

April 17, 2015

**RESS, EMAIL & COURIER**

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited ("Toronto Hydro") Custom Incentive Rate Application (EB-2014-0116) - Interim Rate Request**

On behalf of Toronto Hydro, we are hereby requesting that the Ontario Energy Board (the "Board") declare Toronto Hydro's currently approved distribution rates to be interim, effective May 1, 2015. Given the remaining elements in the schedule for this proceeding, it is highly unlikely that Toronto Hydro will be in a position to implement the new rates in time to meet its proposed effective date of May 1, 2015. As such, the purpose of this request is to preserve Toronto Hydro's ability to recover its approved 2015 revenue requirement in the event that final 2015 rates are not able to be implemented as of May 1, 2015.

Justification

Toronto Hydro filed its Custom Incentive Rate application for 2015-19 distribution rates (the "Application") on July 31, 2014. This was approximately one month earlier than the Board's deadline for the submission of rebasing filings. The Application complied with the Board's filing requirements and, throughout the proceeding, Toronto Hydro has consistently met the procedural deadlines established by the Board. Notwithstanding Toronto Hydro's diligence in this regard, and the Board's efforts to administer the proceeding in a timely manner, it is apparent that Toronto Hydro will not be in a position to implement its new rates on May 1, 2015 as proposed.

With respect to the remaining elements in the schedule for the proceeding, Toronto Hydro's Reply Submissions will be filed by April 20, 2015. In addition, the Board has adjourned the oral hearing of the wireline attachment rate until a date to be determined by the Board. Moreover, once the Board issues its Decision and Order, it is anticipated that Toronto Hydro will be required to prepare a draft rate order. The draft rate order will be subject to review before the Board issues a final Rate Order. Upon receipt of the final Rate Order, Toronto Hydro will require a period of time to accurately implement the approved rates into its billing system. The interim rates would be in effect while these remaining procedural steps are completed.

Toronto Hydro acknowledges that any determination by the Board that current rates are to be

interim would be without prejudice to its decision on the Application and, moreover, that declaring current rates interim would not be predictive of the Board's final determination as to the effective date for Toronto Hydro's new distribution rates. We nevertheless note that, on the basis of its proposed revenue requirement, Toronto Hydro's gross revenue deficiency in 2015 is approximately \$2.3M per week relative to its recovery under currently approved rates. It would be unreasonable for the Board to effectively deny Toronto Hydro the possibility of recovering that deficiency by refusing to declare the current rates interim. Rather, Toronto Hydro's ability to recover the revenue deficiency for the interim period should be determined as part of the Board's final Decision and Order in this proceeding.

For these reasons, Toronto Hydro requests that the Board declare Toronto Hydro's currently approved distribution rates to be interim, as of May 1, 2015, pending the Board's final determination of the Application and Toronto Hydro's implementation of the final Rate Order.

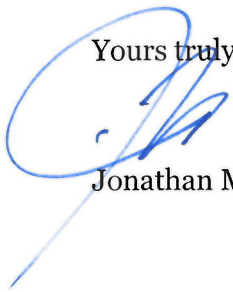
### Implementation

Toronto Hydro' proposes to implement the approved final distribution rates for 2015 effective from the first day of the first month that Toronto Hydro can reasonably implement the rates, together with a set of fixed term rate riders to collect the foregone revenue for the period between May 1, 2015 and the implementation date. The foregone revenue riders would have both fixed and variable components, and would be determined for each class based on the forecast billing units and the revenue forecast to have been collected from each class. Toronto Hydro would continue to be at risk for any variance between actual and forecast billing units for the period from May 1, 2015 to the implementation date, and there would be no 're-billing' for consumption taking place during this period.

Toronto Hydro proposes that those of its existing rate riders which are scheduled to expire on April 30, 2015 will terminate on such date as intended and will not be included in the interim rates that would be charged effective from May 1, 2015. Rather, the interim rates would consist of Toronto Hydro's existing base distribution rates, together with those of its existing rate riders which are scheduled to expire later than April 30, 2015, which rate riders would continue unchanged. In Toronto Hydro's view, this approach is practical and fair in that it does not seek to extend any otherwise expiring rate components and causes no undue rate instability.

Toronto Hydro asks that this request be determined promptly so as to allow for rates to be declared interim in advance of May 1, 2015.

Yours truly,



Jonathan Myers

cc: A. Klein and D. Coban, Toronto Hydro  
C. Keizer and C. Smith, Torys LLP  
All Parties