ EB-2010-0142.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

4.2 Operations, Maintenance And Administrative (OM&A)

Toronto Hydro's plan is intended to efficiently maintain functional requirements such as safe and reliable grid operations and system performance, service levels, as well as legal and regulatory compliance. New or materially-expanded OM&A activities since the utility's last rebasing in 2011 include: disaster preparedness and increased preventative and predictive maintenance.



Toronto Hydro's OM&A expense for the test year is \$269.5 million, which represents an increase of \$31.5 million, or 13.2%, from the utility's last rebasing in 2011. This translates into an average annual increase of approximately 3.3% over the 2011-2015 timeframe.

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**Toronto Hydro CIR Application 2015-2019
Executive Summary**

4.2.1 Cost Drivers

Table 7 below provides a summary of the overall drivers and cost trends for operating expenditures:

Table 7: OM&A 2015-2019 Cost Drivers¹⁵

OM&A	2011 Actuals	2012 Actuals	2013 Actuals	2014 Bridge	2015 Test
Reporting Basis	CGAAP	USGAAP	USGAAP	USGAAP	MIFRS
Opening Balance	\$238.0	\$238.6	\$215.8	\$246.4	\$246.6
Workforce Compensation (net)		(\$12.0)	\$3.0	\$14.5	\$1.4
Distribution Operations Programs ¹⁶	-	\$4.7	\$5.8	(\$13.6)	\$13.4
Customer Service and Communications	\$0.7	(\$1.3)	\$1.5	\$1.6	\$3.7
Human Resources	-	(\$0.6)	\$1.0	(\$0.5)	\$0.6
Information Technology Services	-	(\$1.1)	\$1.9	\$2.2	\$0.8
Common Corporate Costs	-	(\$11.4)	\$10.0	(\$0.3)	(\$1.3)
Facilities Maintenance	-	(\$0.3)	\$0.9	\$3.3	\$0.2
Other Various	(\$0.1)	(\$0.8)	\$6.6	(\$7.0)	\$4.0
Closing Balance	\$238.6	\$215.8	\$246.4	\$246.6	\$269.5
Restructuring Costs ¹⁷		\$27.7			
Closing Balance - Including Restructuring Costs	\$238.6	\$243.5	\$246.4	\$246.6	\$269.5

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¹⁵ For a more detailed presentation of Toronto Hydro's 2011-2015 OM&A cost drivers, please see Exhibit 4A, Tab 1, Schedule 2, (OEB Appendix 2-JB).

¹⁶ Includes storm restoration expenditures such as Hurricane Sandy, the December 2013 ice storm, and others.

¹⁷ OEB Account 6310 - Extraordinary Deduction

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**Toronto Hydro CIR Application 2015-2019
Executive Summary**

4.2.2 Inflation Rates and Economic Assumptions

Toronto Hydro used both general and specific cost and economic assumptions in its 2015 forecast for operating costs. For further details, please see section 4.5 below.

4.2.3 Compensation

Toronto Hydro's forecasted total compensation cost for the 2015 test year are approximately \$225.3 million, which represents a *decrease* of approximately 9.3 million, or 4.0%, from 2011 actuals. Because Toronto Hydro's last rebasing application was settled on an envelope basis, the utility is unable to detail the OEB-approved compensation costs for 2011.¹⁸

/C

4.3 Revenue Requirement

For the 2015 test year, Toronto Hydro requests a base revenue requirement of \$662.3 million, which represents an increase of \$140.3 million, or 26.9%, from the base revenue requirement previously approved by the OEB in the utility's last rebasing application.

} /C

The main drivers of the increase in base revenue requirement for the 2015 test year are the additions to rate base due to Toronto Hydro's significant capital program over the 2012-15 period, and an increase in OM&A expenses.

To learn more about Toronto Hydro's revenue requirement and related drivers, please see Exhibit 6, Tab 1, Schedule 1.

¹⁸ EB-2010-0142, Partial Decision and Order (July 7, 2011), at Appendix C, s. 3.4 of the Settlement Agreement.

/C

Toronto Hydro CIR Application 2015-2019
Executive Summary

1 **4.4 Bill Impacts**

2 On average, for each of the next five years, Toronto Hydro calculates that the bill impacts /C
3 associated with its application (including all of the proposed rate riders) are
4 approximately \$3.25 per month for the residential customer, or less than a 3% increase to
5 the overall bill.¹⁹ }

6
7 Table 8 below provides a summary of total bill impacts (before taxes and the Ontario
8 Clean Energy Benefit) for typical customers in all classes.

¹⁹ Calculation of approximate percentage increase to bill resulting from Toronto Hydro's application is based on other bill components being what they are today.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

Table 8: Summary of Total Bill Impacts by Rate Class

Rate Class	Change in Bill	2015 Proposed	2016 Proposed	2017 Proposed	2018 Proposed	2019 Proposed
Residential	\$/30 days	\$3.64	\$2.52	\$3.10	\$5.30	\$1.72
	%	2.8%	1.9%	2.2%	3.7%	1.2%
Competitive Sector Multi-Unit Residential	\$/30 days	\$0.63	\$1.62	\$2.38	\$3.20	\$1.09
	%	0.9%	2.3%	3.3%	4.3%	1.4%
General Service <50kW	\$/30 days	\$9.68	\$4.20	\$1.73	\$10.90	\$4.95
	%	2.9%	1.2%	0.5%	3.2%	1.4%
General Service 50-999 kW	\$/30 days	\$324.75	\$137.81	\$209.86	\$341.00	\$178.84
	%	1.5%	0.6%	0.9%	1.5%	0.8%
General Service 1,000-4,999 kW	\$/30 days	\$989.37	\$715.39	\$878.99	\$1,291.50	\$687.31
	%	0.9%	0.6%	0.8%	1.1%	0.6%
Large Use	\$/30 days	\$5,780.38	\$4,186.27	\$4,914.60	\$7,165.48	\$3,843.31
	%	0.9%	0.7%	0.8%	1.1%	0.6%
Street Lighting	\$/30 days	-\$0.57	\$0.43	\$0.51	\$0.84	\$0.40
	%	-4.2%	3.3%	3.8%	6.0%	2.7%
Unmetered Scattered Load	\$/30 days	\$4.86	\$1.96	\$2.94	\$4.16	\$2.30
	%	7.0%	2.6%	3.8%	5.2%	2.7%

/C

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

4.5 Budgeting and Accounting Assumptions

Toronto Hydro used both general inflation and specific cost assumptions in its 2015 forecast of operating costs. Labour costs have been adjusted to reflect the annual rate adjustment that the utility is required to pay under its collective agreements. The labour cost forecast was also adjusted to reflect market-competitive increases for non-unionized employees.

An inflation rate of 1.7% was applied to the test year operational expenditure forecasts, consistent with the OEB's current inflation factor. An inflation factor of 2.07% was applied to the utility's capital expenditures over the 2016 to 2019 rate period, consistent with Statistics Canada Consumer Price Index ("CPI") for the City of Toronto.

To learn more about Toronto Hydro's budgeting and accounting assumptions, please see Exhibit 1B, Tab 2, Schedule 3; Exhibit 1C, Tab 3, Schedule 2; Exhibit 2A, Tab 6, Schedule 1; Exhibit 4A, Tab 1, Schedule 1; and Exhibit 4A, Tab 4, Schedule 5.

4.6 Load Forecast Summary

Toronto Hydro's load forecast was developed using multivariate regression models by customer class to derive loads based on input variables for economic activity, weather and other drivers of energy consumption. The forecast explicitly accounts for conservation and demand management ("CDM") impacts on load.

Toronto Hydro's customer forecast was developed using extrapolation models for each rate class.

The following table summarizes the total historic and load and customer values for 2011-2019.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

Table 9: Total Load and Total Customers for 2011-2019

Year	Total Load (GWh)	Total Customers
2011	25,419	705,756
2012	25,639	713,093
2013	25,213	724,144
2014	25,018	736,974
2015	24,993	749,679
2016	24,027	763,091
2017	24,842	773,850
2018	24,697	785,107
2019	24,611	796,865

To learn more about Toronto Hydro's forecast of loads and customers, please see Exhibit 3, Tab 1, Schedule 1.

4.7 Cost Of Capital

Toronto Hydro calculated its Cost of Capital based on the OEB's Cost of Capital guidelines. For the purpose of 2015 revenue requirement, Toronto Hydro used a Return on Equity ("ROE") forecast rate of 9.30% based on the latest forecasts of inputs into the OEB's ROE formula. The utility will update this value once the OEB has determined the applicable ROE for 2015. Debt costs were forecast based on Toronto Hydro's embedded and new debt costs.

To learn more about Toronto Hydro's approach to Cost of Capital, please refer to Exhibit 5, Tab 1, Schedule 1.

4.8 Cost Allocation And Rate Design

The 2015 base revenue requirement has been allocated to the company's eight rate classes using the OEB's cost allocation model. The resulting revenue to cost ratios for all classes are within the OEB's guidelines as established in EB-2010-0219.

Toronto Hydro proposes fixed and variable rates for all rate classes based on the current split of revenue generated through each of these components. The OEB has initiated a process to review rate design for the Residential and GS<50 kW rate classes. If the OEB issues directions to distributors as a result of that process, Toronto Hydro anticipates incorporating those directions at that time.

4.8.1 Rate Year Synchronization

Toronto Hydro's fiscal year is January 1 to December 31. As a public debt issuer, Toronto Hydro is required to produce public financial statements on a fiscal year basis, and to regularly explain these statements to financial markets (i.e., bond holders, credit rating agencies, short-term creditors), and to the utility's shareholder. When revenues received by the utility are not aligned with the costs, presentation of this material can become more complex and less transparent.

Toronto Hydro is accordingly seeking approval in this application to align its rate year with its fiscal year effective January 1, 2016. Rates for 2015, the utility's rebasing year, are proposed to be effective May 1, 2015. Rates for the first year under the proposed Price Cap Index ("PCI") would be effective January 1, 2016.

**Toronto Hydro CIR Application 2015-2019
Executive Summary**

1 To learn more about Toronto Hydro's approach and proposals regarding cost allocation
2 and rate year synchronization, please refer to Exhibit 7, Tab 1, Schedule 1, and Exhibit 8,
3 Tab 1, Schedule 1, respectively.

4
5 **4.9 Deferral and Variance Accounts**

6 Toronto Hydro proposes new rate riders to clear a number of Deferral and Variance
7 Accounts ("DVAs") balances. Toronto Hydro also seeks approval to clear to customers
8 amounts related to Gains on Sale of properties associated with the Operational Centers
9 Consolidation Plan ("OCCP"), tax refunds related to past tax reassessments, and lost
10 revenue amounts related to the operation of the IRM mechanism over the 2012-14 period.

11
12 The total net DVA balances proposed for disposal are \$53.7 million. The proposed
13 disposition periods vary from one to five years.

/C

14
15 Toronto Hydro seeks approval of three new deferral and variance accounts: 1) a variance
16 account in respect of externally-initiated plant relocations and expansions; 2) a variance
17 account in respect of de-recognition losses; and 3) a variance account to record the
18 difference between the actual costs of approved eligible investments and the revenue
19 received from the IESO relating to Provincial Rate Protection amounts.

20
21 For more information about DVA accounts, and amounts proposed for clearance, please
22 refer to Exhibit 8, Tab 1, Schedule 1, and Exhibit 9, Tab 1, Schedule 1.

ADMINISTRATIVE INFORMATION

In accordance with the OEB's Filing Requirements (July 17, 2013), this schedule provides information about the following subjects:

1. Notice of Application, including:
 - o a) a statement as to who will be affected by this application,
 - o b) publication information; and
 - o c) a summary of the bill impacts.
2. Concordance with the Filing Requirements;
3. Toronto Hydro's materiality threshold;
4. Accounting treatment of non-utility business;
5. Existing accounting orders and departures from USoA;
6. Changes to methodologies used on previous applications;
7. Accounting Standard
8. Previous OEB Directives and Undertakings;
9. Conditions of Service; and
10. Internet address for viewing the application;

1. NOTICE OF APPLICATION

a) Affected Customers

Toronto Hydro has approximately 730,000 distribution customers across its service areas that will be affected by this Application. For more information about Toronto Hydro's customer base, refer to the Executive Summary in Exhibit 1A, Tab 2, Schedule 1, and the Customer Engagement evidence at Exhibit 1B, Tab 2, Schedule 7.

b) Publication Information

Toronto Hydro proposes to publish a notice of this application to appear in the Toronto Star and L'Express newspapers, both of which are paid publications, as well as on the Company's website www.torontohydro.com. L'Express is a weekly French language newspaper serving Toronto and the Greater Toronto Area, which has a circulation of approximately 22,000 readers per week. The Toronto Star is a daily newspaper serving Toronto and the surrounding area, has a total average daily circulation of approximately 360,000 readers. Toronto Hydro proposes to publish the notice of its application in these publications because they are the most-widely circulated newspapers in the City of Toronto in Canada's official languages.

c) Summary of Bill Impacts

Table 1 below provides a summary of the distribution-only bill impacts (per sub-total A of Appendix 2-W, which is filed at Exhibit 8, Tab 7) to be used for the notice of application for a typical residential customer using 800 kWh per month and for a General Service <50kW customer using 2000 kWh per month.

Table 1: Summary of Bill Impacts (Distribution Only) for Notice of Application

Residential (800 kWh)					
Distribution Bill	2015	2016	2017	2018	2019
Subtotal A \$	\$ 4.05	\$ 2.97	\$ 3.29	\$ 5.47	\$ 2.56
Subtotal A %	12.29%	8.01%	8.22%	12.64%	5.24%
GS < 50 kW (2000 kWh)					
Distribution Bill	2015	2016	2017	2018	2019
Subtotal A \$	\$ 12.33	\$ 3.80	\$ 2.17	\$ 11.51	\$ 5.89
Subtotal A %	14.87%	3.99%	2.19%	11.37%	5.23%

1 **2. MATERIALITY THRESHOLD**

2 In accordance with section 3.2.2.2 of the Filing Requirements, Toronto Hydro's
3 materiality threshold is \$1 million because its distribution revenue requirement exceeds
4 \$200 million. Unless otherwise noted, Toronto Hydro has generally applied this
5 threshold throughout the application.

6
7 **3. ACCOUNTING TREATMENT OF NON-UTILITY BUSINESS**

8 Toronto Hydro confirms that it has segregated the activities of its non-utility business
9 from rate regulated activities.

10
11 **4. EXISTING ACCOUNTING ORDERS AND DEPARTURES FROM USOA**

12 Toronto Hydro confirms that it has complied with the Uniform System of Accounts
13 ("USoA") as set out in the OEB's Accounting Procedures Handbook ("APH"), and with
14 the following utility-specific accounting orders:

- 15 • Impact for USGAAP Deferral Account, effective January 1, 2012, to record the
16 financial impacts resulting from the transition to and implementation of
17 USGAAP;¹
- 18 • Sub-Accounts to Account 1508 – Other Regulatory Assets, effective June 1, 2013,
19 relating to Incremental Capital Module ("ICM") amounts;² and
- 20 • Sub-Accounts to Account 1508 – Other Regulatory Assets, to record the costs and
21 revenues associated with wireless pole attachments.³

22
23 **5. CONCORDANCE WITH THE FILING REQUIREMENTS**

24 Toronto Hydro is filing a Custom Incentive Rate-setting ("Custom IR") Application. In
25 preparing this Application, Toronto Hydro has considered Chapters 2 and 5 of the OEB's
26 Filing Requirements for Electricity Distribution Rate Applications issued July 17, 2013

¹ EB-2012-0079, Decision and Order (June 7, 2012).

² EB-2012-0064, Rate Order (May 9, 2013).

³ EB-2012-0234, Decision and Accounting Order (June 5, 2014).

(the “Filing Requirements”). Departures from the Filing Requirements are noted in the Checklist filed at Exhibit 1A, Tab 3, Schedule 2. 4

6. METHODOLOGY CHANGES

Since its last rebasing application in 2011 (EB-2010-0142), Toronto Hydro has made the following methodology changes:

- Accounting Standard changes, as discussed in section 7 below; and
- Working Capital Allowance rate changes, as outlined in Exhibit 2A, Tab 03.

7. ACCOUNTING STANDARD

Toronto Hydro plans to adopt International Financial Reporting Standards (“IFRS”) for financial reporting purposes in the year beginning on January 1, 2015. Under IFRS 1, Toronto Hydro is required to present one year of comparative information under IFRS in its first set of IFRS financial statements. The first day of the comparative year is referred to as the “transition date” and the first day of the year in which the utility has chosen to adopt IFRS for financial reporting purposes is referred to as the “changeover date”. For Toronto Hydro, the transition date is January 1, 2014, and the changeover date is January 1, 2015.

Article 510 *Transitional Issues Relating to the Adoption of IFRS* of the APH directs distributors to use modified IFRS (“mIFRS”) as of the changeover date and requires distributors to compare the balances as determined under previous GAAP on December 31, 2014 to the corresponding balances at December 31, 2014 determined in accordance with mIFRS. Toronto Hydro has recorded the differences to opening Plant Property & Equipment (“PP&E”) balances in Account 1575. For more information, refer to Exhibit 9, Tab 1, Schedule 1.

1 The adoption of IFRS 1 and compliance to APH 510 resulted in the following material
2 impact to the 2015 test year revenue requirement in comparison to the revenue
3 requirement under previous GAAP: ⁵

- 4 • **Derecognition:** \$33.9 million increase to depreciation expense;
- 5 • **Borrowing Costs:** \$0.8 million increase to allowance for borrowed costs applied
6 to fund construction work in progress (“CWIP”); and
- 7 • **Asset Retirement Obligations (“ARO”):** \$0.9 million decrease in depreciation
8 expense

9
10 For more information, please refer to Exhibit 2A, Tab 7, Schedule 1 and Exhibit 4B, Tab
11 1, Schedule 1.

12 13 **8. PREVIOUS OEB DIRECTIVES AND UNDERTAKINGS**

14 The summary below identifies previous OEB directives and undertakings and how these
15 are being addressed in the current Application:

- 16 • File a cost allocation model that will disaggregate meter reading costs
17 appropriately into Account 5310.⁶ All USofA amounts used in the Cost
18 Allocation model have been reviewed. The full Cost Allocation model is filed at
19 Exhibit 7, Tab 1, Schedule 2, in printed and excel format.
- 20 • Review each of the assumptions set out in the Decision and Order when its cost
21 allocation study is refreshed for its next cost of service application.⁷ Please refer
22 to Exhibit 7, Tab 1, Schedule 1 for an explanation of the inputs to the Cost
23 Allocation model.

⁵ Toronto Hydro expects that there would also be an impact to Payments in Lieu of Taxes (PILs), but has not quantified this impact for the purpose of the Application.

⁶ EB-2010-0142, Decision on Draft Order Regarding Suite Metering Issues (April 17, 2012) at page 4.

⁷ EB-2010-0142, Decision and Order On Suite Metering (February 22, 2012 and as corrected March 9, 2012) at page 29.

- 1 • Provide external evidence related to productivity and capital planning in the next
2 cost of service application.⁸ For external evidence relating to productivity, please
3 refer to the Power System Engineering Report, which has been filed as Appendix
4 B to Exhibit 1B, Tab 2, Schedule 5. For external evidence relating to capital
5 planning, please refer to the Navigant Report which is filed as Appendix B to
6 Exhibit 1B, Tab 2, Schedule 4.
- 7 • Provide seminar on FIM to Intervenor before filing 2015 application.⁹ A
8 seminar was provided at the second stakeholdering session on July 3, 2014. For
9 more information, please refer to the evidence at Exhibit 1B, Tab 2, Schedule 8.
- 10 • Use best efforts to track any assets taken out of service before the end of their
11 useful lives associated with the completion of ICM work segments approved in
12 Phase 2 of this proceeding.¹⁰ Toronto Hydro proposes to defer ICM true-up to a
13 separate proceeding (Exhibit 2A, Tab 9), and intends to comply with this
14 directive, as part of that proceeding.
- 15 • Evaluate options to measure or estimate actual line losses and the impacts on
16 Account 1588 balances in accordance with the Accounting Procedures Handbook.
17 File the results in its application for 2015 rates. Please refer to Exhibit 8, Tab 5,
18 Schedule 1 for an update on this particular item.

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21 **9. CONDITIONS OF SERVICE**

22 Toronto Hydro's current Conditions of Service can be found at the following link:

23 [http://www.torontohydro.com/sites/electricsystem/business/ConditionsofService/Pages/d](http://www.torontohydro.com/sites/electricsystem/business/ConditionsofService/Pages/default.aspx)
24 [efault.aspx](http://www.torontohydro.com/sites/electricsystem/business/ConditionsofService/Pages/default.aspx). At this time, Toronto Hydro does not expect any of the approvals in this
25 Application to result in a substantive change to its Conditions of Service.

⁸ EB-2011-0144, Decision With Reasons and Order on the Preliminary Issue (January 5, 2012) at page 24.

⁹ EB-2012-0064, Settlement Agreement (December 18, 2013) at page 7.

¹⁰ EB-2012-0064, Decision and Order (December 18, 2013) at page 8.

1 **10. INTERNET ADDRESS FOR VIEWING THE APPLICATION**

2 The application can be viewed on Toronto Hydro's website at:

3 <http://www.torontohydro.com/sites/electricsystem/Pages/2015CIR.aspx>

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
GENERAL			
Ch 1 p4	Confidential Information - Practice Direction has been followed	Yes	
2	In advance of scheduled application - meet threshold established in Board letter (April 20, 2010)	N/A	
2	Align rate year with fiscal year - rationale for proposed alignment	Yes	Exhibit 8, Tab 1, Schedule 1
3	Text searchable and bookmarked PDF documents	Yes	
EXHIBIT 1 - ADMINISTRATIVE DOCUMENTS			
<i>Executive Summary</i>			
7	Overall business strategy including narrative of how the four RRFE outcomes are supported	Yes	Exhibit 1A, Tab 2, Schedule 1
7	Revenue Requirement - service RR, increase from previously approved, main drivers	Yes	Exhibit 1A, Tab 2, Schedule 1
7	Budgeting Assumptions - economic overview	Yes	Exhibit 1A, Tab 2, Schedule 1
7	Load Forecast Summary - load and customer growth, change in kWh and customer numbers, methodology description	Yes	Exhibit 1A, Tab 2, Schedule 1
7	Rate Base and Capital Plan - major drivers of DSP, rate base for test year, change from last approved, capex for test year, change from last approved, costs for any REG	Yes	Exhibit 1A, Tab 2, Schedule 1
8	OM&A for test year and change from last approved, summary of drivers, inflation assumed, total compensation for test year and change from last approved.	Yes	Exhibit 1A, Tab 2, Schedule 1
8	Statement regarding use of Board's cost of capital parameters; summary of any deviations	Yes	Exhibit 1A, Tab 2, Schedule 1
8	Cost Allocation & Rate Design - summary of any deviations from Board methodologies and significant changes	Yes	Exhibit 1A, Tab 2, Schedule 1
8	Deferral and Variance Account - total disposition (RPP and non-RPP), disposition period, new accounts requested	Yes	Exhibit 1A, Tab 2, Schedule 1
8	Bill Impact - total impacts (\$ and %)/for all classes for typical customers	Yes	Exhibit 1A, Tab 2, Schedule 1
<i>Customer Engagement</i>			
8	Overview of customer engagement activities; description of engagement, how customer needs are reflected in application. Explanation if no customer engagement	Yes	Exhibit 1B, Tab 2, Schedule 7
<i>Financial Information</i>			
9 & 34	Audited Financial Statements for 2 most recent historical years (i.e. 3 years of historical actuals)	Yes	Exhibit 1C, Tab 4, Schedule 2
9	Detailed reconciliation of AFS with regulatory financial results filed in the application	Yes	Exhibit 1C, Tab 4, Schedule 3
9	Annual Report and MD&A for most recent year of parent company	Yes	Exhibit 1C, Tab 4, Schedule 4 and 5
9	Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances	Yes	Exhibit 1C, Tab 4, Schedule 6 and 7
<i>Materiality Thresholds</i>			
10	Materiality threshold; additional details beyond the threshold if necessary	Yes	Exhibi 1A, Tab 3, Schedule 1
<i>Administration</i>			
Ch 1 p2	Certification that evidence is accurate, consistent and complete	Yes	Exhibit 1A, Tab 5, Schedule 1
10	Table of Contents	Yes	Exhibit 1A, Tab 1, Schedule 1
10	Statement of who will be affected by application	Yes	Exhibit 1A, Tab 3, Schedule 1
10	Publication information (paid, readership, circulation)	Yes	Exhibit 1A, Tab 3, Schedule 1
10	Applicant's internet address for viewing of application	Yes	Exhibit 1A, Tab 3, Schedule 1
10	Primary contact information (name, address, phone, fax, email)	Yes	Exhibit 1A, Tab 3, Schedule 1
10	Identification of legal (or other) representation	Yes	Exhibit 1B, Tab 1, Schedule 1, Appendix A
10	Requested effective date	Yes	Exhibit 1B, Tab 1, Schedule 1
10	Bill impacts - distribution only impacts for 800 kWh residential and 2000 kWh GS<50 (sub-total A of Appendix 2-W)	Yes	Exhibit 1A, Tab 2, Schedule 1
11	Form of hearing requested and why	Yes	Exhibit 1B, Tab 1, Schedule 1
11	List of approvals requested (and relevant section of legislation), including accounting orders	Yes	Exhibit 1B, Tab 1, Schedule 1

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
11	Change in tax status	N/A	No change in tax status.
11	Existing accounting orders and departures from USoA including references to the accounting orders	Yes	Exhibit 1A, Tab 3, Schedule 1
11	Description of Operating Environment (including map, list of neighbouring utilities)	Yes	Exhibit 1C, Tab 1, Schedule 1
11	Identification of embedded and/or host distributors	N/A	Applicant does not have any embedded/host distributors; see Exhibit 1C, Tab 1, Schedule 1
11	Corporate and Utility Organizational Structure, planned changes, corporate entities relationship chart, reporting relationships between LDC and parent	Yes	Exhibit 1C, Tab 2, Schedule 1
12 & 13	Corporate Governance: Number of Directors on Board, number of independent directors, how independent judgement is facilitated - Board Mandate; Schedule of Board Meetings - Orientation and Continuing Education for directors - Ethical Business Conduct - written code where available - Process for Nomination of Directors - Committees - function and charter for each committee - Audit Committee - number of independent members, whether members are financially literate	Yes	Exhibit 1C, Tab 2, Schedule 1
13	Statement regarding any transmission assets previously deemed distribution and whether LDC seeks deeming in current application	Yes	Exhibit 1C, Tab 1, Schedule 1
5, 6 & 13 Appendices	Accounting Standard used and when it was adopted. - MIFRS - Adoption of IFRS effective Jan 1-15, Jan 1-14 or earlier - CGAAP - must implement regulatory accounting changes for depreciation and capitalization by Jan 1-13 - USGAAP or ASPE - evidence of eligibility, authorization, benefits. Must implement regulatory accounting changes for depreciation and capitalization by Jan 1-13 Summary of changes to accounting policies and quantification of revenue requirement impact. LDC may choose to file Appendix 2-YA (MIFRS) or 2-YB (CGAAP or ASPE).	Yes	Exhibit 1A, Tab 3, Schedule 1; Applicant has not filed Appendix 2-YA at this time.
13	Statement identifying all deviations from Filing Requirements	Yes	Exhibi 1A, Tab 3, Schedule 1
13	Statement identifying and describing any changes to methodologies used vs previous applications	Yes	Exhibi 1A, Tab 3, Schedule 1
13	Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities	Yes	Exhibi 1A, Tab 3, Schedule 1
13	Identification of Board Directives from previous Board Decisions, and how addressed	Yes	Exhibi 1A, Tab 3, Schedule 1
13	Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service as a result of application	Yes	Exhibi 1A, Tab 3, Schedule 1
EXHIBIT 2 - RATE BASE			
<i>Overview</i>			
14 & 15	Completed Appendix 2-BA1 or 2-BA2 (application material and Excel)	Yes	Exhibit 2A, Tab 1, Schedule 2
14	Opening and Closing balances, average of opening and closing balances for gross assets and accumulated depreciation; working capital allowance (historical actual, bridge and test year forecast)	Yes	Exhibit 2A, Tab 1
14	Continuity statements (year end balance, including interest during construction and overheads). Year over year variance analysis; explanation where variance greater than materiality Hist. Brd-Approved vs Hist. Actual Hist. Act. Vs previous Hist. Act. Bridge vs. Test	Yes	Exhibit 2A, Tab 1

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
14 & 15	Opening and closing balances of gross assets and accumulated depreciation must correspond to fixed asset continuity statements. If not, an explanation must be provided (eg. WIP, ARO, smart meter balances). Reconciliation must be between YE 2013 and YE 2014 net book value balances reported on Appendix 2-BA and balances included in rate base calculation	Yes	Exhibit 2A, Tab 1
Gross Assets			
15	Gross Assets Breakdown by Function and by major plant account; description of major plant items for test year	Yes	Exhibit 2A, Tab 2, Schedule 1
15	Summary of any ICM adjustment from IRM	Yes	Exhibit 2A, Tab 1, Schedule 1; Exhibit 2A, Tab 9, Schedule 1
15 & 32	Continuity statements must reconcile to calculated depreciation expenses and presented by asset account	Yes	Exhibit 2A, Tab 1, Schedule 1; Exhibit 4B, Tab 1, Schedule 1
Allowance for Working Capital			
15	Working Capital - 13% allowance or Lead/Lag Study or Previous Board Direction	Yes	Lead Lag Study - Exhibit 2A, Tab 3
16	Cost of Power must be determined by split between RPP and non-RPP customers based on actual data, use most current RPP price, use current UTR. Should include SME charge.	Yes	Exhibit 2A, Tab 3, Schedule 1
16	Lead/Lag Study - leads and lags measured in days, dollar-weighted	Yes	Exhibit 2A, Tab 4
Treatment of Stranded Assets Related to Smart Meter Deployment			
17 & 18	Stranded Meters - if not previously addressed by the Board, proposed treatment for recovery that conforms to Board approach: NBV of stranded meters at YE 2013, proposed stranded meter rate riders for applicable customer classes. Explanation for approaches that are not the Board approach Completed Appendix 2-S.	Yes	Exhibit 2A, Tab 4
Capital Expenditures/Distribution System Plan			
19	DSP filed as a stand-alone document	Yes	Exhibit 2B
Ch 5 p9	Where applicable, explanation for section headings other than Chapter 5 headings; cross reference table	Yes	Exhibit 2B, Section A0 (see also Exhibit 1B , Tab 2, Schedule 4)
Ch 5 p9-10	Distribution System Plan Overview - key elements, sources of cost savings, period covered, vintage of information on investment drivers, changes to asset management process since last DSP filing, dependencies	Yes	Exhibit 2B, Sections and D
Ch 5 p10-11	Coordinated Planning with 3rd parties - description of consultations - deliverables of the Regional Planning Process, or status of deliverables - OPA letter in relation to REG investments (Ch 5 p8&9) and Dx response letter	Yes	Exhibit 2B, Section B
Ch 5 p11	Performance Measurement - identify and define methods and measures used to monitor DSP performance - summary of performance and trends over historical period. Must include SAIFI, SAIDI and CAIDI for all interruptions and all interruptions excluding loss of supply - explain how information has affected DSP	Yes	Exhibit 2B, Section C
Ch5 p12	Asset Management Process Overview - description of AM objectives/corporate goals and how Dx ranks objectives for prioritizing investments	Yes	Exhibit 2B, Section D, Schedule D1
Ch5 p12	Inputs/Outputs of the AM process and information flow for investments; flowchart recommended	Yes	Exhibit 2B, Section D, Schedule D1
Ch 5 p13	Overview of Assets Managed - description of service area (including evolution of features in forecast period affecting DSP), - description of system configuration - service profile and condition by asset type (tables and/or figures) - date data compiled - assessment of degree the capacity of system assets is utilized	Yes	Exhibit 2B, Section D, Schedule D2
Ch 5 p13-14	Asset Lifecycle Optimization - description of asset lifecycle optimization policies and practices, including asset replacement and refurbishment, maintenance planning criteria and assumptions - description of asset life cycle risk management policies and practices, assessment methods and approaches to mitigation	Yes	Exhibit 2B, Section D, Schedule D3

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
Ch 5 p14-15	Capital Expenditure Plan Summary for significant projects and activities to be undertaken - capability to connect new load or Gx customers, total annual capex over forecast period by investment category, description of how AMP and Capex planning have affected capital expenditures for each category - list, description and total capital cost of material capital expenditures sorted by category (table recommended) - information related to Regional Planning Process (Needs Assessment Report, Regional Planning Status Letter, Regional Infrastructure Plan - as appropriate) - description of customer engagement - Dx expectations of system development over next 5 years - list, description and total capital cost of projects planned in response to customer preferences, to take advantage of technology based opportunities, to study innovative processes (table recommended)	Yes	Exhibit 2B, Section E, Schedule E1
Ch 5 p15	Capital Expenditure Planning Process Overview - description of capex planning objectives/criteria/assumptions, relationship with AM objectives, policy on consideration of non-distribution alternatives, processes used to identify projects in each investment category, customer feedback and impact on plan, method and criteria used to prioritise REG investments	Yes	Exhibit 2B, Section E, Schedule E2
Ch 5 p16	System Capability Assessment for REG - REG applications > 10 kW, number and MW of REG connections for forecast period, capacity of Dx to connect REG, connection constraints	Yes	Exhibit 2B, Section E, Schedule E3
Ch 5 p16-18 Ch 2 p19	Capital Expenditure Summary by Investment Category - completed Table 2 of Ch 5 for historical and forecast period, explanation of markedly different variances plan vs actual, explanation of markedly different variances year over year Table 2 of Ch 5 is provided in Excel format in Appendix 2-AB	Yes	Exhibit 2B, Section E, Schedule E4; Exhibit 2A, Tab 6, Schedule 3
Ch5 p19	Overall Plan - comparative expenditures by category over historical period, forecast impact of system investment on O&M, drivers of investments by category, information related to Dx system capability assessment	Yes	Exhibit 2B, Section E, Schedules E1 and E4
Ch 5 p19-25	Material Investments - For each project that meets materiality threshold set in Ch 2 p10 - general information - total capital, customer attachments, dates, risks, variances, REG investments - evaluation criteria - may include: efficiency, customer value, reliability, etc. - category specific requirements for each project - system access, system renewal, system service, general plant (as applicable)	Yes	Exhibit 2B, Section E, Schedules E5 - E8 (see also Exhibit 1B, Tab 2, Schedule 4)
19	Capital Expenditures - completed Appendix 2-AA showing capex on a project specific basis for 5 historical years, bridge and test; explanation of variances, accounting treatment for projects with life cycle greater than one year	Yes	Exhibit 2A, Tab 6
19	Non-distribution activities - capital expenditures and reconciliation to total capital budget	Yes	Exhibit 2A, Tab 6, Schedule 1
5 & 19-20	Capitalization policy, changes to capitalization since previous rebasing - explanations must be provided. The changes must be identified (eg. capitalization of indirect costs, etc) and the causes of the changes must also be identified.	Yes	Exhibit 2A, Tab 7, Schedule 1
20	Capitalization of overhead - Completed Appendix 2-DA (MIFRS) or 2-DB (CGAAP or ASPE) Burden rates must be identified; changes from last rebasing must be identified; LDC must identify burden rates prior to and after the change	N/A	Exhibit 2A, Tab 7, Schedule 2; Applicant has not made any changes to capitalized overhead since the last rebasing (EB-2010-0142).
Costs of Eligible Investments			
20	For Eligible Investments - proposal to divide costs per O.Reg. 330/09	Yes	Exhibit 2A, Tab 8, Schedule 1
21	Appendices 2-FA through 2-FC must be filed identifying eligible investments	Yes	Exhibit 2A, Tab 8, Schedules 2 to 4
Addition of ICM Assets to Rate Base		N/A	
21	Distributor with approved ICM - schedule of ICM amounts, variances and explanation	N/A	Proposal to defer ICM true up to separate application; see Exhibit 2A, Tab 9, Schedule 1.

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
21	Balances in 1508 sub-accounts, reconciliation with proposed rate base amounts; recalculated revenue requirement should be compared with rate rider revenue	N/A	Proposal to defer ICM true up to separate application; see Exhibit 2A, Tab 9, Schedule 1.
<i>Service Quality and Reliability</i>			
22	5 historical years of ESQRs, explanation for any under-performance and actions taken	Yes	Exhibit 2A, Tab 10, Schedule 1
22	5 historical years of SAIDI and SAIFI - for all interruptions and all interruptions excluding loss of supply, explanation for any under-performance and actions taken	Yes	Exhibit 2A, Tab 10, Schedule 2
22	Completed Appendix 2-G	Yes	Exhibit 2A, Tab 10, Schedule 3
EXHIBIT 3 - OPERATING REVENUE			
<i>Load and Revenue Forecasts</i>			
22 & 25	Customer, volume and revenue forecast	Yes	Exhibit 3, Tab 1
22	Explanation of causes, assumptions and adjustments for volume forecast. Economic assumptions and data sources for load and customer forecast	Yes	Exhibit 3, Tab 1
23 & 24	Regression Model - rationale for choice, regression statistics, explanation for any unintuitive relationships, explanation of modeling approaches and alternative models tested, explanation of weather normalization methodology, sources of data for endogenous and exogenous variables, explanation of any constructed variables; data used in load forecast must be provided in Excel format, including derivation of constructed variables	Yes	Exhibit 3, Tab 1
24	NAC Model - rationale for choice, data supporting NAC variables, description of accounting for CDM including licence conditions, discussion of weather normalization considerations	Yes	Exhibit 3, Tab 1
24 & 25	CDM Adjustment - 2013 and 2014 CDM reductions must take into account 2011 and 2012 CDM program results reported by OPA. CDM adjustment should take into account historical CDM results factored into base load forecast before CDM adjustment	Yes	Exhibit 3, Tab 1
25	CDM savings for 2014 LRAMVA balance and adjustment to 2014 load forecast; data by customer class	Yes	Exhibit 3, Tab 1
25	Completed Appendix 2-I, or alternative with explanation	Yes	Exhibit 3, Tab 1
<i>Accuracy of Load Forecast and Variance Analyses</i>			
22 & 25	Schedule of volumes, revenues, customer/connection count by class and total system load: 5 years historical, Board approved, 5 years historical weather normalized, bridge year and test year.	Yes	Exhibit 3, Tab 1
25	Customer count increases or decreases for test year - explanation by class; confirmation of year end or average format	Yes	Exhibit 3, Tab 1
25	Explanation for any changes in definition or composition of class	Yes	Exhibit 3, Tab 1
25	Weather normalized average consumption per customer for historical 5 years, bridge and test	Yes	Exhibit 3, Tab 1
25	Explanation of net change in average consumption from last Board approved, and actual historical, bridge and test - for each rate class	Yes	Exhibit 3, Tab 1
25	Details of development of billing kW	Yes	Exhibit 3, Tab 1
26	Revenues on existing and proposed rates	Yes	Exhibit 3, Tab 1
26	Variance analysis of volumes, revenues, customer/connection count and total system load: Historical Board approved vs Historical Actual (and Historical Actual weather normalized) Year over year historical weather normalized variance, weather normalized bridge, test year	Yes	Exhibit 3, Tab 1
24 & 26	Data used to determine forecast should be filed as Excel	Yes	Exhibit 3, Tab 1
<i>Other Revenue</i>			
26	Breakdown of other distribution revenue accounts; completed Appendix 2-H	Yes	Exhibit 3, Tab 2
26	Variance analysis - year over year, historical, bridge and test	Yes	Exhibit 3, Tab 2
26	Any new proposed specific service charges	Yes	Exhibit 3, Tab 2; Exhibit 8A, Tab 2
26 & 30	Revenue from affiliate transactions, shared services, corporate cost allocation	Yes	Exhibit 3, Tab 2

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
EXHIBIT 4 - OPERATING COSTS			
<i>Overview</i>			
27	Brief explanation of test year OM&A levels, cost drivers, significant changes, trends, inflation rate assumed, business environment changes	Yes	Exhibit 4A, Tab 1 and Tab 2.
<i>Summary and Cost Driver Tables</i>			
28	Summary of recoverable OM&A expenses; Appendix 2-JA	Yes	Exhibit 4A, Tab 1
28	OM&A cost drivers; Appendix 2-JB	Yes	Exhibit 4A, Tab 1
28	Recoverable OM&A Cost per customer and per FTE; Appendix 2-L	Yes	Exhibit 4A, Tab 1
28	Identification of change in OM&A in test year in relation to change in capitalized overhead.	N/A	Applicant has not made any changes to capitalized overhead since last rebasing (see Exhibit 2A, Tab 7, Schedule 2)
28	OM&A variance analysis for test year with respect to bridge and historical years; Appendix 2-DA or 2-DB	Yes	For variance analysis see Exhibit 4A, Tab 2; Re Appendix 2-DA: Applicant has not made any changes to capitalized overhead since last rebasing (see Exhibit 2A, Tab 7, Schedule 2)
<i>Program Delivery Costs with Variance Analysis</i>			
28	Completed Appendix 2-JC OM&A Programs Table - by program or major functions; include variance analysis between test year and last Board approved and most recent actual	Yes	Exhibit 4A, Tab 1 and Tab 2.
28	Employee Compensation - complete Appendix 2-K	Yes	Exhibit 4A, Tab 4, Schedule 2
29	Description of compensation strategy	Yes	Exhibit 4A, Tab 4, Schedule 5
29	Explanation for material changes to head count and compensation: year over year variances, inflation, plans for new employees, details on collective agreements, basis for performance pay, filing of any relevant studies	Yes	Exhibit 4A, Tab 4, Schedules 3 and 5
29	Details of employee benefit programs including pensions for last Board approved, historical, bridge and test; must agree with tax section	Yes	Exhibit 4A, Tab 4, Schedule 5
29	Most recent actuary report	Yes	Exhibit 4A, Tab 4, Schedule 7
30	Identification of all shared services among affiliates	Yes	Exhibit 4A, Tab 5
30	Allocation methodology for corporate and shared services, list of costs and allocators, including any third party review	Yes	Exhibit 4A, Tab 5
26 & 30	Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue	Yes	Exhibit 4A, Tab 5, Schedule 2
30	Identification of any Board of Director costs for affiliates included in LDC costs	Yes	Exhibit 4A, Tab 5, Schedule 2
30	Shared Service and Corporate Cost Variance analysis - test year vs last Board approved and most recent actual	Yes	Exhibit 4A, Tab 5, Schedule 1
30	Purchased Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)	Yes	Exhibit 4A, Tab 3, Schedule 2
30 & 31	Explanation for procurements above materiality threshold without competitive tender	Yes	Exhibit 4A, Tab 3, Schedule 1
31	Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years)	Yes	Exhibit 4A, Tab 2, Schedule 20.
31	Regulatory costs - breakdown of actual and forecast, supporting information related to CoS application, proposed recovery (ie amortized?). Completed Appendix 2-M	Yes	Exhibit 4A, Tab 2, Schedule 17
31	LEAP - the greater of 0.12% of forecasted service revenue requirement or \$2,000 should be included in OM&A and recovered from all rate classes	Yes	Exhibit 4A, Tab 2, Schedule 19
32	Statement whether test year revenue requirement includes legacy programs. If yes, identify programs	Yes	Test year revenue requirement does not include legacy programs; see Exhibit 4A, Tab 2, Schedule 19
32	Charitable Donations - amounts paid from last Board approved up to test year	Yes	Exhibit 4A, Tab 2, Schedule 19
32	Detailed information for any proposal to recover charitable donations (outside of assistance for payment of electricity bills)	N/A	Applicant does not propose to recover any charitable donations.
32	Any non-recoverable contributions identified and removed from revenue requirement. Confirm that no political contributions have been included for recovery	Yes	Exhibit 4A, Tab 2, Schedule 19

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
Depreciation, Amortization and Depletion			
15 & 32	Depreciation, Amortization and Depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must tie back to accumulated depreciation balances in continuity schedule under rate base. Ensure that significant parts of each item of PP&E are depreciated separately	Yes	Exhibit 4B, Tab 1, Schedule 1
32	Identify any Asset Retirement Obligations and associated depreciation	Yes	Exhibit 4B, Tab 1, Schedule 1
32	Historical depreciation practice and proposal for test year. Variances from the half year rule must be documented with supporting rationale	Yes	Exhibit 4B, Tab 1, Schedule 1
33	Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS	Yes	Exhibit 4B, Tab 1, Schedule 1
33	Regulatory Accounting changes for depreciation and capitalization - use of Kinectrics study or another study to justify changes in useful life - list detailing all asset service lives tied to USoA, detail and explain differences in TUL from Kinectrics - Appendix 2-BB - recalculation to determine average remaining service life of opening balance on date of making depreciation changes	N/A	Applicant has not made any material changes to depreciation and capitalization since its last rebasing application (EB-2010-0142); see Exhibit 2A, Tab 7, Schedule 1 and Exhibit 4B, Tab 1, Schedule 1.
33 Appendices	Filing under MIFRS - applicable depreciation appendices (Appendix 2-CA to 2-CM)	N/A	Applicant has not made any material changes to depreciation and capitalization since its last rebasing application (EB-2010-0142); see Exhibit 2A, Tab 7, Schedule 1 and Exhibit 4B, Tab 1, Schedule 1.
33 Appendices	Filing under CGAAP,ASPE,USGAAP - applicable depreciation appendices (CGAAP or ASPE Appendix 2-CN to 2-CU, USGAAP Appendix 2-CV); details of TUL whether Kinectrics or other, impacts and justification for change	N/A	Applicant has not made any material changes to depreciation and capitalization since its last rebasing application (EB-2010-0142); see Exhibit 2A, Tab 7, Schedule 1 and Exhibit 4B, Tab 1, Schedule 1.
PILs and Property Taxes			
33	Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test	Yes	Applicant filed completed PILs model for the bridge and test year; see Exhibit 4B, Tab 2, Schedule 2.
33	Supporting schedules and calculations identifying reconciling items	Yes	Exhibit 4B, Tab 2, Schedules 1 and 2
34	Most recent federal and provincial tax returns	Yes	Exhibit 4B, Tab 2, Schedule 3
9 & 34	Financial Statements included with tax returns if different from those filed with application	N/A	Financial statements included with tax returns are not different from those filed at Exhibit 1C, Tab 4, Schedule 2.
34	Calculation of Tax Credits	Yes	Exhibit 4B, Tab 2, Schedules 1 and 2
34	Supporting schedules, calculations and explanations for other additions and deductions	Yes	Exhibit 4B, Tab 2, Schedule 2
34	Exclude from regulatory tax calculation any non-recoverable or disallowed expenses	Yes	Exhibit 4B, Tab 2, Schedule 1
34 & 35	Completion of Integrity checks listed on p34-35; statement confirming completion	Yes	Exhibit 4B, Tab 2, Schedule 1
EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE			
36	Statement that LDC adopting Board's guidelines for cost of capital and confirming updates will be done. Alternatively - utility specific cost of capital with supporting evidence	Yes	Exhibit 5, Tab 1, Schedule 1
3 & 36 Appendices	Completed Appendix 2-OA for last Board approved and test year; total capitalization (debt and equity) must equate to total rate base	Yes	Exhibit 5, Tab 1, Schedule 2
36	Completed Appendix 2-OB for historical, bridge and test year	Yes	Exhibit 5, Tab 1, Schedule 3
37	Explanation for any changes in capital structure	N/A	Applicant has not made any changes in capital structure
37	Calculation of cost for each capital component	Yes	Exhibit 5, Tab 1
37	Profit or loss on redemption of debt	N/A	Not applicable
37	Copies of promissory notes or other debt arrangements with affiliates	Yes	Exhibit 1C, Tab 4, Schedule 6
37	Explanation of debt rate for each existing debt instrument	Yes	Exhibit 5, Tab 1, Schedule 1
37	Forecast of new debt in bridge and test year - details including estimate of rate	Yes	Exhibit 5, Tab 1, Schedule 1

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
37	Not for Profit Corporations - evidence that excess revenue is used to build up operating and capital reserves	N/A	
EXHIBIT 6 - REVENUE DEFICIENCY/SUFFICIENCY			
37 & 38	Calculation of Delivery-Related Revenue Deficiency/Sufficiency: net utility income, rate base, actual return on rate base, indicated rate of return, requested rate of return, def/sufficiency, gross def/sufficiency. Def/sufficiency must be net of other costs (eg. electricity price).	Yes	Exhibit 6, Tab 1
38	Summary of drivers for test year def/sufficiency, how much each driver contributes; references in evidence mapped to drivers	Yes	Exhibit 6, Tab 1
38	Impacts of any changes in methodologies to def/sufficiency	N/A	Applicant has not made any changes in methodologies.
38	RRWF - in PDF and Excel. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits	Yes	Exhibit 6, Tab 1, Schedule 2
EXHIBIT 7 - COST ALLOCATION			
<i>Cost Allocation Study Requirements</i>			
39	Completed cost allocation study reflecting future loads and costs. Excel version of 2014 cost allocation model (updated load profiles or scaled version of HONI CAIF)	Yes	Exhibit 7, Tab 1
39	Description of weighting factors, and rationale for use of default values (if applicable)	Yes	Exhibit 7, Tab 1
39	Hard copy of sheets I-6, I-8, O-1 and O-2 (first page)	Yes	
39 & 40	<u>Host Dx</u> - evidence of consultation with embedded Dx - Statement regarding embedded Dx support for approach to allocation of costs - If embedded Dx is separate class - class in cost allocation study and Appendix 2-P - If new embedded Dx class - rationale and supporting evidence (cost of serving, load served, asset ownership information, distribution charges); include in cost allocation study and Appendix 2-P - If embedded Dx billed as GS customer - , include with the GS class in cost allocation model and Appendix 2-P. Provide cost of serving, load served, asset ownership information, distribution charges, appropriateness of rate class. LDC may choose to file Appendix 2-Q.	N/A	Applicant is not a host Dx (see Exhibit 1C, Tab 1, Schedule 1).
40	New customer class or eliminated customer class - rationale and restatement of revenue requirement from previous CoS	N/A	
<i>Class Revenue Requirements and Revenue to Cost Ratios</i>			
41	Completed Appendix 2-P; supporting information for any proposal to re-balance rates	Yes	Exhibit 7, Tab 2
41	Proposal to re-balance to bring R:C ratio into Board policy range; any proposal to re-balance beyond test year.	Yes	Exhibit 7, Tab 2
42	If Cost Allocation Model other than Board model used - exclude LV, exclude DVA such as smart meters	N/A	
EXHIBIT 8 - RATE DESIGN			
42	Monthly fixed charges - 2 decimal places; variable charges - 4 decimal places	Yes	Exhibit 8, Tab 1
42	Current and Proposed F/V proportion with explanation for any changes	Yes	Exhibit 8, Tab 1
42 & 43	Table comparing current and proposed fixed charge with floor and ceiling from cost allocation study. Explanation for MFC that exceed the ceiling; analysis must be net of adders and riders	Yes	Exhibit 8, Tab 1
43	Retail Transmission Service Rate Work Form - PDF and Excel	Yes	Exhibit 8, Tab 6
16 & 43	RTSR information must be consistent with working capital allowance calculation	No	RTSR (Exhibit 8, Tab 6, Schedule 1) are based on current UTR, as required by model. The Cost of Power forecast used for working capital allowance (Exhibit 2a, Tab 3, Schedule 1) includes a forecast of UTR to better reflect expected transmission charges in 2015.
43	If proposing changes to Retail Service Charge - evidence of consultation and notice	N/A	
44	Wholesale Market Service Rate - reflect \$0.0056 in application or justify otherwise	Yes	Rate is \$.0057 for 2015; Exhibit 8, Tab 1
44	Smart Metering Charge - reflect \$0.79 in application for Residential and GS<50	Yes	Exhibit 8, Tab 1
44	Specific Service Charge description/purpose/reason for new and revised SSC; calculations to support charges	Yes	Exhibit 8, Tab 2

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
44	Identify any rates and charges in Conditions of Service that do not appear on tariff sheet Explain nature of costs, schedule outlining revenues 2009-2012, bridge and test Whether these charges are included on tariff sheet	Yes	Exhibit 8, Tab 2; Exhibit 3, Tab 2.
45	Ensure revenue from SSC corresponds with Operating Revenue evidence	Yes	Exhibit 8, Tab 2; Exhibit 3, Tab 2.
45	Low Voltage Cost (historical, bridge, test), variances and explanations for substantive changes	N/A	
45	Support for forecast LV, e.g. Hydro One Sub-Transmission charges	N/A	
45	Allocation of LV cost to customer classes (typically proportional to Tx connection revenue)	N/A	
45	Proposed LV rates by customer class	N/A	
45	Proposed SFLF and Total Loss Factor for test year	Yes	Exhibit 8, Tab 1, Schedule 1
45	Statement as to whether LDC is embedded	N/A	Applicant is not embedded
45	Study of losses if required by previous decision	N/A	Not required by decision
45	3-5 years of historical loss factor data - Completed Appendix 2-R	N/A	As noted in Exhibit 8, Tab 1, Schedule 1, a review of loss factors is currently underway, and will be filed as an update to the Application.
46	Explanation of losses >5%	N/A	Current approved losses <5%
46	If proposed loss factor >5%, action plan to reduce losses going forward	N/A	Current approved losses <5%
46	Explanation of SFLF if not standard	N/A	Standard applied
46	Current Tariff of Rates and Charges	Yes	Exhibit 8, Tab 3, Schedule 1
46	Track Changes version of current tariff showing proposed changes	Yes	Exhibit 8, Tab 3, Schedule 2
46	Proposed Tariff of Rates - Appendix 2-Z	Yes	Exhibit 8, Tab 3, Schedule 3
46	Explanation of changes to terms and conditions of service if changes affect application of rates	N/A	No changes affecting application of rates
46	Calculations of revenue per class under current and proposed rates; reconciliation of rate class revenue and other revenue to total revenue requirement	Yes	Exhibit 8, Tab 1, Schedule 2
46	Completed Appendix 2-V (Revenue Reconciliation)	Yes	Exhibit 8, Tab 4
46 & 47	Bill Impacts - completed Appendix 2-W for all classes for representative samples of end-users. Must provide residential 800 kWh and GS<50 2,000 kWh. Commodity and regulatory charges held constant	Yes	Exhibit 8, Tab 7
47 & 48	Mitigation plan if total bill increase for any customer class is >10% including: specification of class and magnitude of increase, description of mitigation measures, justification, revised impact calculation	N/A	Total bill increase is not > 10% for any customer class.
48	Rate Harmonization Plans, if applicable - including impact analysis	Yes	Exhibit 8, Tab 1, Schedule 1
EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS			
48	List of all outstanding DVA and sub-accounts; provide description of DVAs that were used differently than as described in the APH	Yes	Exhibit 9, Tab 1; no deviation from APH.
48 & 49	Completed DVA continuity schedule for period following last disposition to present - Excel format	Yes	Exhibit 9, Tab 2, Schedule 1
49	Interest rates applied to calculate carrying charges (month or quarter)	Yes	Exhibit 9, Tab 2, Schedule 2
49 & 55	Explanation if account balances in continuity schedule differs from trial balance in RRR and AFS	Yes	No deviation from AFS; Exhibit 9, Tab 2, Schedule 1.
49	Identification of Group 2 accounts that will continue/discontinue going forward, with explanation	Yes	Exhibit 9, Tab 1, Schedule 1
49	Proposed allocators for DVA for which Board has not established approved allocator	Yes	Exhibit 9, Tab 1, Schedule 1; Exhibit 9, Tab 3, Schedule 1
48 & 49	Statement as to any new accounts, and justification.	Yes	Exhibit 9, Tab 1, Schedule 1
49	Statement whether any adjustments made to DVA balances previously approved by Board on final basis; explanation and amount of adjustment	N/A	No adjustments to DVA
49	Breakdown of energy sales and cost of power by USoA - as reported in AFS mapped to USoA. Provide explanation if making a profit or loss on commodity.	Yes	Exhibit 9, Tab 2, Schedule 2
49	Statement confirming that IESO GA charge is pro-rated into RPP and non-RPP; provide explanation if not pro-rated.	Yes	Exhibit 9, Tab 2, Schedules 1 and 2
50	If not addressed previously, disposition of Account 1592 - Completed Appendix 2-TA	Yes	Exhibit 9, Tab 2, Schedule 3

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

		Yes/No/N/A	Evidence Reference, Notes
50	If not addressed previously, disposition of Account 1592 sub-account HST/OVAT ITC - analysis that supports conformity with Dec 2010 APH FAQ (particularly #4) - completed Appendix 2-TB Applicant must state the period that the account covers (i.e. Jul 1-2010 up to start of new rate year (year of rebasing))	Yes	Exhibit 9, Tab 1, Schedule 1.
50 & 51	Assuming 2014 CoS filed under MIFRS: One time IFRS transition costs - If IFRS transition costs in rates, file for disposition of balance in IFRS variance account; - completed Appendix 2-U - statement whether any one time IFRS transition costs are embedded in 2014 revenue requirement where it is embedded - explanation for each category of cost recorded in 1508 sub-account - explanation for material variances - statement that no capital costs, ongoing IFRS compliance costs are recorded in 1508 sub-account; provide explanation if this is not the case	N/A	Applicant is not seeking to recover IFRS transitions costs in this Application.
51 & 52	Assuming 2014 CoS filed under MIFRS - 1575 IFRS-CGAAP PP&E account - breakdown of balance, Appendix 2-EA, 2-EB or 2-EC - listing and quantification of drivers - a breakdown for quantification of any accounting changes arising from IFRS in relation to PP&E - volumetric rate rider to clear 1575; explain basis for disposition period - rate of return component is to be applied to 1575 but not recorded in 1575 - statement confirming no carrying charges applied to 1575 - show the balance in DVA continuity schedule	Yes	Exhibit 9, Tab 1 and 3
53 & 54	Assuming 2014 CoS filed under CGAAP or ASPE, or 2014 CoS under MIFRS with changes to depreciation and capitalization in 2012 or 2013 - 1576 IFRS-CGAAP PP&E account - Appendix 2-BA1 or 2-BA2 must not be adjusted for 1576 - breakdown of balance related to 1576, Appendix 2-ED or 2-EE - volumetric rate rider to clear 1576; explain basis for disposition period - rate of return component is to be applied to 1576 but not recorded in 1576 - statement confirming no carrying charges applied to 1576 - show the balance in DVA continuity schedule	N/A	
54	Retail Service Charges - material balance in 1518 or 1548 - confirm variances are incremental costs of providing retail services - identify drivers - provide schedule identifying all revenues and expenses listed by USoA for 2012, bridge and test years - state whether Article 490 of APH has been followed; explanation if not followed	Yes	Exhibit 9, Tab 2, Schedule 1
54	Retail Service Charges - zero balance in 1518 or 1548 - state whether Article 490 of APH has been followed; explanation if not followed	No	Exhibit 9, Tab 2, Schedule 1; did not follow Article 490 of the APH due to immateriality; included in revenue offset Exhibit 3, Tab 2.
4 & 55	Identify all accounts for which LDC is seeking disposition; identify DVA for which LDC is not proposing disposition and the reasons why Proposal for disposition of deferral accounts for renewable generation connection and smart grid as set out in FR "Distribution System Plans - Filing Under Deemed Conditions of Licence"	Yes	Exhibit 9, Tab 2, Schedule 1
55	Proposed rate riders (Separate rate rider for RSVA GA for non-RPP customers). Default disposition period of 1 year and provide explanation for deviations from default period. Show calculations - allocation of each account, billing determinants and length of disposition period	Yes	Exhibit 9, Tab 1, Schedule 1; Exhibit 9, Tab 3, Schedule 1
49 & 55	Statement whether DVA balances before forecasted interest match the last AFS	Yes	Yes DVA balances before forecasted interest match the AFS.

Filing Requirements Checklist

Toronto Hydro-Electric System Limited ("Toronto Hydro")

EB-2014-0116

Filing Requirement
Page # Reference

Date: July 22, 2014

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55	Provide an explanation of variance > 5% between amounts proposed for disposition and amounts reported in RRR for each account. Provide explanations even if such variances are < 5% threshold if the variances in question relate to: (1) matters of principle (i.e. conformance with the APH or prior Board decisions, and prior period adjustments); and/or, (2) the cumulative effect of immaterial differences over several accounts totaling to a material difference between what is proposed for disposition in total before forecasted interest and what is recorded in the RRR filings	Yes	Exhibit 9, Tab 1, Schedule 1.
55	New DVA - must meet causation, materiality, prudence criteria; include draft accounting order	Yes	Exhibit 9, Tab 1, Schedule 1
56	LRAMVA - disposition of balance - statement indicating use of most recent input assumptions when calculating lost revenue - statement indicating reliance on most recent CDM evaluation report from OPA; copy of report - Tables for each rate class showing lost revenue by year - lost revenue calculations - energy savings by class and Board approved variable charge - statement that indicates if carrying charges are requested - Third party report for any Board-approved programs	Yes	Exhibit 9, Tab 2, Schedule 5
57	Smart Meters - if applying for final disposition, completed smart meter model (excel) must be filed. Refer to G-2011-0001 regarding proposal to dispose of balances. Any previous approval should be documented.	N/A	Smart meter disposition approved by OEB in EB-2013-0287.
TOTAL "NO"		2	

1 **LETTERS OF COMMENT RESPONSES**

2

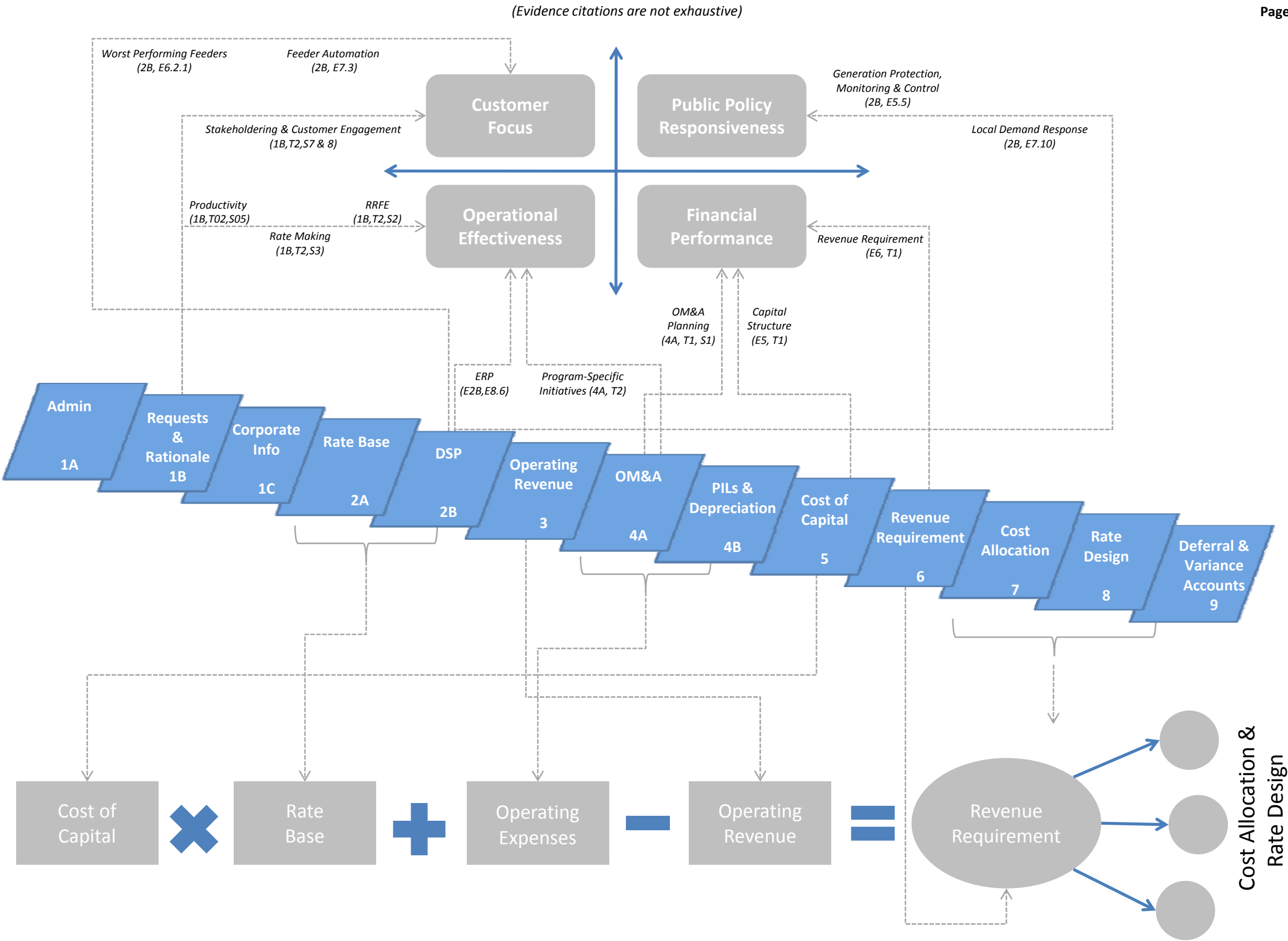
3 Further to section 2.4.5 of the OEB's Filing Requirements (July 17, 2013), this schedule
4 has been filed as placeholder for Toronto Hydro's future responses to matters raised in
5 letters of comment filed with the OEB during the course of the application.

Toronto Hydro 2015-2019 Custom IR Application Roadmap

RRFE Outcomes View

Evidence Structure View

Rate Calculation View

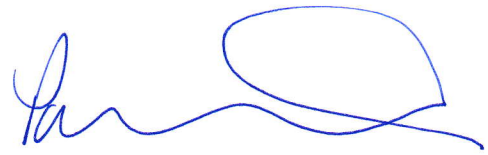


OFFICER'S CERTIFICATE

As the Executive Vice President, Chief Regulatory Officer and General Counsel of Toronto Hydro-Electric System Limited ("Toronto Hydro"), I hereby certify that the evidence submitted in support of Toronto Hydro's 2015-2019 Custom Incentive Rate-setting Application (EB-2014-0116) as filed with the Ontario Energy Board is accurate, consistent and complete to the best of my knowledge.

This certificate is given pursuant to the Ontario Energy Board's *Filing Requirements for Electricity Distribution Rate Applications* (revised July 17, 2013).

DATED this 31st day of July, 2014.



Paul Sommerville
Executive Vice President, Chief
Regulatory Officer and General
Counsel

Glossary

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

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

“AWG” refers to aluminum conductor steel reinforced assets.

“ACM” refers to Asbestos Containing Material.

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

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

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

“ARO” refer to Asset Retirement Obligation.

“ATS” refers to Automatic Transfer Switches.

“BAS” refers to Building Automation Systems.

“BCE” refers to business case evaluation.

“CAIDI” refers to the Customer Average Interruption Duration Index and is a measure (in hours) of the average duration of interruptions experienced by customers, not including MED. CAIDI represents the quotient obtained by dividing SAIDI by SAIFI.

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

“Catastrophic Failure” refers to a mode of failure of an electrical distribution component in which incidental damage to other equipment and/or injury to a person

occurs or could occur, in addition to the loss of the electrical distribution function of the component itself. Arc flashes, fires, falling debris, and structural collapse are examples of catastrophic failure. Catastrophic failure is distinguished from failure-by-design and simple failure modes in which a component, such as a fuse, performs according to design to interrupt the flow of electricity.

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

“CDM” refers to conservation and demand management.

“CDP” refer to Toronto Hydro’s corporate disaster preparedness framework.

“CDS” refers to Cogeco Data Services.

“CEA” refers to the Canadian Electricity Association.

“CEMLC” refers to Commercial Energy Management & Load Control,

“CGAAP” refer to Canadian Generally Accepted Accounting Principles,

“CHI” refers to Customer Hours Interrupted,

“CI” refers to Customer Interruptions.

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

“City” refers to the City of Toronto.

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

“CO” refers to Carbon Monoxide

“CPCP” refers to a Certified Power Cable Person.

“CPLP” refers to a Certified Power Line Person

“CRD” refers to Compact Radial Design assets.

“CWDM” refers to Coarse Wavelength Division Multiplexing.

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

“CWIP” refers to Construction Work In Progress

“DOS” refers to Days Of Service.

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

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

“DRH” refers to the OEB’s Electricity Distribution Rate Handbook..

“DST” refers to the Distribution System Technologist.

“DVA” refers to Deferral and Variance Accounts.

“EHS” refers to Environment, Health and Safety.

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

“Electricity Act” refers to the *Electricity Act, 1998*, S.O. 1998, c. 15, Sched. A (Ontario), as amended.

“EUSR” refers to the Electrical Utilities Safety Rules.

“ERM” refers to Enterprise Risk Management.

“ERP” refers to an Enterprise Resource Planning system.

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

“FCI” refers to a Faulted Circuit Indicator.

“FESI” refers to Feeders Experiencing Sustained Interruptions.

“Filing Requirements” refers to Chapters 2 and 5 of the OEB Filing Requirements for Electricity Distribution Rate Applications (July 17, 2013).

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

“GIS” refers to the Geographical Information System.

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

“GEA” or **“Green Energy Act”** refers to the *Green Energy and Green Economy Act, 2009*, S.O. 2009, C. 12 (Ontario), as amended.

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

“HST” refer to Harmonized Sales Tax.

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

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

“IAS” refers to International Accounting Standards.

“IED” refers to an Intelligent Electronic Device.

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

“IESO” refers to the Independent Electricity System Operator.

“IFRS” refers to the International Financial Reporting Standards.

“IHD” refers to an In-Home Display.

“IRRP” refers to the Integrated Regional Resource Plan.

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

“IT” refers to Information Technology.

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

“KPI” refers to Key Performance Indicators.

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

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

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

“LCA” refers to a Life Cycle Analysis.

“LRAM” refers to the Lost Revenue Adjustment Mechanism.

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

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

“MCR” refers to the City of Toronto’s Municipal Consent Requirements for the Installation of Plant Within City of Toronto Streets.

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

“MAIFI” refers to the Momentary Average Interruption Frequency Index.

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

“NBV” refers to Net Book Value.

“NPV” refers to Net Present Value.

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

“OCCP” refer to the Operational Centers Consolidation Program.

“OEB” refers to the Ontario Energy Board.

“OEM” refers to the Original Equipment Manufacturer.

“OHSA” refers to the *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1.

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

“OMS” refers to Toronto Hydro’s Outage Management System.

“OPA” refers to the Ontario Power Authority.

“OSC” refer to the Ontario Securities Commission.

“OTO” refers to Orders to Operate.

“PCT” refers to a Programmable Communicating Thermostat.

“PFA” refers to police, fire and ambulance emergency calls.

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

“PILC” refers to Paper-Insulated Lead Cable.

“PPE” refers to Personal Protective Equipment.

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

“PSC” refers to a Power System Controller.

“PSE” refers to Power System Engineering Inc.

“RPB” refers to Reverse Power Breakers.

“REG” refers to Renewable Energy Generation.

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

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

“RSC” refers to the OEB’s Retail Settlement Code.

“RTU” refers to a Remote Terminal Unit.

“SAIDI” refers to the System Average Interruption Duration Index and is a measure (in hours) of the annual system average interruption duration for customers served, not

including MED. SAIDI represents the quotient obtained by dividing the total customer hours of interruptions longer than one minute by the number of customers served.

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

“SCADA” refers to Supervisory Control and Data Acquisition.

“Smart Meter” refers to a metering device capable of recording and transmitting hourly consumption information of a residential or general service customer.\

“SSS” refers to the OEB Standard Supply Service Code for Electricity Distributors.

“Toronto Hydro” refers to Toronto Hydro-Electric System Limited.

“TOU” refer to Time of Use billing practices

“Transmission System Code” or **“TSC”** refers to the OEB’s Transmission System Code.

“TRC” refers to Total Resource Cost.

“TSSA” refers to the Technical Standards and Safety Authority.

“URD” refers to Underground Residential Distribution.

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

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

“USofA” refers to the Uniform System of Accounts set out in the Accounting Procedures Handbook.

“WCA” refers to the Working Capital Allowance.

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

“WMS” refer to the Warehouse Management System.

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

DISCLAIMER

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

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The Forward-Looking Information reflects the current beliefs of, and is based on information currently available to, Toronto Hydro's management. The Forward-Looking Information in these materials includes, but is not limited to, statements regarding Toronto Hydro's future results and performance, as well as expected nature, timing and cost of capital and operational programs. The statements that make up the Forward-Looking Information are based on assumptions that include, but are not limited to, expected load and customer growth, externally driven plant relocation requests, estimated project costs, receipt of applicable regulatory approvals and requested rate orders. The Forward-Looking Information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the Forward-Looking Information. The factors which could cause results or events to differ from current expectations include, but are not limited to, the rate of deterioration of Toronto Hydro's assets, weather and environmental factors, unexpected increases or decreases in load and customer growth, differences between estimated and actual project costs, project delay due to factors beyond the control of Toronto Hydro's management, and legislative, judicial or regulatory developments that could affect Toronto Hydro's ability to meet the goals set out in this application. Toronto Hydro cautions that this list of factors is not exclusive.

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