

## **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

**INTERROGATORY 28:**

**Reference(s):** Exhibit 1C, Tab 4, Schedule 2, p.22, Financial Statements 2013

With respect to the first reference in note 13, THESL discloses a liability for OPEBs as at December 31, 2013 of \$238,792,000.

a) Please state how much of this liability has been recovered through rates since 2000.

THESL may wish to refer to undertaking TCJ1.19 in the Hydro One proceeding EB-2013-0416 for a suggestion as to how to complete its response;

b) Please provide the actuarial valuations used in the preparation of the year-end financial statements for the years 2010 through 2012.

**RESPONSE:**

a) From 2000 to 2013, approximately \$114,542 of the liability for OPEBs has been recovered through rates.

b) Please refer to Appendices A to C to this Schedule. Please note that the OPEB liabilities associated with Energy Services Incorporated and LDC Unregulated as noted in the appendices are accounted for within the OPEB liability on the balance sheet of THESL. However, the OPEB costs associated with Toronto Hydro Corporation, Energy Services Incorporated and LDC Unregulated are accounted for in the income statements of the subsidiaries and are therefore not taken into account when calculating THESL rates.

January 24, 2011

**CONFIDENTIAL**Ms. Celine Arsenault-Smith  
Toronto Hydro  
14 Carlton Street  
Toronto, ON M5B 1K5

Dear Celine:

**RE: Fiscal 2010 Year-End Disclosure and Expense of the Post-Retirement Benefits for Employees of Toronto Hydro (the "Company") - Final**

Further to your request, we have prepared updated year-end financial figures relating to Toronto Hydro's post-retirement benefits for reporting in its 2010 financial statements, including schedules with disclosures required under Section 3461 and accounting appendices G and H. The year-end financial figures presented herein were updated to reflect benefit payments made during Fiscal 2010 in respect of permanent LTD employees. **This letter replaces our initial letter dated January 14, 2010.**

It is our understanding that the Company has the following non-pension post-employment benefits: a sick leave program, life insurance, OMERS top-up pension, and extended health and dental benefits. There are no other non-pension post-employment benefits that we are aware of that would be subject to accounting treatment under CICA 3461.

We have enclosed the following:

Appendix G: Accounting Schedule for each of the four companies and Consolidated  
Appendix H: CICA 3461 Disclosures for each of the four companies and Consolidated**Assumptions and Methods**

All figures have been calculated using the same assumptions as those used in the valuation performed as at January 1, 2010 (and described in Appendix A of our report dated August 2010). Based on our discussions with the Company, we understand these assumptions still represent management's best estimates of future experience. The 2010 expense is based upon a 6.0% discount rate and the accrued benefit obligations ("ABO") at December 31, 2010 are based on a 5.75% discount rate, as instructed by the Company.

To determine the ABO at December 31, 2010, we re-ran our valuation at January 1, 2010 at a 5.75% discount rate, and projected forward the ABO and service cost figures with interest at 5.75% per annum, reflecting the actual benefit payments in Fiscal 2010.

## Changes in Plan Provisions

We understand that there have not been any changes to the post-retirement non-pension benefits as outlined in Appendix D of our actuarial valuation report.

## Expense Results Summary

A summary of the Fiscal 2010 expense, the balance sheet accrued benefit liability and the accrued benefit obligation as at December 31, 2010 is as follows:

	Fiscal 2010 Expense (\$)	Accrued Benefit Liability at December 31, 2010 (\$)	Accrued Benefit Obligation at December 31, 2010 (\$)
Toronto Hydro-Electric System Limited	15,346,000	164,229,000	195,753,000
Toronto Hydro Corporation	133,000	3,107,000	1,397,000
Toronto Hydro-Energy Service Incorporation	184,000	1,841,000	2,080,000
Toronto Hydro – LDC Unregulated	<u>83,000</u>	<u>720,000</u>	<u>797,000</u>
Toronto Hydro-Consolidated	15,746,000	169,897,000	200,027,000

## Representation

1. The most recent actuarial valuation of the Plan for accounting purposes was performed as at January 1, 2010. Extrapolations to December 31, 2010 have been performed in accordance with Section 3461 of the CICA Handbook.

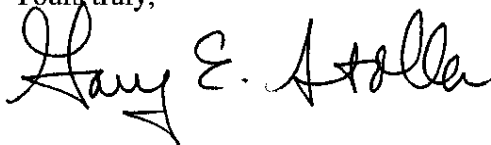
We have not been asked to provide an opinion nor have we provided an opinion regarding the actuarial assumptions. Emerging experience, differing from assumptions, will result in gains or losses that will be revealed in future actuarial valuations.

2. As is commonly the case in Canada for benefits other than pensions, there are no assets associated with the Company's Plans.
3. The expense figures for the year ending December 31, 2010 have been determined using the projected benefits method pro-rated on service, applied in conformity with Section 3461 of the CICA Handbook. These figures were extrapolated from the results of the valuation.
4. We understand that the Company elected the retroactive approach in adopting CICA Handbook Section 3461. The Company has adopted the Corridor Method for recognizing experience gains and losses. Under this accounting policy, the portion of the experience gains and losses that exceeds 10% of the accrued benefit obligation is amortized over the average remaining service period of active employees and recognized in future years' expense.
5. The plan provisions are unchanged from those described in our actuarial valuation report dated August 2010. Please see Appendix D of that report for more details.

6. The results of the actuarial valuation and extrapolation have been based on the membership data as of January 1, 2010. Please refer to Appendix C of our report dated August 2010 for a summary of the membership data.
7. We are not aware of any matters or events between the date of our August 2010 valuation report and the date of this letter which would have a significant effect on the figures contained herein.
8. This letter has been prepared, and our opinions given, in accordance with accepted actuarial practice.
9. I am a member in good standing of the Canadian Institute of Actuaries. I understand that this letter will be used for audit evidence.

Should you have any questions or need further clarification, please call me.

Yours truly,

A handwritten signature in black ink, appearing to read "Gary E. Stoller". The signature is fluid and cursive, with the first name "Gary" being more prominent.

Gary E. Stoller, F.C.I.A.  
(416) 383-6440

c.c. Nelsha Nanji, Morneau Sobeco

*This letter and enclosures have been peer-reviewed by Philip Fosu, F.C.I.A.*

**Toronto Hydro - Consolidated**  
**Post Retirement Benefits**  
**APPENDIX G**  
**Historial Expense Summary**

	<i>Estimated</i> Fiscal 2012	<i>Estimated</i> Fiscal 2011	Fiscal 2010	Fiscal 2009
<b>Starting values at BOY</b>				
Accrued benefits	207,817,000	200,027,000	177,144,000	137,451,000
Experience (gain) loss			8,013,000	
Adjustment due to January 1, 2010 district changes			0	
Adjusted Accrued benefits at BOY	207,817,000	200,027,000	185,157,000	
Plan assets	0	0	0	0
Assumed discount rate on liabilities at BOY	5.75%	5.75%	6.00%	7.50%
Assumed discount rate on liabilities at EOY	5.75%	5.75%	5.75%	6.00%
Assumed salary increase	4.00%	4.00%	4.00%	4.00%
Accrual for service (normal cost) (employer)	4,133,000	3,908,000	3,485,000	2,539,000
Expected contributions (employer)	8,101,000	7,625,000	7,197,000	6,891,000
Contributions (employee)			0	0
Benefit payments	8,101,000	7,625,000	7,197,000	6,891,000
Average Remaining Service Period (ARSP)	13.0	13.0	13.0	16.0
Average Remaining Service Period to full eligibility	9.0	9.0	9.0	10.0
<b>Exhibit I - Interest on accrued benefits</b>				
Opening balance	207,817,000	200,027,000	185,157,000	137,451,000
Accrual for service	4,133,000	3,908,000	3,485,000	2,539,000
Benefit payments (mid-year)	(4,052,000)	(3,813,000)	(3,600,000)	0
Total	207,898,000	200,122,000	185,042,000	139,990,000
Interest	11,954,000	11,507,000	11,102,000	10,240,000
<b>Exhibit II - Experience gains/ losses - accrued benefits</b>				
Opening balance	207,817,000	200,027,000	185,157,000	137,451,000
Accrual for service	4,133,000	3,908,000	3,485,000	2,539,000
Interest on accrued benefits	11,954,000	11,507,000	11,102,000	10,240,000
Benefit payments	(8,101,000)	(7,625,000)	(7,197,000)	(6,891,000)
Expected value at EOY	215,803,000	207,817,000	192,547,000	143,339,000
Actual value at EOY	215,803,000	207,817,000	200,027,000	177,144,000
Experience gain (loss)	0	0	7,480,000	(33,805,000)
<b>Exhibit III - Unamortized experience</b>				
Experience gain/(loss) at BOY	(27,319,000)	(27,952,000)	(12,654,000)	21,680,000
Other changes at BOY	0	0	(8,013,000)	0
Amortization amount	526,000	633,000	195,000	(529,000)
Changes during year	0	0	(7,480,000)	(33,805,000)
Experience gain/(loss) at EOY	(26,793,000)	(27,319,000)	(27,952,000)	(12,654,000)
<b>Exhibit IV - Post employment benefits expense</b>				
Accrual for services (total)	4,133,000	3,908,000	3,485,000	2,539,000
Interest on accrued benefits	11,954,000	11,507,000	11,102,000	10,240,000
Interest on plan assets	0	0	0	0
Amortization of July 1, 2000 amendment	(5,000)	(156,000)	(296,000)	(296,000)
Amortization of Jan 1, 2001 amendment	5,000	182,000	195,000	195,000
Amortization of Jan 1, 2003 amendment	1,065,000	1,065,000	1,065,000	1,065,000
Amortization of experience (gains)/losses	526,000	633,000	195,000	(529,000)
Net expense	17,678,000	17,139,000	15,746,000	13,214,000
<b>Exhibit V - Calculation of accrual: accrued (prepaid) expense</b>				
Opening balance at BOY	179,411,000	169,897,000	161,348,000	155,025,000
Adjustment due to January 1, 2010 district changes	0	0	0	0
Expense (Income) for the year	17,678,000	17,139,000	15,746,000	13,214,000
Funding contributions (total)	(8,101,000)	(7,625,000)	(7,197,000)	(6,891,000)
Closing balance at EOY	188,988,000	179,411,000	169,897,000	161,348,000
<b>Exhibit VI - Reconciliation</b>				
Accrued benefits at EOY	215,803,000	207,817,000	200,027,000	177,144,000
Plan assets at EOY	0	0	0	0
(Surplus)/Deficit at EOY	215,803,000	207,817,000	200,027,000	177,144,000
Less: Unamortized (gains)/losses				
July 2000 past service cost	(5,000)	(10,000)	(166,000)	(462,000)
Jan 2001 past service cost	0	5,000	187,000	382,000
Jan 2003 past service cost	27,000	1,092,000	2,157,000	3,222,000
Experience (gains)/losses	26,793,000	27,319,000	27,952,000	12,654,000
	188,988,000	179,411,000	169,897,000	161,348,000

**Toronto Hydro - Electric System Limited**  
**Post Retirement Benefits**  
**APPENDIX G**  
**Historical Expense Summary**

	<i>Estimated Fiscal 2012</i>	<i>Estimated Fiscal 2011</i>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>
<b>Starting values at BOY</b>				
Accrued benefits	203,341,000	195,753,000	172,280,000	134,026,000
Experience (gain) loss			7,511,000	
Adjustment due to January 1, 2010 district changes			1,518,000	
Adjusted Accrued benefits at BOY	203,341,000	195,753,000	181,309,000	134,026,000
Plan assets	0	0	0	0
Assumed discount rate on liabilities at BOY	5.75%	5.75%	6.00%	7.50%
Assumed discount rate on liabilities at EOY	5.75%	5.75%	5.75%	6.00%
Assumed salary increase	4.00%	4.00%	4.00%	4.00%
Accrual for service (normal cost) (employer)	3,992,000	3,775,000	3,367,000	2,419,000
Expected contributions (employer)	7,987,000	7,446,000	7,083,000	6,797,000
Contributions (employee)	0	0	0	0
Benefit payments	7,987,000	7,446,000	7,083,000	6,797,000
Average Remaining Service Period (ARSP)	13.0	13.0	13.0	14.0
Average Remaining Service Period to full eligibility	9.0	9.0	9.0	8.0
<b>Exhibit I - Interest on accrued benefits</b>				
Opening balance	203,341,000	195,753,000	181,309,000	134,026,000
Accrual for service	3,992,000	3,775,000	3,367,000	2,419,000
Benefit payments (mid-year)	(3,994,000)	(3,723,000)	(3,542,000)	(3,399,000)
Total	203,339,000	195,805,000	181,134,000	133,046,000
Interest	11,692,000	11,259,000	10,868,000	9,978,000
<b>Exhibit II - Experience gains/ losses - accrued benefits</b>				
Opening balance	203,341,000	195,753,000	181,309,000	134,026,000
Accrual for service	3,992,000	3,775,000	3,367,000	2,419,000
Interest on accrued benefits	11,692,000	11,259,000	10,868,000	9,978,000
Benefit payments	(7,987,000)	(7,446,000)	(7,083,000)	(6,797,000)
Expected value at EOY	211,038,000	203,341,000	188,461,000	139,626,000
Actual value at EOY	211,038,000	203,341,000	195,753,000	172,280,000
Experience gain (loss)	0	0	7,292,000	32,654,000
<b>Exhibit III - Unamortized experience</b>				
Experience gain/(loss) at BOY	(29,022,000)	(29,809,000)	(15,372,000)	17,580,000
Other changes at BOY	0	0	(7,511,000)	0
10% Corridor	20,334,100	19,575,300	18,130,900	13,402,600
Total amount to be amortized	8,687,900	10,233,700	4,752,100	4,177,400
Amortization amount	668,000	787,000	366,000	(298,000)
Changes during year	0	0	(7,292,000)	(32,654,000)
Experience gain/(loss) at EOY	(28,354,000)	(29,022,000)	(29,809,000)	(15,372,000)
<b>Exhibit IV - Post employment benefits expense</b>				
Accrual for services (total)	3,992,000	3,775,000	3,367,000	2,419,000
Interest on accrued benefits	11,692,000	11,259,000	10,868,000	9,978,000
Interest on plan assets	0	0	0	0
Amortization of July 1, 2000 amendment	0	(135,000)	(275,000)	(275,000)
Amortization of Jan 1, 2001 amendment	0	168,000	180,000	180,000
Amortization of Jan 1, 2003 amendment	840,000	840,000	840,000	840,000
Amortization of experience (gains)/losses	668,000	787,000	366,000	(298,000)
Net expense	17,192,000	16,694,000	15,346,000	12,844,000
<b>Exhibit V - Calculation of accrual: accrued (prepaid) expense</b>				
Opening balance at BOY	173,477,000	164,229,000	154,448,000	148,401,000
Adjustment due to January 1, 2010 district changes	0	0	1,518,000	0
Expense (Income) for the year	17,192,000	16,694,000	15,346,000	12,844,000
Funding contributions (total)	(7,987,000)	(7,446,000)	(7,083,000)	(6,797,000)
Closing balance at EOY	182,682,000	173,477,000	164,229,000	154,448,000
<b>Exhibit VI - Reconciliation</b>				
Accrued benefits at EOY	211,038,000	203,341,000	195,753,000	172,280,000
Plan assets at EOY	0	0	0	0
(Surplus)/Deficit at EOY	211,038,000	203,341,000	195,753,000	172,280,000
Less: Unamortized (gains)/losses				
July 2000 past service cost	0	0	(135,000)	(410,000)
Jan 2001 past service cost	0	0	168,000	348,000
Jan 2003 past service cost	2,000	842,000	1,682,000	2,522,000
Experience (gains)/losses	28,354,000	29,022,000	29,809,000	15,372,000
	182,682,000	173,477,000	164,229,000	154,448,000

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following impact for 2010:

<b>1% Increase</b>	<b>\$ Change</b>
Total of service and interest cost	2,493,000
Accrued benefit obligation as at December 31, 2010	29,415,000
<b>1% Decrease</b>	<b>\$ Change</b>
Total of service and interest cost	(1,720,000)
Accrued benefit obligation as at December 31, 2010	(22,645,000)

**Toronto Hydro Corporation**  
**Post Retirement Benefits**  
**APPENDIX G**  
**Historical Expense Summary**

	<i>Estimated</i> Fiscal 2012	<i>Estimated</i> Fiscal 2011	Fiscal 2010	Fiscal 2009
<b>Starting values at BOY</b>				
Accrued benefits	1,416,000	1,397,000	2,347,000	1,738,000
Experience (gain) loss			300,000	
Adjustment due to January 1, 2010 district changes			(1,285,000)	
Adjusted Accrued benefits at BOY	1,416,000	1,397,000	1,362,000	
Plan assets	0	0	0	0
Assumed discount rate on liabilities at BOY	5.75%	5.75%	6.00%	7.50%
Assumed discount rate on liabilities at EOY	5.75%	5.75%	5.75%	6.00%
Assumed salary increase	4.00%	4.00%	4.00%	4.00%
Accrual for service (normal cost) (employer)	17,000	16,000	14,000	40,000
Expected contributions (employer)	79,000	76,000	109,000	92,000
Contributions (employee)	0	0	0	0
Benefit payments	79,000	76,000	109,000	92,000
Average Remaining Service Period (ARSP)	13.0	13.0	13.0	16.0
Average Remaining Service Period to full eligibility	9.0	9.0	9.0	11.0
<b>Exhibit I - Interest on accrued benefits</b>				
Opening balance	1,416,000	1,397,000	1,362,000	1,738,000
Accrual for service	17,000	16,000	14,000	40,000
Benefit payments (mid-year)	(40,000)	(38,000)	(55,000)	(46,000)
Total	1,393,000	1,375,000	1,321,000	1,732,000
Interest	80,000	79,000	79,000	130,000
<b>Exhibit II - Experience gains/ losses - accrued benefits</b>				
Opening balance	1,416,000	1,397,000	1,362,000	1,738,000
Accrual for service	17,000	16,000	14,000	40,000
Interest on accrued benefits	80,000	79,000	79,000	130,000
Benefit payments	(79,000)	(76,000)	(109,000)	(92,000)
Expected value at EOY	1,434,000	1,416,000	1,346,000	1,816,000
Actual value at EOY	1,434,000	1,416,000	1,397,000	2,347,000
Experience gain (loss)	0	0	51,000	531,000
<b>Exhibit III - Unamortized experience</b>				
Experience gain/(loss) at BOY	1,988,000	2,142,000	2,664,000	3,396,000
Other changes at BOY	0	0	(300,000)	0
10% Corridor	141,600	139,700	136,200	173,800
Total amount to be amortized	1,846,400	2,002,300	2,227,800	3,222,200
Amortization amount	(142,000)	(154,000)	(171,000)	(201,000)
Changes during year	0	0	(51,000)	(531,000)
Experience gain/(loss) at EOY	1,846,000	1,988,000	2,142,000	2,664,000
<b>Exhibit IV - Post employment benefits expense</b>				
Accrual for services (total)	17,000	16,000	14,000	40,000
Interest on accrued benefits	80,000	79,000	79,000	130,000
Interest on plan assets	0	0	0	0
Amortization of July 1, 2000 amendment	(2,000)	(18,000)	(18,000)	(18,000)
Amortization of Jan 1, 2001 amendment	5,000	12,000	12,000	12,000
Amortization of Jan 1, 2003 amendment	217,000	217,000	217,000	217,000
Amortization of experience (gains)/losses	(142,000)	(154,000)	(171,000)	(201,000)
Net expense	175,000	152,000	133,000	180,000
<b>Exhibit V - Calculation of accrual: accrued (prepaid) expense</b>				
Opening balance at BOY	3,183,000	3,107,000	4,368,000	4,280,000
Adjustment due to January 1, 2010 district changes	0	0	(1,285,000)	0
Expense (Income) for the year	175,000	152,000	133,000	180,000
Funding contributions (total)	(79,000)	(76,000)	(109,000)	(92,000)
Closing balance at EOY	3,279,000	3,183,000	3,107,000	4,368,000
<b>Exhibit VI - Reconciliation</b>				
Accrued benefits at EOY	1,434,000	1,416,000	1,397,000	2,347,000
Plan assets at EOY	0	0	0	0
(Surplus)/Deficit at EOY	1,434,000	1,416,000	1,397,000	2,347,000
Less: Unamortized (gains)/losses				
July 2000 past service cost	0	(2,000)	(20,000)	(38,000)
Jan 2001 past service cost	0	5,000	17,000	29,000
Jan 2003 past service cost	1,000	218,000	435,000	652,000
Experience (gains)/losses	(1,846,000)	(1,988,000)	(2,142,000)	(2,664,000)
	3,279,000	3,183,000	3,107,000	4,368,000

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following impact for 2010:

<b>1% Increase</b>	<b>\$ Change</b>
Total of service and interest cost	15,000
Accrued benefit obligation as at December 31, 2010	201,000
<b>1% Decrease</b>	<b>\$ Change</b>
Total of service and interest cost	(12,000)
Accrued benefit obligation as at December 31, 2010	(159,000)

**Toronto Hydro - Energy Services Incorporated**  
**Post Retirement Benefits**  
**APPENDIX G**  
**Historical Expense Summary**

	<i>Estimated</i> Fiscal 2012	<i>Estimated</i> Fiscal 2011	Fiscal 2010	Fiscal 2009
<b>Starting values at BOY</b>				
Accrued benefits	2,176,000	2,080,000	2,517,000	1,687,000
Experience (gain) loss			166,000	
Adjustment due to January 1, 2010 district changes			(870,000)	
Adjusted Accrued benefits at BOY	2,176,000	2,080,000	1,813,000	
Plan assets	0	0	0	0
Assumed discount rate on liabilities at BOY	5.75%	5.75%	6.00%	7.50%
Assumed discount rate on liabilities at EOY	5.75%	5.75%	5.75%	6.00%
Assumed salary increase	4.00%	4.00%	4.00%	4.00%
Accrual for service (normal cost) (employer)	76,000	72,000	64,000	80,000
Expected contributions (employer)	22,000	97,000	5,000	2,000
Contributions (employee)	0	0	0	0
Benefit payments	22,000	97,000	5,000	2,000
Average Remaining Service Period (ARSP)	13.0	13.0	13.0	18.0
Average Remaining Service Period to full eligibility	9.0	9.0	9.0	12.0
<b>Exhibit I - Interest on accrued benefits</b>				
Opening balance	2,176,000	2,080,000	1,813,000	1,687,000
Accrual for service	76,000	72,000	64,000	80,000
Benefit payments (mid-year)	(11,000)	(49,000)	(3,000)	(1,000)
Total	2,241,000	2,103,000	1,874,000	1,766,000
Interest	129,000	121,000	112,000	132,000
<b>Exhibit II - Experience gains/ losses - accrued benefits</b>				
Opening balance	2,176,000	2,080,000	1,813,000	1,687,000
Accrual for service	76,000	72,000	64,000	80,000
Interest on accrued benefits	129,000	121,000	112,000	132,000
Benefit payments	(22,000)	(97,000)	(5,000)	(2,000)
Expected value at EOY	2,359,000	2,176,000	1,984,000	1,897,000
Actual value at EOY	2,359,000	2,176,000	2,080,000	2,517,000
Experience gain (loss)	0	0	(96,000)	(620,000)
<b>Exhibit III - Unamortized experience</b>				
Experience gain/(loss) at BOY	(208,000)	(208,000)	54,000	704,000
Other changes at BOY	0	0	(166,000)	0
10% Corridor	217,000	208,000	181,300	168,700
Total amount to be amortized	0	0	0	535,300
Amortization amount	0	0	0	(30,000)
Changes during year	0	0	(96,000)	(620,000)
Experience gain/(loss) at EOY	(208,000)	(208,000)	(208,000)	54,000
<b>Exhibit IV - Post employment benefits expense</b>				
Accrual for services (total)	76,000	72,000	64,000	80,000
Interest on accrued benefits	129,000	121,000	112,000	132,000
Interest on plan assets	0	0	0	0
Amortization of July 1, 2000 amendment	(3,000)	(3,000)	(3,000)	(3,000)
Amortization of Jan 1, 2001 amendment	0	2,000	3,000	3,000
Amortization of Jan 1, 2003 amendment	8,000	8,000	8,000	8,000
Amortization of experience (gains)/losses	0	0	0	(30,000)
Net expense	210,000	200,000	184,000	190,000
<b>Exhibit V - Calculation of accrual: accrued (prepaid) expense</b>				
Opening balance at BOY	1,944,000	1,841,000	2,532,000	2,344,000
Adjustment due to January 1, 2010 district changes	0	0	(870,000)	0
Expense (Income) for the year	210,000	200,000	184,000	190,000
Funding contributions (total)	(22,000)	(97,000)	(5,000)	(2,000)
Closing balance at EOY	2,132,000	1,944,000	1,841,000	2,532,000
<b>Exhibit VI - Reconciliation</b>				
Accrued benefits at EOY	2,359,000	2,176,000	2,080,000	2,517,000
Plan assets at EOY	0	0	0	0
(Surplus)/Deficit at EOY	2,359,000	2,176,000	2,080,000	2,517,000
Less: Unamortized (gains)/losses				
July 2000 past service cost	(5,000)	(8,000)	(11,000)	(14,000)
Jan 2001 past service cost	0	0	2,000	5,000
Jan 2003 past service cost	24,000	32,000	40,000	48,000
Experience (gains)/losses	208,000	208,000	208,000	(54,000)
	2,132,000	1,944,000	1,841,000	2,532,000

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following impact for 2010:

<b>1% Increase</b>	<b>\$ Change</b>
Total of service and interest cost	39,000
Accrued benefit obligation as at December 31, 2010	429,000
<b>1% Decrease</b>	<b>\$ Change</b>
Total of service and interest cost	(29,000)
Accrued benefit obligation as at December 31, 2010	(318,000)



**Toronto Hydro - LDC Unregulated  
Post Retirement Benefits  
APPENDIX G  
Historical Expense Summary**

	<i>Estimated Fiscal 2012</i>	<i>Estimated Fiscal 2011</i>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>
<b>Starting values at BOY</b>				
Accrued benefits	884,000	797,000	0	0
Experience (gain) loss			36,000	
Adjustment due to January 1, 2010 district changes			637,000	
Adjusted Accrued benefits at BOY	884,000	797,000	673,000	0
Plan assets	0	0	0	0
Assumed discount rate on liabilities at BOY	5.75%	5.75%	6.00%	7.50%
Assumed discount rate on liabilities at EOY	5.75%	5.75%	5.75%	6.00%
Assumed salary increase	4.00%	4.00%	4.00%	4.00%
Accrual for service (normal cost) (employer)	48,000	45,000	40,000	0
Expected contributions (employer)	13,000	6,000	0	0
Contributions (employee)	0	0	0	0
Benefit payments	13,000	6,000	0	0
Average Remaining Service Period (ARSP)	13.0	13.0	13.0	14.0
Average Remaining Service Period to full eligibility	9.0	9.0	9.0	8.0
<b>Exhibit I - Interest on accrued benefits</b>				
Opening balance	884,000	797,000	673,000	0
Accrual for service	48,000	45,000	40,000	0
Benefit payments (mid-year)	(7,000)	(3,000)	0	0
Total	925,000	839,000	713,000	0
Interest	53,000	48,000	43,000	0
<b>Exhibit II - Experience gains/ losses - accrued benefits</b>				
Opening balance	884,000	797,000	673,000	0
Accrual for service	48,000	45,000	40,000	0
Interest on accrued benefits	53,000	48,000	43,000	0
Benefit payments	(13,000)	(6,000)	0	0
Expected value at EOY	972,000	884,000	756,000	0
Actual value at EOY	972,000	884,000	797,000	0
Experience gain (loss)	0	0	41,000	0
<b>Exhibit III - Unamortized experience</b>				
Experience gain/(loss) at BOY	(77,000)	(77,000)	0	0
Other changes at BOY	0	0	(36,000)	0
10% Corridor	88,400	79,700	67,300	0
Total amount to be amortized	0	0	0	0
Amortization amount	0	0	0	0
Changes during year	0	0	(41,000)	0
Experience gain/(loss) at EOY	(77,000)	(77,000)	(77,000)	0
<b>Exhibit IV - Post employment benefits expense</b>				
Accrual for services (total)	48,000	45,000	40,000	0
Interest on accrued benefits	53,000	48,000	43,000	0
Interest on plan assets	0	0	0	0
Amortization of July 1, 2000 amendment	0	0	0	0
Amortization of Jan 1, 2001 amendment	0	0	0	0
Amortization of Jan 1, 2003 amendment	0	0	0	0
Amortization of experience (gains)/losses	0	0	0	0
Net expense	101,000	93,000	83,000	0
<b>Exhibit V - Calculation of accrual: accrued (prepaid) expense</b>				
Opening balance at BOY	807,000	720,000	0	0
Adjustment due to January 1, 2010 district changes	0	0	637,000	0
Expense (Income) for the year	101,000	93,000	83,000	0
Funding contributions (total)	(13,000)	(6,000)	0	0
Closing balance at EOY	895,000	807,000	720,000	0
<b>Exhibit VI - Reconciliation</b>				
Accrued benefits at EOY	972,000	884,000	797,000	0
Plan assets at EOY	0	0	0	0
(Surplus)/Deficit at EOY	972,000	884,000	797,000	0
Less: Unamortized (gains)/losses				
July 2000 past service cost	0	0	0	0
Jan 2001 past service cost	0	0	0	0
Jan 2003 past service cost	0	0	0	0
Experience (gains)/losses	77,000	77,000	77,000	0
	895,000	807,000	720,000	0

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following impact for 2010:

<b>1% Increase</b>	<b>\$ Change</b>
Total of service and interest cost	21,000
Accrued benefit obligation as at December 31, 2010	186,000
<b>1% Decrease</b>	<b>\$ Change</b>
Total of service and interest cost	(16,000)
Accrued benefit obligation as at December 31, 2010	(139,000)

## Appendix H

### Post-Retirement Benefits other than Pension for Toronto Hydro - Consolidated CICA 3461 Disclosures

	Estimate 2011	2010	2009	2008
<b>Accrued benefit obligation:</b>				
Balance at beginning of year	200,027,000	177,144,000	137,451,000	176,269,000
Experience (gain) loss at beginning of year	0	8,013,000	0	0
Reduction in ABO due to sale of Telecom July 31, 2008	0	0	0	(294,000)
Current service cost	3,908,000	3,485,000	2,539,000	3,613,000
Past Service Cost	0	0	0	0
Interest cost	11,507,000	11,102,000	10,240,000	9,721,000
Benefits paid	(7,625,000)	(7,197,000)	(6,891,000)	(5,671,000)
Actuarial (gains)/losses	0	7,480,000	33,805,000	(46,187,000)
Plan amendments	0	0	0	0
<b>Balance at end of year</b>	<b>207,817,000</b>	<b>200,027,000</b>	<b>177,144,000</b>	<b>137,451,000</b>

#### Reconciliation of accrued benefit obligation to accrued benefits liability:

Accrued benefit obligation	207,817,000	200,027,000	177,144,000	137,451,000
Less: Unamortized net actuarial (gain)/loss	27,319,000	27,952,000	12,654,000	(21,680,000)
Unamortized past service costs	1,087,000	2,178,000	3,142,000	4,106,000
<b>Post-employment benefits liability</b>	<b>179,411,000</b>	<b>169,897,000</b>	<b>161,348,000</b>	<b>155,025,000</b>

#### Components for net periodic defined benefit costs:

Current service cost	3,908,000	3,485,000	2,539,000	3,613,000
Interest cost	11,507,000	11,102,000	10,240,000	9,721,000
Actuarial (gains)/ losses	0	15,493,000	33,805,000	(46,187,000)
Plan amendments	0	0	0	0
Elements of defined benefit costs before adjustment recognized in:	15,415,000	30,080,000	46,584,000	(32,853,000)
<b>Adjustments to recognize the long-term nature of employee future benefit costs:</b>				
- Difference between actuarial (gain) loss recognized for period and actuarial (gain) loss on accrued benefits obligation for the period	633,000	(15,298,000)	(34,334,000)	46,787,000
- Difference between amortization of past service costs for the period and the actual plan amendments for the period	1,091,000	964,000	964,000	964,000
<b>Defined benefit costs recognized</b>	<b>17,139,000</b>	<b>15,746,000</b>	<b>13,214,000</b>	<b>14,898,000</b>

#### Significant assumptions

Accrued benefit obligation as of December 31:				
- Discount rate	5.75%	5.75%	6.00%	7.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Benefit costs for the years ended December 31:				
- Discount rate	5.75%	6.00%	7.50%	5.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Assumed health care cost trend rates at December 31:				
- Rate of increase in dental costs	4.00%	4.00%	4.00%	4.00%
- Rate of increase in health costs (pre July 2000 retirements)	7.00%	7.50%	8.00%	8.50%
- Ultimate rate in health costs (pre July 2000 retirements)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (pre July 2000 retirements)	2016	2016	2016	2016
- Rate of increase in health costs (other members)	8.50%	9.00%	8.00%	8.50%
- Ultimate rate in health costs (other members)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (other members)	2019	2019	2016	2016

#### Sensitivity Analysis - Extended Health & Dental Care

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans. A one-percentage-point change in assumed health and dental care cost trend rates would have the following effects for 2010:

	Increase \$	Decrease \$
Total of current service and interest cost (at 6.00%)	2,568,000	(1,777,000)
Accrued benefit obligation as at December 31, 2010 (at 5.75%)	30,231,000	(23,262,000)

#### Sensitivity Analysis - Discount Rate for Disclosure Purposes

Assumed interest rates have a significant effect on the amounts reported for the total accrued benefit obligation and expense. A one-percentage-point change in assumed interest rates would have the following effects for 2010:

	Increase \$	Decrease \$
Accrued benefit obligation as at December 31, 2010	(27,096,000)	35,140,000
Estimated expense for Fiscal 2011	(1,449,000)	3,197,000

## Appendix H

### Post-Retirement Benefits other than Pension for Toronto Hydro Electric System Limited CICA 3461 Disclosures

	Estimate <u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Accrued benefit obligation:</b>				
Balance at beginning of year	195,753,000	172,280,000	134,026,000	171,382,000
Experience (gain) loss at beginning of year	0	7,511,000	0	0
Adjustment due to January 1 district changes	0	1,518,000	0	0
Current service cost	3,775,000	3,367,000	2,419,000	3,433,000
Interest cost	11,259,000	10,868,000	9,978,000	9,461,000
Benefits paid	(7,446,000)	(7,083,000)	(6,797,000)	(5,592,000)
Actuarial (gains)/losses	0	7,292,000	32,654,000	(44,658,000)
Plan amendments	0	0	0	0
<b>Balance at end of year</b>	<b>203,341,000</b>	<b>195,753,000</b>	<b>172,280,000</b>	<b>134,026,000</b>

#### Reconciliation of accrued benefit obligation to accrued benefits liability:

	203,341,000	195,753,000	172,280,000	134,026,000
Less: Accrued benefit obligation	29,022,000	29,809,000	15,372,000	(17,580,000)
Unamortized net actuarial (gain)/loss	842,000	1,715,000	2,460,000	3,205,000
Unamortized past service costs	173,477,000	164,229,000	154,448,000	148,401,000
<b>Post-employment benefits liability</b>				

#### Components for net periodic defined benefit costs:

Current service cost		3,367,000	2,419,000	3,433,000
Interest cost		10,868,000	9,978,000	9,461,000
Actuarial (gains)/ losses		14,803,000	32,654,000	(44,658,000)
Plan amendments		0	0	0
Elements of defined benefit costs before adjustment recognized in:		29,038,000	45,051,000	(31,764,000)
Adjustments to recognize the long-term nature of employee future benefit costs:				
- Difference between actuarial (gain) loss recognized for period and actuarial (gain) loss on accrued benefits obligation for the period		(14,437,000)	(32,952,000)	45,423,000
- Difference between amortization of past service costs for the period and the actual plan amendments for the period	873,000	745,000	745,000	745,000
Defined benefit costs recognized	16,694,000	15,346,000	12,844,000	14,404,000

164,229,000  
 +1,841,000  
 +720,000 =  
 166,790,000

#### Significant assumptions

Accrued benefit obligation as of December 31:				
- Discount rate	5.75%	5.75%	6.00%	7.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Benefit costs for the years ended December 31:				
- Discount rate	5.75%	6.00%	7.50%	5.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Assumed health care cost trend rates at December 31:				
- Rate of increase in dental costs	4.00%	4.00%	4.00%	4.00%
- Rate of increase in health costs (pre July 2000 retirements)	7.00%	7.50%	8.00%	8.50%
- Ultimate rate in health costs (pre July 2000 retirements)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (pre July 2000 retirements)	2016	2016	2016	2016
- Rate of increase in health costs (other members)	8.50%	9.00%	8.00%	8.50%
- Ultimate rate in health costs (other members)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (other members)	2019	2019	2016	2016

#### Sensitivity analysis

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following effects for 2010:

	Increase \$	Decrease \$
Total of current service and interest cost (at 6.00%)	2,493,000	(1,720,000)
Accrued benefit obligation as at December 31, 2009 (at 5.75%)	29,415,000	(22,646,000)

## Appendix H

### Post-Retirement Benefits other than Pension for Toronto Hydro Corporation CICA 3461 Disclosures

	<u>Estimate</u> <u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Accrued benefit obligation:</b>				
Balance at beginning of year	1,397,000	2,347,000	1,738,000	2,299,000
Experience (gain) loss at beginning of year	0	300,000	0	0
Adjustment due to January 1 district changes	0	(1,285,000)	0	0
Current service cost	16,000	14,000	40,000	59,000
Interest cost	79,000	79,000	130,000	128,000
Benefits paid	(76,000)	(109,000)	(92,000)	(60,000)
Actuarial (gains)/losses	0	51,000	531,000	(688,000)
Plan amendments	0	0	0	0
<b>Balance at end of year</b>	<b>1,416,000</b>	<b>1,397,000</b>	<b>2,347,000</b>	<b>1,738,000</b>

#### Reconciliation of accrued benefit obligation to accrued benefits liability:

	1,416,000	1,397,000	2,347,000	1,738,000
Less: Accrued benefit obligation				
Unamortized net actuarial (gain)/loss	(1,988,000)	(2,142,000)	(2,664,000)	(3,396,000)
Unamortized past service costs	221,000	432,000	643,000	854,000
<b>Post-employment benefits liability</b>	<b>3,183,000</b>	<b>3,107,000</b>	<b>4,368,000</b>	<b>4,280,000</b>

#### Components for net periodic defined benefit costs:

Current service cost	16,000	14,000	40,000	59,000
Interest cost	79,000	79,000	130,000	128,000
Actuarial (gains)/losses	0	351,000	531,000	(688,000)
Plan amendments	0	0	0	0
Elements of defined benefit costs before adjustment recognized in:	95,000	444,000	701,000	(501,000)
<b>Adjustments to recognize the long-term nature of employee future benefit costs:</b>				
- Difference between actuarial (gain) loss recognized for period and actuarial (gain) loss on accrued benefits obligation for the period	(154,000)	(522,000)	(732,000)	523,000
- Difference between amortization of past service costs for the period and the actual plan amendments for the period	211,000	211,000	211,000	211,000
<b>Defined benefit costs recognized</b>	<b>152,000</b>	<b>133,000</b>	<b>180,000</b>	<b>233,000</b>

#### Significant assumptions

Accrued benefit obligation as of December 31:				
- Discount rate	5.75%	5.75%	6.00%	7.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Benefit costs for the years ended December 31:				
- Discount rate	5.75%	6.00%	7.50%	5.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Assumed health care cost trend rates at December 31:				
- Rate of increase in dental costs	4.00%	4.00%	4.00%	4.00%
- Rate of increase in health costs (pre July 2000 retirements)	7.00%	7.50%	8.00%	8.50%
- Ultimate rate in health costs (pre July 2000 retirements)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (pre July 2000 retirements)	2016	2016	2016	2016
- Rate of increase in health costs (other members)	8.50%	9.00%	8.00%	8.50%
- Ultimate rate in health costs (other members)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (other members)	2019	2019	2016	2016

#### Sensitivity analysis

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following effects for 2010:

	<u>Increase</u> <u>\$</u>	<u>Decrease</u> <u>\$</u>
Total of current service and interest cost (at 6.00%)	15,000	(12,000)
Accrued benefit obligation as at December 31, 2009 (at 5.75%)	201,000	(159,000)

## Appendix H

### Post-Retirement Benefits other than Pension for Toronto Hydro-Energy Service Incorporation CICA 3461 Disclosures

	Estimate <u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Accrued benefit obligation:</b>				
Balance at beginning of year	2,080,000	2,517,000	1,687,000	2,294,000
Experience (gain) loss at beginning of year	0	166,000	0	0
Adjustment due to January 1 district changes	0	(870,000)	0	0
Current service cost	72,000	64,000	80,000	121,000
Interest cost	121,000	112,000	132,000	132,000
Benefits paid	(97,000)	(5,000)	(2,000)	(19,000)
Actuarial (gains)/losses	0	96,000	620,000	(841,000)
Plan amendments	0	0	0	0
<b>Balance at end of year</b>	<b>2,176,000</b>	<b>2,080,000</b>	<b>2,517,000</b>	<b>1,687,000</b>

#### Reconciliation of accrued benefit obligation to accrued benefits liability:

Accrued benefit obligation				
Less: Unamortized net actuarial (gain)/loss	2,176,000	2,080,000	2,517,000	1,687,000
Unamortized past service costs	208,000	208,000	(54,000)	(704,000)
<b>Post-employment benefits liability</b>	<b>24,000</b>	<b>31,000</b>	<b>39,000</b>	<b>47,000</b>
	1,944,000	1,841,000	2,532,000	2,344,000

#### Components for net periodic defined benefit costs:

Current service cost	72,000	64,000	80,000	121,000
Interest cost	121,000	112,000	132,000	132,000
Actuarial (gains)/ losses	0	262,000	620,000	(841,000)
Plan amendments	0	0	0	0
Elements of defined benefit costs before adjustment recognized in:	193,000	438,000	832,000	(588,000)
<b>Adjustments to recognize the long-term nature of employee future benefit costs:</b>				
- Difference between actuarial (gain) loss recognized for period and actuarial (gain) loss on accrued benefits obligation for the period	0	(262,000)	(650,000)	841,000
- Difference between amortization of past service costs for the period and the actual plan amendments for the period	7,000	8,000	8,000	8,000
<b>Defined benefit costs recognized</b>	<b>200,000</b>	<b>184,000</b>	<b>190,000</b>	<b>261,000</b>

#### Significant assumptions

Accrued benefit obligation as of December 31:				
- Discount rate	5.75%	5.75%	6.00%	7.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Benefit costs for the years ended December 31:				
- Discount rate	5.75%	6.00%	7.50%	5.50%
- Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Assumed health care cost trend rates at December 31:				
- Rate of increase in dental costs	4.00%	4.00%	4.00%	4.00%
- Rate of increase in health costs (pre July 2000 retirements)	7.00%	7.50%	8.00%	8.50%
- Ultimate rate in health costs (pre July 2000 retirements)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (pre July 2000 retirements)	2016	2016	2016	2016
- Rate of increase in health costs (other members)	8.50%	9.00%	8.00%	8.50%
- Ultimate rate in health costs (other members)	5.00%	5.00%	5.00%	5.00%
- Ultimate year (other members)	2019	2019	2016	2016

#### Sensitivity analysis

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following effects for 2010:

	Increase \$	Decrease \$
Total of current service and interest cost (at 6.00%)	39,000	(29,000)
Accrued benefit obligation as at December 31, 2009 (at 5.75%)	429,000	(318,000)

## Appendix H

### Post-Retirement ~~Benefits other than Pension for~~ LDC Unregulated CICA 3461 Disclosures

	Estimate <u>2011</u>	<u>2010</u>
<b>Accrued benefit obligation:</b>		
Balance at beginning of year	797,000	0
Experience (gain) loss at beginning of year	0	36,000
Adjustment due to January 1 district changes	0	637,000
Current service cost	45,000	40,000
Interest cost	48,000	43,000
Benefits paid	(6,000)	0
Actuarial (gains)/losses	0	41,000
Plan amendments	0	0
<b>Balance at end of year</b>	<u>884,000</u>	<u>797,000</u>

#### Reconciliation of accrued benefit obligation to accrued benefits liability:

	884,000	797,000
Accrued benefit obligation		
Less: Unamortized net actuarial (gain)/loss	77,000	77,000
Unamortized past service costs	0	0
<b>Post-employment benefits liability</b>	<u>807,000</u>	<u>720,000</u>

#### Components for net periodic defined benefit costs:

Current service cost	45,000	40,000
Interest cost	48,000	43,000
Actuarial (gains)/ losses	0	77,000
Plan amendments	0	0
<b>Elements of defined benefit costs before adjustment recognized in:</b>	<u>93,000</u>	<u>160,000</u>
<b>Adjustments to recognize the long-term nature of employee future benefit costs:</b>		
- Difference between actuarial (gain) loss recognized for period and actuarial (gain) loss on accrued benefits obligation for the period	0	(77,000)
- Difference between amortization of past service costs for the period and the actual plan amendments for the period	0	0
<b>Defined benefit costs recognized</b>	<u>93,000</u>	<u>83,000</u>

#### Significant assumptions

Accrued benefit obligation as of December 31:		
- Discount rate	5.75%	5.75%
- Rate of compensation increase	4.00%	4.00%
Benefit costs for the years ended December 31:		
- Discount rate	5.75%	6.00%
- Rate of compensation increase	4.00%	4.00%
Assumed health care cost trend rates at December 31:		
- Rate of increase in dental costs	4.00%	4.00%
- Rate of increase in health costs (pre July 2000 retirements)	7.00%	7.50%
- Ultimate rate in health costs (pre July 2000 retirements)	5.00%	5.00%
- Ultimate year (pre July 2000 retirements)	2016	2016
- Rate of increase in health costs (other members)	8.50%	9.00%
- Ultimate rate in health costs (other members)	5.00%	5.00%
- Ultimate year (other members)	2019	2019

#### Sensitivity analysis

Assumed health and dental care cost trend rates have a significant effect on the amounts reported for the health and dental care plans.  
A one-percentage-point change in assumed health and dental care cost trend rates would have the following effects for 2010:

	Increase \$	Decrease \$
Total of current service and interest cost (at 6.00%)	21,000	(16,000)
Accrued benefit obligation as at December 31, 2009 (at 5.75%)	186,000	(139,000)

February 5, 2012

Ms. Celine Arsenault-Smith  
Toronto Hydro  
14 Carlton Street  
Toronto, ON  
M5B 1K5

Dear Celine:

**POST-RETIREMENT BENEFITS FOR EMPLOYEES OF TORONTO HYDRO  
2011 YEAR END DISCLOSURES AND ESTIMATED 2012 AND 2013 NET PERIODIC COST**

As requested, this letter and appendices have been prepared for Toronto Hydro Corporation ("the Company", or "Toronto Hydro") and present the Company's liabilities and costs in respect of the following post-retirement and post-employment benefits:

- Extended health benefits for retirees and members on long-term disability;
- Dental benefits for retirees and members on long-term disability;
- Life insurance benefits for retirees;
- Sick leave benefits; and
- OMERS top up pension.

This letter and appendices have been prepared for the Company for the following purposes:

- Determining the final calculation of the 2011 net periodic expense to be reported in the Company's 2011 financial statements;
- Providing the required information for year-end disclosure purposes as of December 31, 2011 to be reported in the Company's 2011 financial statements; and
- Determining an estimate of 2012 and 2013 net periodic benefit cost.

The information contained in this letter and appendices is presented in thousands of Canadian dollars and is in respect of the benefits mentioned above only.

All valuation results and accounting calculations presented in this letter and appendices were prepared in accordance with the following accounting standards:

- 2011 net periodic expense and year-end disclosures – in accordance with Canadian GAAP (Canadian Institute of Chartered Accountants Handbook Section 3461)
- Estimated net period benefit cost for 2012 and 2013 – in accordance with US GAAP (FASB Accounting Standards Codification 715)

The year-end disclosure obligations are based on the January 1, 2010 actuarial valuation conducted by Morneau Shepell.

The balance of this letter sets out comments and notes to our calculations. Appendix A provides details of the relevant accounting results. Please refer to the January 1, 2010 actuarial valuation report prepared

by Morneau Shepell (dated August 2010) for the summaries of the plan provisions, the membership data and the actuarial basis used in the valuation.

## ACTUARIAL ASSUMPTIONS AND METHODS

- Results are based on the most recent valuation of the post-retirement and post-employment benefit programs. The valuation was performed as at January 1, 2010 by the previous actuarial consultants, Morneau Shepell, and we have relied on all the data and information including plan provisions and membership data, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information used for the January 1, 2010 actuarial valuation.
- The measurement date used for fiscal 2011 year-end disclosure is December 31, 2011.
- The 2011 benefit cost is based upon discount rate of 5.75% per annum and the accrued benefit obligation ("ABO") at December 31, 2011 is based upon discount rate of 4.75% per annum, as instructed by the Company. The discount rates are based on long-term high-quality Canadian corporate bond yields at December 31, 2010 and at December 31, 2011, respectively.
- With the exception of the discount rate, the actuarial methods and assumptions used for the determination of the 2011 net periodic benefit cost and December 31, 2011 obligation are consistent with those used for the 2010 disclosures.
- Service costs and ABO as of December 31, 2011 were extrapolated from the full January 1, 2010 valuation results assuming that there are no experience gains and losses other than from actual benefit payments being different from expected and from changes in the assumptions during the extrapolation period such as changes in the discount rate.

## DISCLOSURE RESULTS SUMMARY

The summary of Fiscal 2011 net periodic benefit costs, the balance sheet accrued benefit liability and the ABO as at December 31, 2011, under Canadian GAAP are as follows (in \$000s):

	<i><b>Fiscal 2011 Net Periodic Benefit Costs</b></i>	<i><b>Accrued Benefit Asset/(Liability) at December 31, 2011</b></i>	<i><b>ABO at December 31, 2011</b></i>
Toronto Hydro-Electric System Limited	\$ 16,694	\$ (173,542)	\$ 239,064
Toronto Hydro Corporation	152	(3,171)	1,665
Toronto Hydro-Energy Service Incorporation	200	(2,017)	2,558
Toronto Hydro-LDC Unregulated	93	(811)	1,039
Toronto Hydro – Consolidated	17,139	(179,541)	244,326

- Actual benefit payments for 2011 of \$7,495,000 are based on information provided by the Company on January 26, 2012. We have projected 2012 and 2013 benefit payments based on the valuation assumptions.



## TRANSITION TO US GAAP

- We understand that the transition to US GAAP will result in all actuarial gains and losses and prior service costs to be fully recognized immediately in other comprehensive income as at the transition date, January 1, 2011. We understand that US GAAP will be adopted for financial reporting effective January 1, 2012 (with a provision of Fiscal 2011 comparative figures).
- On an ongoing basis, actuarial gains and losses will be reflected in the statement of comprehensive income. To the extent that they exceed 10% of the accumulated benefit obligation, these gains and losses will be recognized over the expected average remaining service period of active employees participating in the plans.
- On an ongoing basis, prior service costs will be reflected in the statement of comprehensive income, and recognized through expense over a straight line basis over the average service period (to full eligibility) of employees active at the date of amendment.
- As instructed by Toronto Hydro, we have assumed that all accounting methods and policies under US GAAP will be consistent with those applied under current Canadian GAAP. Additional disclosure items under US GAAP include a split of current and non-current liability.

## OTHER COMMENTS

- We understand that the post-retirement benefit plan is not pre-funded, and therefore our accounting results do not consider any expected investment income on plan assets.
- Other than those described in this letter and appendices, the Company's management has confirmed that there have been no significant events, changes to the plan provisions or changes to plan membership since January 1, 2010 that would materially affect the results of our valuations.

\* \* \* \* \*

## ACTUARIAL CERTIFICATION

The consulting actuaries are members of the Canadian Institute of Actuaries and Society of Actuaries and other professional actuarial organizations and meets their "General Qualification Standard for Statements of Actuarial Opinions" relating to pension and other postretirement benefit plans.

The figures provided in this letter reflect, to the best of our knowledge, all of the Company's substantive commitments and obligations, as described herein. Furthermore, to the best of our knowledge, there are not other subsequent events, the occurrence of which is probable and the effects of which are reasonably estimable, which have not been reflected in the figures provided as of the date of our letter.

The calculations for the 2011 disclosures have been made in accordance with Section 3461 of the CICA Handbook, with which we are familiar. This report has been prepared in accordance with the reporting requirements of the CIA/CICA Joint Policy Statement.

In preparing the results presented in this letter (including the attached appendices), we have relied upon information provided to us regarding plan provisions, postretirement welfare plan costs, plan participants, plan assets and actuarial results prepared by Morneau Shepell. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this letter is dependent upon the accuracy and completeness of the underlying information.

The actuarial assumptions and the accounting policies and methods employed in the development of the pension cost have been selected by the Toronto Hydro management as representing their best estimates of future contingent events. As is required under the CICA accounting standards, the assumptions are not intended to include any provision for adverse deviations and we do not express any opinion on them. FASB ASC 715 requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this letter have been developed based on actuarial assumptions that are considered to be reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

\* \* \* \* \*

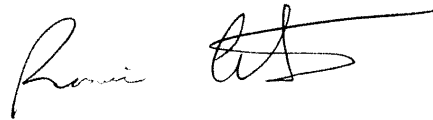
The information contained in this report was prepared for Toronto Hydro, for its internal use and for the preparation of its periodic financial disclosures, and its auditors, for the preparation of its periodic financial disclosures. It is neither intended nor necessarily suitable for other purposes. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited with Towers Watson's prior written consent.

We are pleased to provide you with this year-end disclosure report. Please contact us if you need any additional information.

Towers Watson



Harindra Sebastian, FCIA, FSA  
Direct Dial: (416) 960-2765



Rosario Cristiano, FCIA, FSA  
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Enclosures

cc: Diane Low, Shirley Powell, Alex Park — Toronto Hydro  
Olga Baliakina, Ken Chapman — Towers Watson

Post-Employment Benefits Plans - 2011 CICA 3461 Disclosures (\$ 000's)

	Electric System Limited	Toronto Hydro Corporation	Energy Services Incorporated	LDC Unregulated	Consolidated
<b>Reconciliation of Funded Status to Accrued Benefit Asset (Liability)</b>					
	<b>December 31, 2010</b>				
Funded status	(195,753)	(1,397)	(2,080)	(797)	(200,027)
Unamortized prior service costs					
July 2000 past service costs	(135)	(20)	(11)	-	(166)
Jan 2001 past service costs	168	17	2	-	187
Jan 2003 past service costs	1,682	435	40	-	2,157
Unamortized net actuarial (gains)/losses	29,809	(2,142)	208	77	27,952
Accrued benefit asset (liability)	(164,229)	(3,107)	(1,841)	(720)	(169,897)
<b>Change in accrued benefit obligation</b>					
	<b>2011</b>				
Accrued benefit obligation at beginning of year	195,753	1,397	2,080	797	200,027
Service cost	3,775	16	72	45	3,908
Interest cost	11,259	79	121	48	11,507
Actuarial (gain) loss	35,658	261	309	151	36,379
Benefits paid	(7,381)	(88)	(24)	(2)	(7,495)
Accrued benefit obligation at end of year	239,064	1,665	2,558	1,039	244,326
<b>Change in plan assets</b>					
	<b>2011</b>				
Fair value of plan assets at beginning of year	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-
Employer contribution	7,381	88	24	2	7,495
Plan participants' contributions	-	-	-	-	-
Benefits paid	(7,381)	(88)	(24)	(2)	(7,495)
Fair value of plan assets at end of year	-	-	-	-	-
<b>Net Periodic Benefit Cost</b>					
	<b>2011</b>				
Service cost	3,775	16	72	45	3,908
Interest cost	11,259	79	121	48	11,507
Actuarial (gain)/loss during current period	35,658	261	309	151	36,379
Other adjustments to Allocate Costs to Period in which Service is Rendered:					
- Amortization of net (gain) loss	(34,871)	(415)	(309)	(151)	(35,746)
- Amortization of prior service cost					-
July 2000 past service costs	(135)	(18)	(3)	-	(156)
Jan 2001 past service costs	168	12	2	-	182
Jan 2003 past service costs	840	217	8	-	1,065
Total Net periodic benefit cost	16,694	152	200	93	17,139
<b>Reconciliation of Funded Status to Accrued Benefit Asset (Liability)</b>					
	<b>December 31, 2011</b>				
Funded status	(239,064)	(1,665)	(2,558)	(1,039)	(244,326)
Unamortized prior service costs					
July 2000 past service costs	-	(2)	(8)	-	(10)
Jan 2001 past service costs	-	5	-	-	5
Jan 2003 past service costs	842	218	32	-	1,092
Unamortized net actuarial (gains)/losses	64,680	(1,727)	517	228	63,698
Accrued benefit asset (liability)	(173,542)	(3,171)	(2,017)	(811)	(179,541)
<b>Additional information at December 31, 2011</b>					
Average future working lifetime	13.0	13.0	13.0	13.0	13.0
Expected benefit payments for 2012	7,987	79	22	13	8,101
<b>Key Assumptions</b>					
Discount rate as at December 31, 2011 (for Dec 31, 2011 ABO)	4.75%	4.75%	4.75%	4.75%	4.75%
Discount rate as at December 31, 2010 (for 2011 Benefit Cost)	5.75%	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Assumed medical and dental cost trend rate at December 31, 2011</b>					
Dental care cost trend rate assumed for next year	4.00%	4.00%	4.00%	4.00%	4.00%
<b>For pre July 2000 retirements:</b>					
Health care cost trend rate assumed for next year	7.00%	7.00%	7.00%	7.00%	7.00%
Rate that the cost trend gradually declines to	5.00%	5.00%	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate rate	2016	2016	2016	2016	2016
<b>For other retirements:</b>					
Health care cost trend rate assumed for next year	8.50%	8.50%	8.50%	8.50%	8.50%
Rate that the cost trend gradually declines to	5.00%	5.00%	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate rate	2019	2019	2019	2019	2019
<b>Sensitivity to Changes in Medical and Dental Trend Rate Assumption</b>					
Effect on total of service and interest cost for 2011					
1% point increase	2,651	15	43	24	2,733
1% point decrease	(1,818)	(12)	(33)	(17)	(1,880)
Effect on accrued benefit obligation at December 31, 2011					
1% point increase	35,923	240	528	242	36,933
1% point decrease	(27,655)	(190)	(391)	(181)	(28,417)
<b>Sensitivity to Changes in Discount Rate Assumption</b>					
Effect on estimated 2012 Net Periodic Benefit Cost					
1% point increase	(2,950)	(21)	(37)	(22)	(3,030)
1% point decrease	3,355	25	46	23	3,449
Effect on accrued benefit obligation at December 31, 2011					
1% point increase	(32,384)	(226)	(347)	(141)	(33,098)
1% point decrease	41,998	293	449	183	42,923

sum = (176,370)

January 13, 2013

Ms. Aida Cipolla  
Toronto Hydro  
14 Carlton Street  
Toronto, ON  
M5B 1K5

Dear Aida:

**POST-EMPLOYMENT BENEFITS FOR EMPLOYEES OF TORONTO HYDRO  
2012 YEAR END DISCLOSURES AND ESTIMATED 2013 AND 2014 NET PERIODIC COST UNDER  
US GAAP**

As requested, this letter and appendices have been prepared for Toronto Hydro Corporation ("the Company", or "Toronto Hydro") and present the Company's liabilities and costs in respect of the following post-employment benefits plans ("the Plans"):

- Extended health benefits for retirees and members on long-term disability;
- Dental benefits for retirees and members on long-term disability;
- Life insurance benefits for retirees;
- Sick leave benefits; and
- OMERS top up pension.

This letter and appendices have been prepared for the Company for the following purposes:

- Determining the final calculation of the 2012 net periodic benefit cost to be reported in the Company's 2012 financial statements;
- Providing the required information for year-end disclosure purposes as of December 31, 2012 to be reported in the Company's 2012 financial statements; and
- Determining an estimate of 2013 and 2014 net periodic benefit cost.

The information contained in this letter and appendices is presented in thousands of Canadian dollars and is in respect of the benefits mentioned above only.

All valuation results and accounting calculations presented in this letter and appendices were prepared in accordance with US GAAP (FASB Accounting Standards Codification 715).

The 2012 net periodic benefit cost is consistent with the 2012 net periodic benefit cost provided in our 2011 disclosure letter dated February 5, 2012. The 2012 year-end disclosure obligations and extrapolations for 2013 and 2014 are based on the January 1, 2012 actuarial valuation conducted by Towers Watson.

In 2012, the Company implemented exit programs resulting in the termination of employees in 2012 and 2013. As directed by the company, the impact of the programs was treated as actuarial gains/losses as at December 31, 2012 in the financial accounting for the Plans under US GAAP.

The balance of this letter sets out comments and notes to our calculations. Appendix A provides details of the relevant accounting results. Please refer to the January 1, 2012 actuarial valuation report prepared by Towers Watson for the summaries of the plan provisions, the membership data and the actuarial basis used in the valuation.

## ACTUARIAL ASSUMPTIONS AND METHODS

- The measurement date used for fiscal 2012 year-end disclosure is December 31, 2012.
- The 2012 benefit cost is based on a discount rate of 4.75% per annum and the accrued benefit obligation ("ABO") at December 31, 2012 is based on a discount rate of 4.25% per annum, as instructed by the Company. The discount rates are based on long-term high-quality Canadian corporate bond yields at December 31, 2011 and at December 31, 2012, respectively.
- The actuarial methods and assumptions used for the determination of the 2012 net periodic benefit cost are consistent with those used for the 2011 disclosures.
- With the exception of the discount rate, the actuarial methods and assumptions used to determine the December 31, 2012 obligation are consistent with those used for the January 1, 2012 valuation presented on December 12, 2012.
- The obligation as of December 31, 2012 and the 2013 and 2014 expense estimates are based on extrapolations from the January 1, 2012 valuation results, assuming that there are no experience gains and losses other than from actual benefit payments being different from expected, and reflecting changes in the assumptions during the extrapolation period such as changes in the discount rate.

## DISCLOSURE RESULTS SUMMARY

The summary of Fiscal 2012 net periodic benefit costs, the ABO and accumulated other comprehensive income ("AOCI") as at December 31, 2012, under US GAAP are as follows (in \$000s):

	<i>Fiscal 2012 Net Periodic Benefit Costs</i>	<i>ABO at December 31, 2012</i>	<i>AOCI at December 31, 2012</i>
Toronto Hydro-Electric System Limited	\$ 20,354	\$ 247,777	\$ 61,823
Toronto Hydro Corporation	199	2,076	(1,194)
Toronto Hydro-Energy Service Incorporation	245	2,928	675
Toronto Hydro-LDC Unregulated	121	1,109	195
Toronto Hydro – Consolidated	20,919	253,890	61,499

- Actual benefit payments for 2012 of \$8,069,000 are based on information provided by the Company on January 8, 2013. We have projected 2013 and 2014 benefit payments based on the valuation assumptions.

## ACCOUNTING METHODS

- Actuarial gains and losses will be reflected in the statement of comprehensive income. To the extent that they exceed 10% of the accumulated benefit obligation, these gains and losses will be recognized over the expected average remaining service period of active employees participating in the plans.
- Prior service costs will be reflected in the statement of comprehensive income, and recognized through expense over a straight line basis over the average service period (to full eligibility) of employees active at the date of amendment.

## OTHER COMMENTS

- The Company transitioned to US GAAP from Canadian GAAP for financial reporting effective January 1, 2012. Please refer to the 2011 disclosure letter dated February 5, 2012 for additional details.
- We understand that the post-retirement benefit plan is not pre-funded, and therefore our accounting results do not consider any expected investment income on plan assets.
- Other than those described in this letter and appendices, the Company's management has confirmed that there have been no significant events, changes to the plan provisions or changes to plan membership since January 1, 2012 that would materially affect the results of our valuations.

\* \* \* \* \*

## ACTUARIAL CERTIFICATION

The consulting actuaries are members of the Canadian Institute of Actuaries and Society of Actuaries and other professional actuarial organizations and meets their "General Qualification Standard for Statements of Actuarial Opinions" relating to pension and other postretirement benefit plans.

In preparing the results presented in this letter (including attached exhibits), we have relied upon information provided to us regarding plan provisions, actual benefit payments, historical plan costs and plan participants. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this letter is dependent upon the accuracy and completeness of the underlying information.

The figures provided in this letter reflect, to the best of our knowledge, all of the Company's substantive commitments and obligations, as described herein. Furthermore, to the best of our knowledge, there are no other subsequent events, the occurrence of which is probable and the effects of which are reasonably estimable, which have not been reflected in the figures provided as of the date of our letter.

The actuarial assumptions and the accounting policies and methods employed in the development of the pension and postretirement plan costs have been selected by the Toronto Hydro management as representing their best estimates of future contingent events. The assumptions are not intended to include any provision for adverse deviations, and we do not express any opinion of them. FASB ASC 715 requires that each significant assumption "individually represent the best estimate of a particular future event."

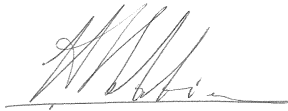
The results shown in this letter have been developed based on actuarial assumptions that are considered to be reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

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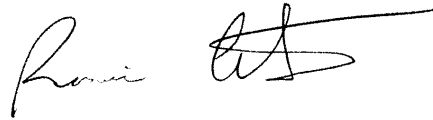
The information contained in this report was prepared for Toronto Hydro, for its internal use and for the preparation of its periodic financial disclosures, and its auditors, for the preparation of its periodic financial disclosures. It is neither intended nor necessarily suitable for other purposes. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited with Towers Watson's prior written consent.

We are pleased to provide you with this year-end disclosure report. Please contact us if you need any additional information.

Towers Watson



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Enclosures

cc: Lance Lugsdin, Shirley Powell, Helen Macdonald — Toronto Hydro  
Olga Baliakina, Mitchell Coviensky — Towers Watson

Post-Employment Benefits Plan - US GAAP - 2012 Disclosure (\$ 000's)

	Electric System Limited	Toronto Hydro Corporation	Energy Services Incorporated	LDC Unregulated	Consolidated
<b>Funded status</b>	<b>January 1, 2012</b>				
Funded status	(239,064)	(1,665)	(2,558)	(1,039)	(244,326)
<b>Current vs. Non-Current OPEB Liability</b>	<b>January 1, 2012</b>				
Current	(7,804)	(77)	(21)	(13)	(7,915)
Non-Current Liability	(231,260)	(1,588)	(2,537)	(1,026)	(236,411)
Total	(239,064)	(1,665)	(2,558)	(1,039)	(244,326)
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>	<b>January 1, 2012</b>				
Prior service (credit)/cost					
July 2000 past service costs	-	(2)	(8)	-	(10)
Jan 2001 past service costs	-	5	-	-	5
Jan 2003 past service costs	842	218	32	-	1,092
Net actuarial (gain)/loss	64,680	(1,727)	517	228	63,698
Total	65,522	(1,506)	541	228	64,785
<b>Change in Accumulated Benefit Obligation (ABO)</b>	<b>2012</b>				
Accumulated benefit obligation at beginning of year	239,064	1,665	2,558	1,039	244,326
Service cost	4,976	21	95	59	5,151
Interest cost	11,402	78	125	52	11,657
Actuarial (gain) loss	277	412	159	(23)	825
Benefits paid	(7,942)	(100)	(9)	(18)	(8,069)
Accumulated benefit obligation at end of year	247,777	2,076	2,928	1,109	253,890
<b>Change in Plan Assets</b>	<b>2012</b>				
Fair value of plan assets at beginning of year	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-
Employer contribution	7,942	100	9	18	8,069
Plan participants' contributions	-	-	-	-	-
Benefits paid	(7,942)	(100)	(9)	(18)	(8,069)
Fair value of plan assets at end of year	-	-	-	-	-
<b>Net Periodic Benefit Cost</b>	<b>2012</b>				
Service cost	4,976	21	95	59	5,151
Interest cost	11,402	78	125	52	11,657
Amortization of prior service cost					
July 2000 past service costs	-	(2)	(3)	-	(5)
Jan 2001 past service costs	-	5	-	-	5
Jan 2003 past service costs	840	217	8	-	1,065
Amortization of net (gain) loss	3,136	(120)	20	10	3,046
Net periodic benefit cost	20,354	199	245	121	20,919
<b>Funded status</b>	<b>December 31, 2012</b>				
Funded status	(247,777)	(2,076)	(2,928)	(1,109)	(253,890)
<b>Current vs. Non-Current OPEB Liability</b>	<b>December 31, 2012</b>				
Current	(9,790)	(79)	(37)	(19)	(9,925)
Non-Current Liability	(237,987)	(1,997)	(2,891)	(1,090)	(243,965)
Total	(247,777)	(2,076)	(2,928)	(1,109)	(253,890)
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>	<b>December 31, 2012</b>				
Prior service (credit)/cost					
July 2000 past service costs	-	-	(5)	-	(5)
Jan 2001 past service costs	-	-	-	-	-
Jan 2003 past service costs	2	1	24	-	27
Net actuarial (gain)/loss	61,821	(1,195)	656	195	61,477
Total	61,823	(1,194)	675	195	61,499
<b>Additional information</b>					
Average future working lifetime as at December 31, 2012	18	15	13	15	
Average future working lifetime as at December 31, 2011	13	13	13	13	
<b>Key Assumptions</b>					
Discount rate as at December 31, 2012 (used for Dec 31/12 ABO)	4.25%	4.25%	4.25%	4.25%	4.25%
Discount rate as at December 31, 2011 (used for 2012 Benefit Costs)	4.75%	4.75%	4.75%	4.75%	4.75%
Rate of compensation increase	4.0%	4.0%	4.0%	4.0%	4.0%
Assumed medical and dental cost trend rate at December 31, 2012					
Dental care cost trend rate assumed for next year	4.0%	4.0%	4.0%	4.0%	4.0%
For pre July 2000 retirements:					
Medical cost trend rate assumed for next year	6.5%	6.5%	6.5%	6.5%	6.5%
Rate that the cost trend gradually declines to	5.0%	5.0%	5.0%	5.0%	5.0%
Year that the rate reaches the ultimate rate	2016	2016	2016	2016	2016
For other retirements:					
Medical cost trend rate assumed for next year	8.0%	8.0%	8.0%	8.0%	8.0%
Rate that the cost trend gradually declines to	5.0%	5.0%	5.0%	5.0%	5.0%
Year that the rate reaches the ultimate rate	2019	2019	2019	2019	2019
<b>Sensitivity to Changes in Medical and Dental Trend Rate Assumption</b>					
Effect on total of service and interest cost for 2012					
1% point increase	2,461	12	39	22	2,534
1% point decrease	(2,164)	(9)	(33)	(17)	(2,223)
Effect on accrued benefit obligation at December 31, 2012					
1% point increase	31,479	221	477	170	32,347
1% point decrease	(27,614)	(198)	(417)	(151)	(28,380)
<b>Sensitivity to Changes in Discount Rate Assumption</b>					
Effect on estimated 2013 Net Periodic Benefit Cost					
1% point increase	(2,546)	(39)	(51)	(17)	(2,653)
1% point decrease	4,595	22	68	34	4,719
Effect on accrued benefit obligation at December 31, 2012					
1% point increase	(38,334)	(307)	(545)	(196)	(39,382)
1% point decrease	47,039	372	682	251	48,344
<b>Projection of Benefit Payments</b>					
2013	9,996	81	38	19	10,134
2014	8,039	82	40	22	8,183
2015	8,238	85	44	25	8,392
2016	8,912	85	51	28	9,076
2017	9,354	83	57	30	9,524
2018-2022	54,821	450	461	180	55,912



## **RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES**

1 **INTERROGATORY 10:**

2 **Reference(s):** Exhibit 1C, Tab 2, Schedule 1, p.2

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5 Please provide the Applicant's internal organizational chart.

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8 **RESPONSE:**

9 Please refer to Toronto Hydro's response to interrogatory 4A-CCC-29.