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November 28, 2014

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

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

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (“Toronto Hydro”)
Custom Incentive Rate-setting (“Custom IR”) Application for 2015-2019 Electricity
Distribution Rates and Charges – OEB File No. EB-2014-0116**

Toronto Hydro writes to the Ontario Energy Board (“OEB”) in respect of the above-noted matter.

Please find enclosed the Issues List, as agreed to by the parties at the Issues Conference held today, November 28, 2014.

Please do not hesitate to contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban

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cc: Charles Keizer and Crawford Smith
Intervenors of Record for EB-2014-0116

Proposed Issues List

Toronto Hydro Custom IR Application (EB-2014-0116)

1. GENERAL

- 1.1 Has Toronto Hydro responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Do any of Toronto Hydro's proposed rates require rate smoothing?

2. CUSTOM APPLICATION

- 2.1 Is the proposed rate framework appropriate in light of Toronto Hydro's capital needs and operating circumstances and the Board's policies as set out in the RRFE Report?
- 2.2 Is the proposed CIR formula, including the stretch factor and custom capital factor appropriate?
- 2.3 Will Toronto Hydro's Custom Application produce acceptable outcomes for existing and future customers (including, for example, cost control, system reliability, service quality, and bill impacts)?
- 2.4 Are Toronto Hydro's monitoring and reporting proposals adequate to track and assess the utility's performance during the 2015-2019 rate period?
- 2.5 Are Toronto Hydro's proposed off-ramps, annual adjustments and annual adjustments outside the normal course of business appropriate?

3. PROPOSED PROGRAMS AND EXPENDITURES

- 3.1 Are the planned OM&A programs and expenditures appropriate?
- 3.2 Is the DSP and the planned capital programs and expenditures for the 2015-2019 period appropriate?

4. DEFERRAL AND VARIANCE ACCOUNTS AND RATE RIDERS

- 4.1 Should Toronto Hydro's existing deferral and variance accounts proposed for continuation be continued, and should those proposed for termination be terminated?
- 4.2 Are the new deferral and variance accounts proposed by Toronto Hydro appropriate?
- 4.3 Are the accounts, balances and the proposed methods of disposition for deferral and variance accounts appropriate?
- 4.4 Are Toronto Hydro's proposed rate riders appropriate?

| 5. REVENUE REQUIREMENT | |
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| 5.1 | Is the rate base component of the revenue requirement for 2015 appropriate? |
| 5.2 | Is Toronto Hydro's proposal for the transfer of streetlighting assets appropriate? |
| 5.3 | Is the capital structure and cost of capital component of the revenue requirement appropriate? |
| 5.4 | Is the depreciation component of the revenue requirement appropriate? |
| 5.5 | Is the taxes / PILs component of the revenue requirement appropriate? |
| 5.6 | Is the revenue offset component of the revenue requirement appropriate? |
| 6. LOAD FORECAST, COST ALLOCATION AND RATE DESIGN | |
| 6.1 | Is the load forecast appropriate? |
| 6.2 | Are the rate classes and their definitions proposed by Toronto Hydro appropriate? |
| 6.3 | Are the inputs to the cost allocation model appropriate? |
| 6.4 | Are the proposed revenue-to-cost ratios for all rate classes appropriate? |
| 6.5 | Are the proposed fixed and variable charges for all rate classes appropriate? |
| 6.6 | Are the proposed charges for specific and miscellaneous services appropriate? |
| 6.7 | Are the proposed line losses appropriate? |
| 7. RATE IMPLEMENTATION | |
| 7.1 | Is Toronto Hydro's proposal to implement rate and fiscal year synchronization effective January 1, 2016 appropriate? |