DEFERRAL AND VARIANCE ACCOUNTS

This schedule summarizes Toronto Hydro's deferral and variance accounts ("DVA"). Once approved for clearance, account balances are recovered through separate rate riders and not included in revenue requirement.

Toronto Hydro utilizes these DVAs in accordance with the methodologies and requirements of the OEB, as set out in the Accounting Procedures Handbook ("APH"), and other directions issued by the OEB from time to time.

1. SUMMARY OF DVA BALANCES

A detailed continuity of account balances in the format provided by the OEB, including carrying costs, is shown in Exhibit 9, Tab 2, Schedule 1. The principal balances and carrying charges as of December 31, 2017 are summarized in Table 1 below.

Table 1: Summary of DVA Balances ($ Millions)

	Principal Balance as of Dec 31, 2017	Carrying Charge Balance as of Dec 31, 2017	Balances as of Dec 31, 2017
Group 1 Accounts			
Retail Settlement Variance Account ("RSVA")	(43.0)	(0.9)	(43.9)
Disposition and Recovery/Refund of Regulatory Balances ("RARA")	39.8	2.4	42.2
Smart Meter Entity Charges	(0.5)	0.0	(0.5)
Group 2 Accounts			
Stranded Meter Costs	7.3	0.2	7.5

	Principal Balance as of Dec 31, 2017	Carrying Charge Balance as of Dec 31, 2017	Balances as of Dec 31, 2017
IFRS-USGAAP Transitional PP&E[1] Amounts	12.4	—	12.4
LRAM Variance Account (“LRAMVA”)	16.1	0.2	16.3
Impact for USGAAP Deferral	85.3	—	85.3
Capital Related Revenue Requirement Variance Account (“CRRRVA”)	(22.7)	(0.3)	(23.0)
Externally Driven Capital Variance Account (“EDCVA”)	(1.3)	0.0	(1.3)
Derecognition	(15.5)	(0.4)	(15.9)
Wireless Attachments	(0.4)	0.0	(0.4)
Monthly Billing	4.0	0.1	4.1
Operating Centers Consolidation Program (“OCCP”)	27.1	0.1	27.2
Other Post-Employment Benefits (“OPEB”) Cash vs Accrual	4.2	—	4.2
Renewable Generation Connection Funding Adder Deferral Account – Provincial Rate Protection Payment Variances	(2.4)	—	(2.4)
Total Balance	**110.4**	**1.4**	**111.8**

1.1 Group 1 Accounts

RSVA: Accounts include the following OEB Accounts:

1580 – Wholesale Market Service Charges ($RSVA_{WMS}$)

1584 – Retail Transmission Network Charge ($RSVA_{NW}$)

1586 – Retail Transmission Connection Charge ($RSVA_{CN}$)

1588 – Power ($RSVA_{Power}$)

1589 – Global Adjustment ($RSVA_{GA}$)

[1] International Financial Reporting Standards (“IFRS”); United States Generally Accepted Accounting Principles (“USGAAP”); Property, plant and equipment (“PP&E”).

1550 – Low Voltage Variance Account

RARA: Disposition and Recovery/Refund of Regulatory Balances:

1595: RARA accounts contain residual amounts related to clearance of DVAs previously approved by the OEB for recovery through rate riders.

SME: Smart Metering Entity

1551 – Smart Metering Entity Charges

1.2 Group 2 Accounts

Toronto Hydro's Other Regulatory Asset accounts include:

1555 – sub account – Stranded meters
1575 – IFRS USGAAP Transitional PP&E Amounts
1568 – LRAMVA
1508 – sub account – Impact for USGAAP Deferral
1508 – sub account – CRRRVA
1508 – sub account – Externally Driven Capital
1508 – sub account – Derecognition
1508 – sub account – Wireless Attachments
1508 – sub account – Monthly Billing
1508 – sub account – OCCP
1508 – sub account – OPEB Cash vs Accrual
1533 – Renewable Generation Connection Funding Adder Deferral Account, sub account – Provincial Rate Protection Payment Variances

The OEB's Filing Requirements for Electricity Distribution Rate Applications (July 12, 2018) ("Filing Requirements") require a breakdown of energy sales and cost of power expenses, as reported in the Audited Financial Statements by distributors, mapped to a Uniform System Of Accounts ("USofA") account number. This information can be found in Exhibit 9, Tab 2, Schedule 2.

With respect to Global Adjustment ("GA") charges, Toronto Hydro confirms that Independent Electricity System Operator ("IESO") GA charges are prorated into Regulated Price Plan ("RPP") and non-RPP amounts. Values in the RSVA Global Adjustment account 1589 reflect the non-RPP portions only.

In accordance with the Filing Requirements, Toronto Hydro confirms that its RPP settlement process with the IESO is consistent with the description provided in the 2017 Custom Incentive Rate-("CIR") setting update application (EB-2016-0254).

2. CARRYING CHARGES

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

For the periods up to 2018 Q3, the rates are as determined by the OEB. For the periods 2018 Q4 through 2019 Q4, the 2018 Q3 rate has been applied as a forecast. Toronto Hydro proposes to update these rates for the actual approved rates at the time of clearance of these accounts.

Table 2: Interest on Carrying charges

OEB Interest Rates Applied Calculation of Carrying Charges			
Quarter	Annual %	Quarter	Annual %
Q1 2014	1.47%	Q3 2016	1.10%
Q2 2014	1.47%	Q4 2016	1.10%
Q3 2014	1.47%	Q1 2017	1.10%
Q4 2014	1.47%	Q2 2017	1.10%
Q1 2015	1.47%	Q3 2017	1.10%
Q2 2015	1.10%	Q4 2017	1.50%
Q3 2015	1.10%	Q1 2018	1.50%
Q4 2015	1.10%	Q2 2018	1.89%
Q1 2016	1.10%	Q3 2018	1.89%
Q2 2016	1.10%		

3. PLANNED DISPOSITION OF REGULATORY ASSETS

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

In the Filing Requirements, the OEB outlined the requirements for filing of information on DVAs. The following information meets those requirements.

Below, Toronto Hydro sets out the accounts it proposes to clear beginning January 1, 2020, along with the proposed method of clearance. The amounts proposed for clearance include the balances as reflected in the audited financial statements for the fiscal year ended December 31, 2017. The amounts also include the forecasted carrying

[2] EDDVAR, p. 2 of the Executive Summary.

costs calculated to December 2019. Continuity schedules for all accounts proposed for disposition are provided in Exhibit 9, Tab 2, Schedule 1.

4. TORONTO HYDRO IS REQUESTING DISPOSITION OF THE FOLLOWING REGULATORY ASSET ACCOUNTS

4.1 Account 1555 – Stranded Meters

In Toronto Hydro's previous application (EB-2104-0116), the OEB approved the disposition of Account 1555 – Stranded Meters. The amount approved for disposition was a $15.8 million debit (recovery) from customers, which was based on the estimated net book value ("NBV") of stranded conventional meters. The estimate was based on the 2013 year-end NBV of $16.9 million, less $1.1 million of depreciation calculated from January 1, 2014 until December 2014.

As per the OEB's APH Frequently Asked Questions, Toronto Hydro needs to bring forward the trued-up account balance for OEB's review in a subsequent rate setting proceeding.

The actual December 31, 2014 NBV of stranded conventional meters was $14.4 million. The amount proposed for clearing is a $1.4 million credit (refund) to customers.

4.2 Account 1575 – IFRS USGAAP Transitional PP&E Amounts

In EB-0214-0116, the OEB approved the disposition of Account 1575 – IFRS USGAAP Transitional PP&E Amounts. The amount approved for disposition was a $30.5 million debit (recovery) from customers, which was based on the estimated transitional impact.

As per the OEB's APH Frequently Asked Questions, Toronto Hydro needs to bring forward the trued-up account balance for OEB's review in a subsequent rate setting proceeding.

The actual IFRS USGAAP Transitional PP&E amount was $28.9 million. The amount proposed for clearing is a $1.6 million credit (refund) to customers.

4.3 Account 1508 – Other Regulatory Assets, Subaccount – Impact for USGAAP Deferral Account

The amount proposed for clearing is an $85.3 million debit (recovery) from customers. This account captures the impact of the change in the accounting for OPEB as a result of transition to a different accounting framework.

In its EB 2012-0079 Decision and Order issued on June 7, 2012, the OEB approved the use of account 1508 to capture the difference related to OPEB costs arising from transition from Canadian Generally Accepted Accounting Principles ("GAAP") to United States GAAP ("US GAAP") on January 1, 2012. In its EB 2014-0116 Decision and Order issued on December 29, 2015, the OEB accepted Toronto Hydro's request to continue to use this deferral account to capture accounting differences related to OPEB costs arising from its transition from US GAAP to International Financial Reporting Standards ("IFRS") on January 1, 2015. The differences related mainly to changes in the accounting treatment of actuarial gains and losses arising from updated actuarial assumptions and experience adjustments recognized in other comprehensive income, but never amortized into profit or loss under IFRS.

No carrying charges were applied to the balance in this account.

On September 14, 2017, the OEB issued its final report on the regulatory treatment of pension and OPEB costs (EB-2015-0040), stating that utilities may propose disposition of this particular account if the gains and losses that are tracked in this account do not substantially offset over time. Toronto Hydro is seeking recovery of this balance in the current application as changes in the underlying actuarial assumptions, in particular changes in discount rate, are not expected to substantially offset the actuarial loss incurred to date. The discount rate that Toronto Hydro uses is based on the yield of high quality corporate bonds that result in a similar cash flow pattern to the OPEB plans. For Toronto Hydro, the average plan duration is approximately 16.7 years based on the valuation as at January 1, 2016. Toronto Hydro's actuaries expect the Government of Canada bond rates to remain stable with no significant changes for the foreseeable future.

Historically, the Canadian Institute of Actuaries ("CIA") Fiera Capital rate has followed the same trend as the 30-year Government Bond Yield.

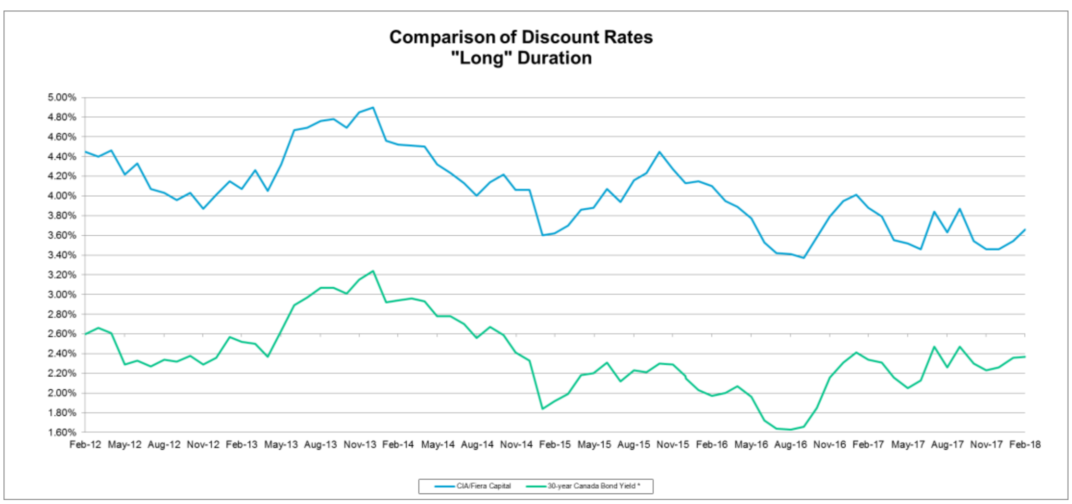

Figure 1: Historical discount rates

Based on the current projected 30-year Government bond rate, Toronto Hydro does not expect significant changes to the discount rate that would substantially offset the actuarial loss incurred to date. The discount rate used as at December 31, 2017 was 3.5 percent. Based on the projected 30-year Government bond rate and applying the average spread between the 30-year Government bond rate and the CIA Fiera rate, the projected discount rate is expected to increase and remain stable at 4.0 percent over the next seven years. As at December 31, 2017, Toronto Hydro's actuary estimated that a 1 percent increase in the discount rate would reduce the obligation by $46.8 million, with a corresponding reduction of the balance in this account by $46.8 million. Keeping all other assumptions constant, a 50 basis points ("bps") increase to 4.0 percent would offset the current actuarial loss ($85.3 million as at December 31, 2017) by an estimated $23.4 million. As such, the increase in discount rate will not substantially offset over time.

Figure 2: Projected Discount rate (2018-2024)

As at December 31, 2017, the balance in this account was $85.3 million debit (recovery) from customers. Toronto Hydro is proposing to clear this balance over five years.

4.4 Account 1508 – Other Regulatory Assets, Subaccount – CRRRVA

The balance in the Capital-Related Revenue Requirement Variance Account, all of which is proposed for clearance, is a $59.4 million credit (refund) to customers. The account balance reflects the variance between the cumulative 2015 to 2019 capital related revenue requirement included in rates and the actual capital in-service additions ("ISA") related revenue requirement over the same period. Balances in the CRRRVA include carrying charges and exclude balances that are captured in the Externally Driven Capital and Derecognition variance accounts.

The CRRRVA was approved by the OEB to protect ratepayers in the event Toronto Hydro's actual revenue requirement related to capital was less than the amount funded in the approved revenue requirement for the rate period. The utility forecasts actual capital related revenue requirement will be lower; as a result, there is a credit to customers. There are two reasons for the variance.

First, $36.8 million of the variance is due to a decision by Toronto Hydro to not spend that money funded through approved rates. Toronto Hydro discovered a discrepancy in the estimated useful life used to calculate the depreciation for meters in the 2015-2019 CIR forecast. The forecasted depreciation for meters was based on an estimated useful life of four years whereas the actual depreciation for meters is based on a useful life of 15 years. The effect was more approved capital-related revenue requirement funding through 2015-2019 rates than Toronto Hydro proposed during that rate-setting process. Toronto Hydro decided that the corresponding amount should not be spent and that the balance with interest should be returned to customers through the clearance of the CRRRVA.

Second, the remaining variance is due to the difference between the forecasted and actual mix of capital programs and the forecasted and actual timing of that capital work going in-service. Toronto Hydro has hundreds of individual capital projects each year, and the selection and timing of those projects varies with dynamic customer and system needs, as well as weather, field conditions, permitting, site access, third party co-ordination, and other factors. A regular part of Toronto Hydro's operation is rebalancing the mix and timing of capital projects to adjust for these factors. Most of this variance was driven by later than forecasted in-service dates for several significant projects.

- The in-service date of the ERP system was delayed from 2016 to an expected completion date of 2018 (Exhibit 2B, Schedule E4).
- The in-service date of Copeland TS – Phase 1 was delayed from 2015-2016 to 2017-2018 (Exhibit 2B, Schedule E7.4).
- The in-service dates associated with capital contributions to Hydro One Networks Incorporated ("Hydro One") were in 2016 instead of 2015 (Exhibit 2B, Schedule E7.4).

The following table summarizes the balances in the account by year.

1 **Table 3: CRRVA Balance**

	2015 Historical	2016 Historical	2017 Historical	2018 Bridge	2019 Bridge	Total
Proposed Capital-Related RR, 2015-2019 CIR (1B-T2-S3-P10, Table 3)	437.8	465.0	517.3	567.2	607.3	2,594.6
RR impact from 10% reduction in capital spending	(7.3)	(8.7)	(10.7)	(17.7)	(24.1)	(68.6)
Capital-Related RR (Rate Order, Feb. 29, 2016 - Table 2)	430.5	456.3	506.6	549.5	583.2	2,526.0
RR impact from the application of stretch factor to capital funding[3]	-	(2.6)	(5.4)	(8.4)	(11.7)	(28.1)
Capital-Related RR in Approved 2015-2019 Rates	430.5	453.7	501.2	541.0	571.5	2,497.9
Sub-account 1508 - Externally Driven Capital Variance Account	(0.2)	(0.5)	(0.7)	(0.6)	(0.3)	(2.2)
Sub-account 1508 - Derecognition Variance Account	(12.9)	1.3	(3.9)	(10.4)	(14.8)	(40.8)
Other Adjustments[4]	(1.2)	0.6	(1.4)	(4.3)	0.2	(6.1)
Capital-Related RR in Approved Rates eligible for CRRRVA	416.2	455.1	495.3	525.6	556.6	2,448.8
Actual Historic & Forecast Bridge Capital-Related RR	413.6	449.3	481.0	503.7	543.6	2,391.2
Sub-account 1508 - CRRRVA	(2.7)	(5.8)	(14.3)	(21.9)	(13.0)	(57.6)

Note: Rounding differences may exist.

[3] Decision on Draft Rate Order, February 25, 2016, p. 3; Draft Rate Order, February 29, 2016, p. 5.
[4] These adjustments are primarily to account for variances in opening 2015 rate base and disposals. As is the case for Externally Driven Capital and Derecognition, these capital-related variances are outside the OEB-approved scope of the CRRRVA.

In EB-2014-0116, Toronto Hydro proposed a Capital-Related Revenue Requirement of $2,594.6 million over the 2015-2019 period. The OEB's decision reduced the proposed capital expenditures by 10 percent, applied the stretch factor to the part of the Customer Price Cap Index ("CPCI") that escalated capital funding, and established variance accounts related to Externally Driven Capital and Derecognition, as well as the CRRRVA. The resulting Capital-Related Revenue Requirement to fund capital expenditures in the period was $2,448.8 million.

Based on actual (2015-2017) and forecast (2018-2019) ISA for capital expenditures, the Capital-Related Revenue Requirement over the 2015-2019 period is forecast to be $2,391.2 million.

The variance between the funded amount of $2,448.8 million and the forecast amount of $2,391.2 million is $57.6 million. $1.8 million in associated carrying charges are calculated for the period. Toronto Hydro proposes to clear the balance of $59.4 million as a credit to customers. Toronto Hydro proposes clearance at this time in order to mitigate intergenerational inequities associated with delaying clearance until Toronto Hydro's rebasing application following the audit of the final balance (e.g. 2025).

Toronto Hydro proposes to continue this variance account for the 2020-24 CIR period. This is to: (i) protect customers against cumulative underspend during the plan period; (ii) recognize the dynamic nature of Toronto Hydro's capital program; and (iii) ensure that Toronto Hydro has the flexibility to optimize the implementation of its capital investment strategy. Continuing the CRRRVA will also ensure that if the final audited 2015-2019 balance in the CRRRVA varies from the $2,391.2 million forecast in this

Application, the $59.4 million being cleared at this time can be supplemented with a future clearance.

4.5 Account 1508 – Other Regulatory Assets, Subaccount – Externally Driven Capital Variance Account

The amount proposed for clearance in the Externally Driven Capital Variance account is a $2.3 million credit (refund) to customers. In addition, Toronto Hydro requests the continuation of this variance account for the 2020-2024 CIR period.

The Externally Driven Capital Variance Account, proposed and approved in EB-2014-0116, captures the difference between the capital embedded in base distribution rates related to externally driven capital spending and capital related to actual and bridge externally driven capital spending as it occurred over the 2015- 2019 plan period. In the 2015 decision, the OEB approved a revenue requirement associated with $4.0 million of annual in-service amounts for work related to externally driven projects over the five-year rate period. The fact that expenditures underlying this program can be volatile and difficult to predict was the basis for the approval of this account. The OEB directed Toronto Hydro to use the Externally Driven Capital Variance Account to record the revenue requirement impact for externally driven work that varies from the approved amounts.

Table 4 sets out the variance from the approved revenue requirement and actual and forecast spend from 2015 to 2019.

Table 4: Historic Externally Driven Capital Spending and Variance ($ Millions)

	Historical & Bridge Spending					
Year	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2019 Forecast	Total 2015-2019
Total Project Cost	3.8	9.0	12.5	25.5	21.2	72.0
Customer Contributions	1.6	6.4	9.9	17.9	12.9	48.7
Toronto Hydro Cost	2.2	2.6	2.6	7.5	8.3	23.2
Approved Capital Spend	4.0	4.0	4.0	4.0	4.0	20.0
Variance	-1.8	-1.4	-1.4	3.5	4.3	3.2

The revenue requirement associated with the variance is the basis for the amount requested to be cleared. Table 5 below summarizes this calculation.

Table 5: Revenue Requirement for Externally Driven Capital ($ Millions)

	Actual			Forecast		
	2015	2016	2017	2018	2019	Total
Approved Externally Driven Capital ISA	4.0	4.0	4.0	4.0	4.0	20.0
Actual and Bridge Externally Driven Capital ISA	0.2	0.1	2.4	7.6	7.9	18.2
Variance	(3.8)	(3.9)	(1.6)	3.6	3.9	(1.8)
Revenue requirement impact	(0.2)	(0.5)	(0.7)	(0.6)	(0.2)	(2.2)
Externally Driven Capital Variance Account	(0.2)	(0.5)	(0.7)	(0.6)	(0.2)	(2.2)
Externally Driven Capital Variance Account – carrying charges	-	-	-	-	(0.1)	(0.1)
Total	**(0.2)**	**(0.5)**	**(0.7)**	**(0.6)**	**(0.3)**	**(2.3)**

Revenue Requirement Calculation	Actual			Forecast		
	2015	2016	2017	2018	2019	Total
Rate Base	(1.9)	(5.6)	(8.1)	(6.9)	(3.0)	

Revenue Requirement Calculation	Actual			Forecast		
	2015	2016	2017	2018	2019	Total
Return on equity	(0.1)	(0.2)	(0.3)	(0.3)	(0.1)	(1.0)
Interest	-	(0.1)	(0.2)	(0.2)	(0.1)	(0.6)
Depreciation	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.7)
PILs	-	-	-	-	0.1	0.1
Revenue Requirement	(0.2)	(0.5)	(0.7)	(0.6)	(0.2)	(2.2)

4.5.1 Major Projects in 2015-2019 Period

Major projects with significant construction activities planned for the 2015-2019 period, such as the Metrolinx Eglinton Crosstown LRT, Metrolinx Finch LRT, Toronto Transit Commission Scarborough Extension, and Union Pearson GO transit electrification, were delayed by a variety of factors outside of Toronto Hydro's control. These factors included changes to City and provincial funding priorities, changes in scope, unforeseen project complications, longer than expected agreement negotiation periods, delayed release or modification of budgets and delays in concluding qualified stakeholder procurement. As such, the cost of relocation and expansion work anticipated for the 2015-2019 period either did not materialize or was deferred into the 2020-2024 period.

4.5.2 Continued Need for Variance Account

To reconcile the variable, non-discretionary nature of the work with its resulting bill impact, Toronto Hydro proposes to continue this variance account and, therefore, has only included spend for relocation and expansion work that is currently committed in its Distribution System Plan for the 2020-2024 period (e.g. Metrolinx Eglinton Crosstown LRT and Metrolinx Finch LRT). If and when the major projects identified in section 4.1 of Exhibit 2B, E5.2 materialize in the 2020-2024 application period, program spending will rise significantly. These include pending projects with Metrolinx (Regional Express Rail) and Toronto Transit Commission (Easier Access Program and Scarborough Subway

Extension). The utility has taken this approach in order to avoid imposing revenue requirement costs on ratepayers for unpredictable capital work.

4.6 Account 1508 – Other Regulatory Assets, Subaccount – Derecognition

The amount proposed for clearing is $42.1 million credit (refund) to customers. The account balance reflects the variance between the amount included in the 2015 revenue requirement and the amounts included in the 2016- 2019 C-Factor calculations and the actual/forecast amounts associated with derecognition of assets over the same period.

In EB-2014-0116, the OEB approved the establishment of a derecognition variance account to capture amounts which vary from the amount included in the 2015 revenue requirement and the amounts included in the 2016-2019 C-Factor calculations.

Toronto Hydro proposed this account on the basis that Toronto Hydro is likely to experience a significant degree of ongoing volatility in year-over-year losses on derecognition over the CIR period, due to the dynamic nature of the capital program and operating environment.

The volatility from its forecasted losses on derecognition over the 2015-2019 period was due to (i) the variety of asset ages in the distribution system; (ii) the dynamic nature of its capital program; and (iii) the materialization of external factors and constraints. The difficulty of accurately forecasting this amount and the associated potential volatility are described in Exhibit 4B, Tab 1, Schedule 2.

Table 6 shows the variance calculation between the amount included in the 2015 revenue requirement and the amounts included in the 2016- 2019 C-Factor calculations and the actual and forecasted amounts associated with derecognition of assets over the same period.

Table 6: Derecognition ($ Millions)

	Actual			Forecast		
	2015	**2016**	**2017**	**2018**	**2019**	**Total**
Losses on derecognition included in approved rates	33.9	26.6	28.0	29.4	32.6	150.5
Actual and forecast losses on derecognition	24.1	27.0	24.5	20.8	20.1	116.5
Variance	(9.8)	0.4	(3.5)	(8.6)	(12.5)	(34.0)
PILs	(3.4)	0.2	(1.2)	(3.0)	(4.5)	(11.9)
Capital revenue requirement	0.4	0.7	0.7	1.2	2.1	5.1
Derecognition variance account	(12.8)	1.3	(4.0)	(10.4)	(14.9)	(40.8)
Derecognition variance account – carrying charges	(0.1)	(0.1)	(0.2)	(0.3)	(0.6)	(1.3)
Total	**(12.9)**	**1.2**	**(4.2)**	**(10.7)**	**(15.5)**	**(42.1)**

Capital revenue requirement calculation	Actual			Forecast		
	2015	**2016**	**2017**	**2018**	**2019**	**Total**
Rate Base	4.9	9.6	11.1	17.1	27.6	70.3
Return on equity	0.2	0.4	0.4	0.6	1.0	2.6
Interest expense	0.1	0.2	0.2	0.4	0.7	1.6
PILs	0.1	0.1	0.1	0.2	0.4	0.9
Capital revenue requirement	0.4	0.7	0.7	1.2	2.1	5.1

Input Assumptions	**2015**	**2016**	**2017**	**2018**	**2019**
Half year rule	50.00%	50.00%	50.00%	50.00%	50.00%
Long term debt	4.28%	4.28%	4.28%	4.28%	4.28%
Short term debt	1.38%	1.38%	1.38%	1.38%	1.38%
Return on equity	9.30%	9.30%	9.30%	9.30%	9.30%
PILs rate	26.50%	26.50%	26.50%	26.50%	26.50%

The volatility experienced during the 2015- 2019 period demonstrates the continued need for this variance account to ensure that ratepayers and the utility are held harmless from any variances in this amount. Toronto Hydro requests for the continuation of this variance account.

4.7 Account 1508 – Other Regulatory Assets, Subaccount – Wireless Attachments

The amount proposed for clearing is a $0.6 million credit (refund) to customers. In the approved Settlement Agreement for EB-2013-0234, Toronto Hydro and intervenors agreed on the establishment of Deferral Accounts for the costs and revenues associated with wireless pole attachments. The OEB ordered that the net of the costs and revenues inclusive of carrying charges in the subaccounts be brought forward for disposition in Toronto Hydro’s next rate application.

Revenues recorded in the deferral account are the actual revenues received through the negotiated contracts with wireless carriers, as well as the one-time revenues collected directly to cover the one-time costs, such as any make-ready costs incurred by Toronto Hydro to accommodate an attachment on its pole. Cost recorded in the deferral account are one-time costs incurred.

Table 7 shows the details of the actuals and forecasted costs and revenues included in the Deferral Accounts.

Table 7: Wireless attachment costs and revenues ($ Thousands)

	Actual	Forecast		
	2015- 2017	**2018**	**2019**	**Total**
THESL Wireless Attachment Costs	38	-	-	38
THESL Wireless Attachments Revenues	(450)	(100)	(100)	(650)
THESL Wireless Attachment Costs – carrying charges	2	1	1	4
THESL Wireless Attachments Revenues – carrying charges	(12)	(10)	(12)	(34)
Total	**(422)**	**(109)**	**(111)**	**(642)**

The OEB performed their policy review of pole attachment charges and concluded their findings in EB-2015-0304. The indirect charges for wireless attachments are aligned with those stated in EB-2015-0304. Revenues received by Toronto Hydro for its wireless attachments were in excess to the costs, thus the need to clear the $0.6 million credit in this account.

4.8 Account 1508 – Other Regulatory Assets, Subaccount – Monthly Billing

Toronto Hydro's Monthly Billing Deferral Account approved in EB-2014-0116, is intended to record the incremental costs and savings resulting from the mandatory transition to monthly billing for non-seasonal residential and all GS<50 kW customers as of December 31, 2016.[5]

In order to implement the mandatory transition, Toronto Hydro incurred $3.3 million in capital costs, and expects to incur an additional $15.9 million in operational costs from 2016 through the end of 2019.[6] These ongoing operational costs are offset by $6.0 million in working capital benefits attained over the same period.

[5] EB-2014-0198, Notice of Amendment to a Code, Amendments to the Distribution System Code (April 15, 2015).
[6] In its 2015-2019 CIR Application, the utility did not include any costs or savings associated with the mandatory transition to monthly billing.

The mandatory transition to monthly billing resulted in 3.8 million additional Toronto Hydro bills issued in 2017, representing an almost 70 percent increase (see Figure 3 below). In order to mitigate the cost impact associated with this increase, Toronto Hydro invested in various hardware and software upgrades, promoted electronic billing, and implemented a combination of automation, process improvements, and outsourcing, as detailed in the sections below. Overall, Toronto Hydro has continued to ensure customer satisfaction throughout the transition and has managed to improve its billing accuracy metrics during this period.

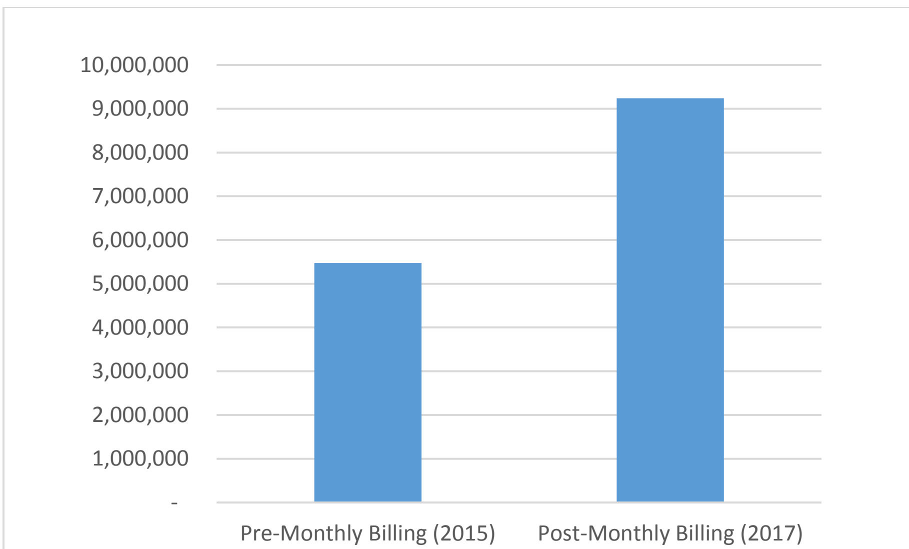

Figure 3: Total Bills Issued in 2015 and 2017

4.8.1 Capital Costs

As shown in Table 8, below, Toronto Hydro incurred $3.3 million in capital costs in order to implement the mandatory transition to monthly billing. This amount is slightly above the favourable scenario presented by Toronto Hydro in its costs submission to the OEB on the mandatory transition.[7]

Table 8: Capital Costs Associated with the Implementation of Monthly Billing ($ Millions)

Actual Capital Costs versus Estimates Provided to the OEB	Labour	Hardware & Software	Total
Actual Capital Costs	$ 2.3	$ 1.0	$ 3.3
Estimated Base Case (Favourable Scenario)	$ 1.6	$ 1.4	$ 3.0
Estimated Base Case (Conservative Scenario)	$ 3.0	$ 1.4	$ 4.4

Toronto Hydro's transition to monthly billing required preparation for a significant increase in the number of bills issued, and a corresponding increase in transactions. Approximately $1.0 million was spent on hardware and software licences, performance tuning, and other minor modifications to upgrade billing system capacity to accommodate the increases in transaction volumes. Without system upgrades and increased data storage capacity, this additional volume of transactions would have slowed down Toronto Hydro's Customer Information System ("CIS"), creating billing delays, slower system performance, and reduced productivity.

Toronto Hydro incurred $2.3 million in incremental labour costs to implement the software and hardware upgrades. This includes project management, database and middleware support, software development, reporting, and IT application support. This figure excludes operational staff supporting the project part-time as subject matter

[7] These estimates were provided to the OEB in submissions dated October 9, 2014, as part of the OEB's EB-2014-0198 consultation concerning Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance.

experts, at an estimated cost of $0.4 million, which Toronto Hydro covered and did not include in the Monthly Billing Deferral account.

As part of its monthly billing implementation plan, Toronto Hydro identified the processes impacted by an increase in billing frequency and transaction volumes, and utilized mitigation strategies such as automated communication with its field service vendor to reduce costs and improve processing time. This, combined with other strategies, described below, helped to reduce the financial impact of the increase in billing and transaction volumes and assisted in maintaining or enhancing customer service.

4.8.2 Operational Costs

Toronto Hydro forecasts $15.9 million over the 2015-2019 period ($1.6 million in 2016 and an average of $4.8 million per year from 2017 through 2019) in incremental operational costs to manage the monthly billing volumes, as illustrated in Table 9, below. This is much lower than Toronto Hydro's estimate of $6.1 million per year included as part of the OEB's monthly billing consultation. The variance is primarily due to mitigation efforts aimed at controlling labour costs through outsourcing, the use of automation solutions, and process improvements.

Table 9: Operational Costs Associated with the Implementation of Monthly Billing ($ Millions)

Operational Costs & Materials	Estimate – Base Case 9 (per year)	Average Annual Cost (Excluding 2016)	2016[10] Actual	2017 Actual	2018 Forecast	2019 Forecast	Total Cost
Postage	2.6	2.3	0.6	2.2	2.4	2.4	7.7
Printing & Paper	0.5	0.4	0.1	0.3	0.4	0.4	1.2
Internal Labour	1.2	0.2	0.4	0.8	0.9	0.9	3.0
External Labour	0.9	0.3	0.3	0.5	0.5	0.5	1.9
Payment Processing	0.5	0.7	0.1	0.4	0.4	0.4	1.2
Manual Meter Reads	0.1	0.7	0.0	0.1	0.1	0.1	0.2
Communication activities	0.2	0.2	0.1	0.2	0.1	0.1	0.6
Collection activities	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Total	**6.1**	**4.8**	**1.6**	**4.6**	**4.8**	**4.9**	**15.9**

As mentioned above, following the implementation of monthly billing, Toronto Hydro experienced an almost 70 percent increase in total bills issued per year. The increase in billing volumes is the primary driver of operational costs over the 2016-2019 period. Specifically, postage, printing, and paper account for approximately 55 percent of these operational costs, as shown in Figure 4.

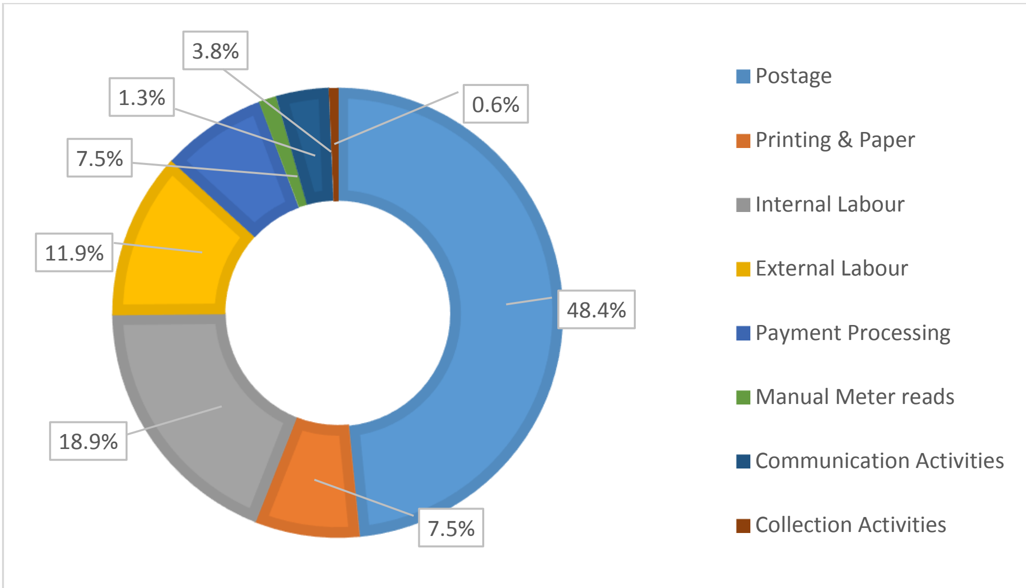

Figure 4: 2016-2019 Recurring Operational Costs of Monthly Billing, Postage, Printing, and Paper

The largest increase in Toronto Hydro's operational costs results from an additional 3.8 million bills[8] issued per year. Specifically, this results in increased postage, printing, and paper costs. In order to mitigate against the financial impact of these increases, Toronto Hydro engages in significant efforts to convert customers from paper to electronic bills ("eBills"), as shown in Table 10, below.

Table 10: Number of Toronto Hydro Customers Enrolled in eBilling

	2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2019 Forecast
Number of Customers on eBills	127,951	185,740	224,420	251,420	275,420
Number of Total Customers	755,737	761,082	767,057	772,772	779,871
Bills Issued Annually	5,470,242	6,623,683	9,242,759	9,273,264	9,358,452

[8] Comparing total annual billing volumes of 2015 (the last full year before monthly billing) and 2017 (the first full year after monthly billing implementation).

Over 95,000 enrolments in eBilling occurred during 2016 and 2017 as a result of several marketing/communication campaigns, enhancements to the online move-in functionality, and other strategies to encourage uptake of enrolment in eBilling. Toronto Hydro expects to continue these efforts. In 2017, Toronto Hydro sent out over 2.7 million eBills. Each customer converted to eBilling represents approximately $9.52 in savings annually as a result of a reduction in postage, printing, and paper costs.

4.8.3 Labour

The increase in billing frequency resulting from the transition to monthly billing has also resulted in additional labour requirements (see Table 11, below). A subset of all bills require manual verification or intervention before issuing, so additional effort is required in order to process a higher volume of bills and sustain service level targets for timely and accurate billing. Similarly, there is higher frequency and volume of payments received, which requires additional effort in order to post payments and resolve related issues.

Failure to appropriately manage this increase in volumes and resulting workload could potentially result in inaccurate billing. The Distribution System Code's service quality requirements mandate a distributor to issue an accurate bill to a customer at least 98 percent of the time.[9] An "accurate bill" is defined as "a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill."[10] Issuance of inaccurate bills can also result in inconvenience and payment processing delays, which would negatively impact customer experience and working capital.

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[9] Distribution System Code (March 15, 2018), s. 7.11.
[10] Ibid at s. 7.1.

Table 11: Additional Labour Required for Incremental Monthly Billing Volumes

Department	Internal		External (Outsourced)	
	Number of Employees	2017 Annual Cost ($M)	Number of Employees	2017 Annual Cost ($M)
Remittance	2	0.2	2	0.1
Billing	7	0.6	2	0.1
Data Management	-	-	3	0.2
Collections	-	-	-	-
Call Centre	1	0.1	2	0.1
Total	**10**	**0.8**	**9**	**0.5**

To mitigate against the increase in labour costs stemming from the implementation of monthly billing, Toronto Hydro undertook a number of initiatives, including automation, process improvements, and outsourcing. For instance:

- The replacement of "gatekeeper systems", which gather and transmit data from meters to Toronto Hydro's billing system, resulted in more timely and accurate data being gathered automatically. This reduced the labour (and associated costs) required to manually collect and estimate meter reads, as well as improved customer service by enabling the issuance of more accurate bills.
- Introducing automated communication with Toronto Hydro's field service vendor resulted in reduction in labour required to process meter upgrades or exchanges. This automation was required to mitigate the reduction in time available, from 60 days to 30 days under a monthly billing schedule, to process meter changes in the CIS before the next bill was to be issued. This had a net favourable impact on labour, which was used to offset upward pressure on labour elsewhere in the billing process.

Due to these productivity efforts, Toronto Hydro was able to generate efficiencies in bill issuances and considerably improved the Full Time Equivalent ("FTE") per bill issued metric, as shown in Figure 5, below.

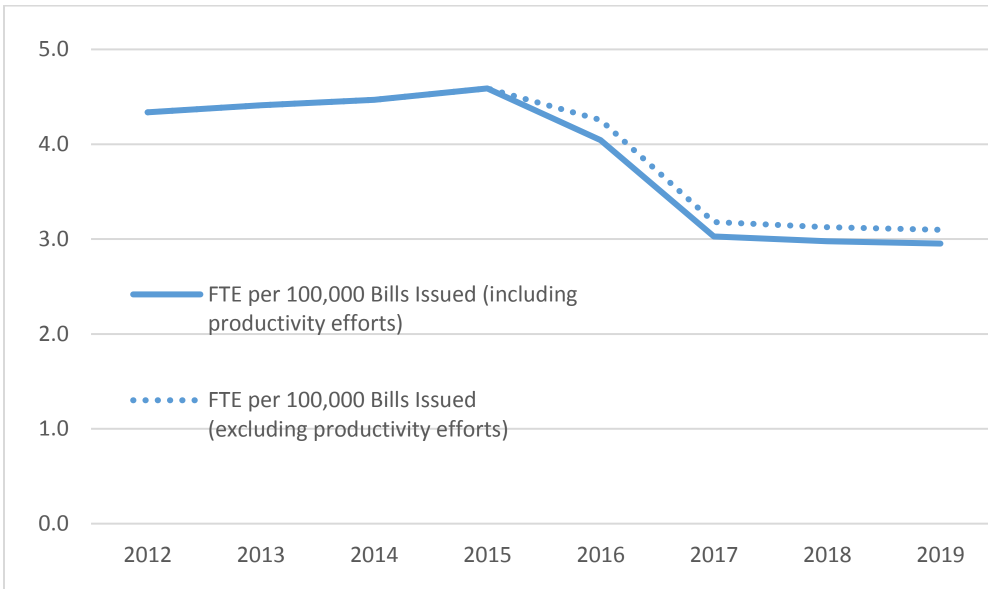

Figure 5: Number of FTEs per 100,000 Bills Issued

4.8.4 Other Costs

Toronto Hydro completes over 9,500 manual meter reads each month due to connection issues between the meter and Toronto Hydro's system. The increase in billing frequency requires more frequent manual meter reads for these properties, increasing meter-reading costs by $0.1 million per year.

The volume of overdue bill payment reminder calls and letters has also risen due to the increased frequency of bills, and costs have increased slightly, totaling approximately $0.1 million over the 2016-2019 period.

4.8.5 Savings and Benefits

In the Draft Report titled Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance,[11] the OEB anticipated the following three benefits arising from utilities transitioning to monthly billing:

- Improved cash flow leading to a reduction in working capital costs;
- A decrease in bad debt, as customers would be better able to manage their bills; and
- An improvement in corporate communications, given more frequent engagements with customers.[12]

Toronto Hydro has confirmed through its Lead-Lag Study for Working Capital Allowance (see Exhibit 2A, Tab 3, Schedule 2) that the conversion to monthly billing has decreased Toronto Hydro's working capital costs approximately by $1.9 million per year, beginning in 2017.

However, Toronto Hydro has been unable to isolate any reductions or increases in its bad debt from the conversion to monthly billing. This is attributable to other recent factors that have had an impact on residential bad debt (notably the rate reductions under the Ontario Fair Hydro Plan, a cooler-than-average summer in 2017, and an increase in unpaid balances due to the winter disconnection moratorium for residential customers). While Toronto Hydro expects monthly billing to have a positive impact on bad debt, it does not expect these benefits to be material. In addition, given the long-term nature of bad debt and the varying factors that affect it in any given year, Toronto

[11] EB-2014-0198, Draft Report of the Board: Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance (September 18, 2014).
[12] Ibid.

Hydro does not believe there to be any meaningful way to isolate the contributory impact of monthly billing on its bad debt totals.

Table 12: Toronto Hydro's Bad Debt ($ Millions)

2015 Actual	2016 Actual	2017 Actual	2018 Forecast	2019 Forecast
6.6	5.2	5.3	6.5	6.7

In terms of corporate communications, the implementation of monthly billing has provided Toronto Hydro with additional flexibility in terms of customer communications via on-bill messaging and inserts. Specifically, Toronto Hydro is now afforded six additional opportunities to make changes to existing messaging or introduce new messaging. However, while the introduction of monthly billing has allowed customers to be exposed to on-bill messages more frequently, this change has not resulted in any quantifiable financial benefit for Toronto Hydro.

Overall, Toronto Hydro has included $6.0 million in benefits to this account, comprised of working capital cost savings for 2016 through 2019.

4.8.6 Account Balance Calculations

The requested clearance is based on the revenue requirement associated with the costs in the Monthly Billing Deferral account. The proposed clearance amount is $11.5 million (to be collected from customers). The following table summarizes the calculation.

1 **Table 13: Monthly Billing Revenue Requirement ($ Millions)**

Monthly Billing	Actual			Forecast		
	2015	2016	2017	2018	2019	Total
Operating costs	-	1.6	4.6	4.8	4.9	15.9
Working capital savings	-	(0.4)	(1.9)	(1.9)	(1.9)	(6.1)
Capital related revenue requirement	-	(0.0)	0.1	0.6	1.0	1.7
Total	**-**	**1.2**	**2.8**	**3.5**	**4.0**	**11.5**

2

Capital revenue requirement calculation	Actual			Forecast		
	2015	2016	2017	2018	2019	Total
Rate Base	-	0.8	2.1	0.4	-	3.3
Return on equity	-	0.0	0.1	0.1	0.1	0.3
Interest expense	-	0.0	0.0	0.1	0.0	0.1
Depreciation	-	0.1	0.4	0.6	0.7	1.8
PILs	-	(0.1)	(0.4)	(0.2)	0.2	(0.5)
Capital revenue requirement	-	(0.0)	0.1	0.6	1.0	1.7

3

Input Assumptions	2015	2016	2017	2018	2019
Half year rule	50.00%	50.00%	50.00%	50.00%	50.00%
Long term debt	4.28%	4.28%	4.28%	4.28%	4.28%
Short term debt	1.38%	1.38%	1.38%	1.38%	1.38%
Return on equity	9.30%	9.30%	9.30%	9.30%	9.30%
PILs rate	26.50%	26.50%	26.50%	26.50%	26.50%
Pre-tax equity rate	12.65%	12.65%	12.65%	12.65%	12.65%
Useful Life	5 years	5 years	5 years	5 years	5 years
Depreciation rate	20.0%	20.0%	20.0%	20.0%	20.0%
Half Year	50%	50%	50%	50%	50%
CCA Class	Class 12	Class 12	Class 12	Class 12	Class 12
CCA Rate	100%	100%	100%	100%	100%
CCA Half Year	50%	50%	50%	50%	50%

4.9 Account 1508 – Other Regulatory Assets, Subaccount – OCCP

The amount proposed for clearance is a $71.2 million credit (refund) to customers.

Toronto Hydro incorporated the estimated net gains on the sale of the 5800 Yonge and 28 Underwriters properties, grossed up for PILs tax savings, as a credit (refund) to customers in the previous application (EB-2014-0116). However, since the timing and the final amount of the net gain from the sale of both properties were not known at the time of rate finalization, the OEB approved a variance account in which Toronto Hydro would track the difference between the total forecasted gains net of tax with the forecasted gross up for the PILs tax savings, and the actual gains net of tax with the actual gross up for the PILs tax savings.

A table summarizing the forecast and actual gains net of tax, grossed up for PILs tax savings is shown below. Both properties were sold to third parties at market prices prevailing at the time of sale.

Table 14: Gain net of tax, gross up for PILs tax savings related to Toronto Hydro's OCCP ($ Millions)

Property	Forecasted net gain, grossed up for PILs tax savings included in rates	Date of Actual Sale	Actual net gain, grossed up for PILs tax savings	Variance
28 Underwriters	12.1	March 3, 2015	8.1	(4.0)
5800 Yonge	60.4	April 16, 2018	134.1	73.7
Total	**72.5**		**142.2**	**69.7**

Toronto Hydro notes that the balance in this account reported in the 2017 RRR did not include the variance related to 5800 Yonge as the property was sold subsequent to December 31, 2017.

4.10 Account 1508 – Other Regulatory Assets, Subaccount – OPEB Cash vs Accrual

In May 2015, the OEB began an industry-wide consultation on rate-regulated utility pensions and OPEBs (EB-2015-0040). Pending the outcome of the consultation, in its Decision and Order (EB-2014-0116) dated December 29, 2015, the OEB requested Toronto Hydro to account for OPEBs on a cash rather than accrual basis for rate making purposes and to establish a variance account to track the difference between the cash and accrual methods. In its Decision and Rate Order (EB-2014-0116) dated March 1, 2016, the OEB approved the accounting order for Account 1508, Other Regulatory Assets, Sub-account: OPEB Cash vs Accrual Variance Account, for Toronto Hydro to record the difference between (i) the forecasted OPEBs costs related to its OM&A programs using the accounting accrual method; and (ii) the OPEBs cash payments made to the plan.

On September 14, 2017, the OEB issued its final report on the consultation. It established (i) the use of the accrual accounting method as the default method on which to set rates for pension and OPEB amounts in cost-based applications, unless that method does not result in just and reasonable rates in the circumstances of any given utility; and (ii) the use of a variance account to track the difference between the forecasted accrual amount in rates and actual cash payments made, with asymmetric carrying charges in favour of ratepayers applied to the differential. See section 10.2 for discussion on these new variance accounts.

In accordance with the OEB's direction in the report, Toronto Hydro will continue to record amounts into the previously approved variance account until January 1, 2020 (the effective date of Toronto Hydro's next cost-based rate order).

As at December 31, 2017, the balance in this account was $4.2 million debit. Toronto Hydro expects the balance in this account to be $8.9 million debit (recovery) from customers as at January 1, 2020.

No carrying charges were applied to the balance in this account.

Table 15: Cash versus Accrual Variance ($ Millions)

	Actual			Forecasted		
	2015	**2016**	**2017**	**2018**	**2019**	**Total**
Forecasted OPEB costs (OM&A programs)	10.2	10.4	10.6	10.8	11.1	53.1
Estimated Capital Depreciation Collected for OPEB	2.2	2.4	2.6	2.8	3.0	13.0
Amount collected through rates (A)	12.4	12.8	13.2	13.6	14.1	66.1
Less: Cash payments (B)	9.1	10.8	10.9	9.3	9.9	50.0
Difference (C) = (A) – (B)	3.3	2.0	2.3	4.3	4.2	16.1
OpEx/Capex split (D)	56.2%	57.4%	55.0%	55.1%	55.2%	
Cash versus accrual variance (C) x (D)	1.8	1.1	1.3	2.4	2.3	8.9

4.11 Account 1533 – Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances

Toronto Hydro received approval in EB-2014-0116 for Renewable Enabling Investments ("REI") eligible for provincial rate protection. Toronto Hydro tracks the difference between the revenue requirement associated with Renewable Enabling Improvements that is funded through Provincial Rate Protection and collected through payments from the IESO and revenue requirement based on actual REI investments, as it occurs over the 2015-2019 CIR period.

As at the end of 2017, the variance in this account is a $2.4 million credit, as spending on some of the specific projects has been deferred or delayed. Current projections for investment on these approved projects over the 2018-2019 period indicates that the balance of the variance account will be $5.1 million at the end of 2019. Table 16 below provides details.

Table 16: Provincially Funded Renewable Eligible Investment Variance Account ($ Millions)

	2015	2016	2017	2018	2019
Approved Revenue Requirement	0.3	0.9	1.5	2.1	2.6
Actual/Forecast Revenue Requirement	-	-	0.1	0.5	1.6
Variance Account Balance	(0.3)	(0.9)	(1.4)	(1.6)	(1.0)

Toronto Hydro seeks approval to clear this account and return the projected $5.1 million variance to the IESO.

5. TORONTO HYDRO IS NOT SEEKING CLEARANCE IN THIS APPLICATION OF BALANCES IN THE FOLLOWING ACCOUNTS

5.1 All RSVA Accounts

Toronto Hydro will propose to clear the RSVA accounts for 2017 amounting to a $43.9 million credit (refund) to customers as part of Toronto Hydro's 2019 Custom Incentive Rate-setting Update Application. The accounts included are Account 1550 – Low Voltage Variance Account, Account 1580 – Wholesale Market Services, Account 1584 –

Network, Account 1586 – Connection, Account 1588 – Power, and Account 1589 – Global Adjustment.

Toronto Hydro will update the evidence and propose to clear the RSVA accounts for the 2018 period when the 2018 RRR Report is finalized.

5.2 Account 1551 – Smart Metering Entity Charges

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

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

On March 1, 2018, the OEB issued its Decision and Order (EB-2017-0290) approving a new Smart Metering Entity charge of $0.57 per month for each Residential and General Service <50 kW customer, effective from January 1, 2018 to December 31, 2022.

The previously approved Smart Metering Entity charge of $0.788 per month was collected for the first three months of 2018 and resulted in an accumulated credit of $0.66 per smart meter. The credit was recorded to the Smart Meter Entity Charges variance account in April 2018 and the variance will be disposed as part of the Group 1 deferral and variance accounts in a future rate application.

Toronto Hydro records in Account 1551 amounts paid to the IESO through the Smart Metering Entity charge, and amounts recovered from customers through the distribution Rate Rider for Smart Metering Entity Charge. Toronto Hydro will propose to clear the Smart Metering Entity Charges account for 2017 amounting to a $0.5 million credit (refund) to customers as part of Toronto Hydro's 2019 Custom Incentive Rate-setting Update Application.

5.3 Account 1568 – LRAMVA

In Toronto Hydro's EB-2017-0077 Decision and Rate Order, the OEB approved the disposition of Toronto Hydro's LRAMVA amounts for the 2015 and 2016 periods.

At the time of filing this application, the 2017 Final CDM Annual Report and Persistence Savings Report from the IESO was not available. Toronto Hydro will propose to clear the LRAMVA amount for the 2017 period, if significant, as part of Toronto Hydro's 2019 Customer Incentive Rate-setting Update Application.

Toronto Hydro will update the evidence and propose to clear the LRAMVA amount for the 2018 period when the 2018 Final CDM Annual Report and Persistence Savings Report is available from the IESO.

6. SUMMARY OF PROPOSED DVA DISPOSITIONS

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

Table 17: Summary of Proposed Dispositions ($ Millions)

	Principal Balance	Carrying Charges up to December 31, 2019	Balances for clearance as at December 31, 2019
Stranded Meter Costs	(1.4)	—	(1.4)
IFRS-USGAAP Transitional PP&E Amounts	(1.6)	—	(1.6)
Impact for USGAAP Deferral	85.3	—	85.3
CRRRVA	(57.6)	(1.8)	(59.4)
Externally Driven Capital	(2.2)	(0.1)	(2.3)
Derecognition	(40.8)	(1.3)	(42.1)
Wireless Attachments	(0.6)	—	(0.6)
Monthly Billing	11.5	0.3	11.8
OCCP	(69.7)	(1.5)	(71.2)
OPEB Cash vs Accrual	8.9	—	8.9
Excess Expansion Deposits (see section 10.1)	(5.1)	(0.4)	(5.5)
Total Balance	**(73.3)**	**(4.8)**	**(78.1)**

Toronto Hydro confirms that it has not made any adjustments to previously approved DVAs. The balances proposed for clearance match the account balances filed in the RRR as of 2017 year end, forecasted to the end of 2019.

7. DVA ALLOCATION AND RECOVERY METHOD

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

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

Table 18: Proposed Rate Class Allocator

Account	Allocator
Stranded Meter Costs	Same proration as 2015 CIR, originally based on number of Residential, General Service <50 kW and 50-999 kW customers at time of conversion to smart meters.
IFRS-USGAAP Transitional PP&E Amounts	2017 Distribution Revenue
Impact for USGAAP Deferral	2017 Distribution Revenue
CRRRVA	2017 Distribution Revenue
Externally Driven Capital	2017 Distribution Revenue
Derecognition	2017 Distribution Revenue
Wireless Attachments	Forecast 2020 Revenue Offsets excluding Street Light direct allocation
Monthly Billing	October 2016 number of customers
OCCP	2017 Distribution Revenue
OPEB Cash vs Accrual	2017 Distribution Revenue
Excess Expansion Deposits	2017 Distribution Revenue, excluding Residential, CSMUR, and General Service <50 kW

8. DEVELOPMENT OF RATE RIDERS

Toronto Hydro proposes a single fixed rate rider for those classes that are charged a fully fixed distribution rate (Residential and CSMUR), and a single volumetric rate rider for all other classes for the clearance of all DVA amounts, with the exception of Stranded Meters, which is to be recovered through a fixed charge for all applicable rate classes, as indicated in the OEB's Smart Meter Funding and Cost Recovery Guidelines.

Toronto Hydro proposes a recovery period of 60 months for all DVA accounts, beginning January 2020, in order to minimize the bill impacts to all affected customers.

The derivation of the rate riders is shown in Exhibit 9, Tab 3, Schedule 1.
The impacts of all proposed rate riders combined with the distribution rate changes are found in Exhibit 8, Tab 6, Schedule 1.

9. NEW DEFERRAL AND/OR VARIANCE ACCOUNTS

Toronto Hydro is seeking OEB's approval for the following new Deferral and Variance Accounts.

9.1 Variance Account for Excess Expansion Deposits

Toronto Hydro requests a variance account to record the excess expansion deposits and to clear the balance to ratepayers through an OEB-approved rate rider in the current CIR application. The amount proposed for clearance is $5.5 million credit (refund) to customers.

Pursuant to the OEB's Distribution System Code ("DSC"), Toronto Hydro may collect an expansion deposit from a customer who wants to connect to Toronto Hydro's distribution system if Toronto Hydro must expand its system (i.e. construct new facilities or increase the capacity of existing facilities) in order to connect the customer. Expansion deposits allow distributors to manage the financial risk that future distribution revenues will be insufficient to recover the costs incurred to construct and maintain the new assets (net of capital contributions recovered from customers).

During the Customer Connection Horizon specified in the Offer-to-Connect ("OTC") contract, the utility has an obligation to annually return the expansion deposit to the customer in proportion to the actual connections (for residential developments) or actual demand (for commercial and industrial developments) materialized in the year. If the forecast connections/demand do not materialize during the specified Customer Connection Horizon, utilities retain the excess portion of the expansion deposit. Although section 3.2.23 of the DSC provides that the utility does not have to return any remaining portions of the expansion deposit to the customer beyond the Customer Connection Horizon, Toronto Hydro proposed that the balance be returned to the ratepayers in order to protect ratepayer interests and to accord with the principles of just and reasonable ratemaking.

Table 19 provides details of the excess expansion deposit balances through to December 31, 2019, including carrying charges.

Table 19: Excess Expansion Deposits ($ Millions)

	Principal Balance as at Dec 31	Carrying Charge Balance	Total Balance as at Dec 31
2016	4.0	0.1	4.1
2017	5.1	0.2	5.3
2018	5.1	0.3	5.4
2019	5.1	0.4	5.5

9.2 Account 1522 Sub-account: Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges

In May 2015, the OEB began an industry-wide consultation on rate-regulated utility pensions and OPEBs (EB-2015-0040) and a final "Regulatory Treatment of Pension and OPEB Costs" report was issued on September 14, 2017.

As directed in the final report, Toronto Hydro will establish the following accounts to track the difference between the forecasted accrual amount in rates and actual cash payments made, with asymmetric carrying charges in favour of ratepayers applied to the differential:

1) Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential;
2) Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Contra Account; and
3) Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges.

Toronto Hydro will start using the three new accounts effective January 1, 2020, but will not submit a draft accounting order as directed in the OEB report. At a later time, Toronto Hydro will apply for disposition of the balance in the Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges account when the credit (refund) to customers is material.

Toronto Hydro will include in its forecasted accrual amount, the portion of OPEB costs related to its OM&A programs. It will include in its actual cash payment all the payments made in the year related to its OPEB plans. It will use the Construction Work In Progress ("CWIP") rate prescribed by the OEB to determine the carrying charges.

The sample accounting entries for the new accounts are provided below.

A. To record the difference between the total OPEB accrual amount approved in rates and the actual cash amount paid (assuming accrual amount exceeds the cash payments). The reverse entry will be recorded if actual cash payments exceed the accrual amount. These accounts are strictly used for tracking purposes to calculate the carrying charges.
    - Dr. Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Contra Account
    - Cr. Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential
B. To record total annual carrying charges on the monthly opening cumulative credit balance in Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential at the OEB prescribed CWIP rate (assuming the account is in a credit position).
    - Dr. Account 6035, Other Interest Expense
    - Cr. Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges

Draft Accounting Orders

As directed by the OEB, a utility-specific accounting order is not required.[13]

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[13] EB-2015-0040, Ontario Energy Board, Report on Regulatory Treatment of Pension and Other Post-employment Benefit (OPEBs) Costs (September 14, 2017).

APPENDIX A: DRAFT ACCOUNTING ORDERS

Variance Account for Excess Expansion Deposits

Toronto Hydro shall establish an account to record any excess expansion deposits as a credit to the variance account.

Carrying charges will apply to the opening balances in the accounts (exclusive of accumulated interest) at the OEB-approved rate for deferral and variance accounts.

Toronto Hydro will establish the following variance accounts to record the amounts described above:

- Account 1508, Other Regulatory Assets, Subaccount Excess Expansion Deposits
- Account 1508, Other Regulatory Assets, Subaccount Excess Expansion Deposits Carrying Charges

Toronto Hydro will use the following account to record the OEB-approved rate rider associated with the Excess Expansion Deposits being cleared to ratepayers:

- Account 1508 Other Regulatory Assets, Subaccount Excess Expansion Deposits (Rate Rider Account)

The sample accounting entries for the variance accounts are provided below.

1) To record the excess expansion deposits to the variance account:
    - Dr. 2335 Non-Current Customer Deposits
    - Cr. 1508 Other Regulatory Assets, Subaccount Excess Expansion Deposits

2) To record the annual carrying charges in subaccount:
   - Dr. 6035 Other Interest Expense
   - Cr. 1508 Other Regulatory Assets, Subaccount Excess Expansion Deposits Carrying Charges

3) To record the refunding of the rate rider to customers. The offsetting credit will be to Account 1100 Customer Accounts Receivable since the ratepayers' bills should be reduced by the rate rider refund:
   - Dr. 4080 Distribution Services Revenue
   - Cr. 1100 Customer Accounts Receivable
   - Dr. 1508 Other Regulatory Assets, Subaccount Excess Expansion Deposits (Rate Rider Account)
   - Cr. 4080 Distribution Services Revenue

		2012									
Account Descriptions	**Account Number**	**Opening Principal Amounts as of Jan-1-12**	**Transactions(1) Debit / (Credit) during 2012**	**OEB-Approved Disposition during 2012**	**Principal Adjustments(2) during 2012**	**Closing Principal Balance as of Dec-31-12**	**Opening Interest Amounts as of Jan-1-12**	**Interest Jan-1 to Dec-31-12**	**OEB-Approved Disposition during 2012**	**Interest Adjustments(2) during 2012**	**Closing Interest Amounts as of Dec-31-12**
Group 1 Accounts											
LV Variance Account	1550	$0				$0	$0				$0
Smart Metering Entity Charge Variance Account	1551										
RSVA - Wholesale Market Service Charge[9]	1580	$0				$0	$0				$0
Variance WMS – Sub-account CBR Class A[9]	1580										
Variance WMS – Sub-account CBR Class B[9]	1580										
RSVA - Retail Transmission Network Charge	1584	$0				$0	$0				$0
RSVA - Retail Transmission Connection Charge	1586	$0				$0	$0				$0
RSVA - Power (excluding Global Adjustment)[12]	1588	$0				$0	$0				$0
RSVA - Global Adjustment [12]	1589	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595	$0				$0	$0				$0
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RSVA - Global Adjustment 12	**1589**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$0	$61,499,000			$61,499,000	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - EIP	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Derecognition	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - OCCP	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$0				$0	$0				$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$0	$61,499,000	$0	$0	$61,499,000	$0	$0	$0	$0	$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	$0			-$2,314,616	-$2,314,616	$0			-$83,852	-$83,852
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	$0			-$1,100,000	-$1,100,000	$0			-$34,148	-$34,148
Total of Group 1 and Group 2 Accounts (including 1592)		$0	$61,499,000	$0	-$3,414,616	$58,084,384	$0	$0	$0	-$118,000	-$118,000
LRAM Variance Account[11]	**1568**	$0				$0	$0				$0
Total including Account 1568		$0	$61,499,000	$0	-$3,414,616	$58,084,384	$0	$0	$0	-$118,000	-$118,000
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	$0				$0	$0				$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$0			$59,226,643	$59,226,643	$0			$0	$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	$0			-$27,078,565	-$27,078,565	$0			$350,269	$350,269
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$0			$0	$0	$0			$0	$0
Smart Meter OM&A Variance[4]	1556	$0			$22,925,549	$22,925,549	$0			$0	$0
Meter Cost Deferral Account (MIST Meters)[10]	1557										
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$0				$0					
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0					

Account Descriptions	Account Number	2013 Opening Principal Amounts as of Jan-1-13	Transactions(1) Debit / (Credit) during 2013	OEB-Approved Disposition during 2013	Principal Adjustments(2) during 2013	Closing Principal Balance as of Dec-31-13	Opening Interest Amounts as of Jan-1-13	Interest Jan-1 to Dec-31-13	OEB-Approved Disposition during 2013	Interest Adjustments(2) during 2013	Closing Interest Amounts as of Dec-31-13
Group 1 Accounts											
LV Variance Account	1550										
Smart Metering Entity Charge Variance Account	1551										
RSVA - Wholesale Market Service Charge[9]	1580										
Variance WMS – Sub-account CBR Class A[9]	1580										
Variance WMS – Sub-account CBR Class B[9]	1580										
RSVA - Retail Transmission Network Charge	1584										
RSVA - Retail Transmission Connection Charge	1586										
RSVA - Power (excluding Global Adjustment)[12]	1588										
RSVA - Global Adjustment [12]	1589										
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595										
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595										
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
RSVA - Global Adjustment 12	**1589**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$61,499,000	-$22,718,000			$38,781,000	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - EIP	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Derecognition	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - OCCP	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$0				$0	$0				$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$61,499,000	-$22,718,000	$0	$0	$38,781,000	$0	$0	$0	$0	$0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	-$2,314,616				-$2,314,616	-$83,852	-$34,020			-$117,872
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	-$1,100,000	$0			-$1,100,000	-$34,148	-$16,169			-$50,317
Total of Group 1 and Group 2 Accounts (including 1592)		$58,084,384	-$22,718,000	$0	$0	$35,366,384	-$118,000	-$50,189	$0	$0	-$168,189
LRAM Variance Account[11]	**1568**	$0				$0	$0				$0
Total including Account 1568		$58,084,384	-$22,718,000	$0	$0	$35,366,384	-$118,000	-$50,189	$0	$0	-$168,189
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	$0				$0	$0				$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$59,226,643	-$59,226,643			$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	-$27,078,565	$27,078,565			$0	$350,269	-$350,269			$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$0	$16,876,471		-$1,085,160	$15,791,311	$0				$0
Smart Meter OM&A Variance[4]	1556	$22,925,549	-$22,925,549			$0	$0				$0
Meter Cost Deferral Account (MIST Meters)[10]	1557										
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$0			$30,506,428	$30,506,428					
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0					

Account Descriptions	Account Number	2014 Opening Principal Amounts as of Jan-1-14	Transactions(1) Debit / (Credit) during 2014	OEB-Approved Disposition during 2014	Principal Adjustments(2) during 2014	Closing Principal Balance as of Dec-31-14	Opening Interest Amounts as of Jan-1-14	Interest Jan-1 to Dec-31-14	OEB-Approved Disposition during 2014	Interest Adjustments(2) during 2014	Closing Interest Amounts as of Dec-31-14
Group 1 Accounts											
LV Variance Account	1550	$0	$1,680,006			$1,680,006	$0	$48,585			$48,585
Smart Metering Entity Charge Variance Account	1551	$0	$230,907			$230,907	$0	$10,096			$10,096
RSVA - Wholesale Market Service Charge[9]	1580	$0	-$104,177,755			-$104,177,755	$0	-$4,243,265			-$4,243,265
Variance WMS – Sub-account CBR Class A[9]	1580		$0					$0			
Variance WMS – Sub-account CBR Class B[9]	1580		$0					$0			
RSVA - Retail Transmission Network Charge	1584	$0	$60,297,064			$60,297,064	$0	$1,969,184			$1,969,184
RSVA - Retail Transmission Connection Charge	1586	$0	$28,085,714			$28,085,714	$0	$981,663			$981,663
RSVA - Power (excluding Global Adjustment)[12]	1588	$0	-$18,770,687			-$18,770,687	$0	$0			$0
RSVA - Global Adjustment [12]	1589	$0	$85,657,811			$85,657,811	$0	$2,633,307			$2,633,307
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595	$0	-$363,600			-$363,600	$0	-$318,137			-$318,137
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595	$0	-$2,483,823			-$2,483,823	$0	$1,563,823			$1,563,823
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595	$0	$109,729			$109,729	$0	-$261,355			-$261,355
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595	$0	$95,890			$95,890	$0	-$55,626			-$55,626
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595	$0				$0	$0				$0
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$0	$50,361,255	$0	$0	$50,361,255	$0	$2,328,275	$0	$0	$2,328,275
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		$0	-$35,296,556	$0	$0	-$35,296,556	$0	-$305,032	$0	$0	-$305,032
RSVA - Global Adjustment 12	**1589**	$0	$85,657,811	$0	$0	$85,657,811	$0	$2,633,307	$0	$0	$2,633,307
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$38,781,000	$48,551,000			$87,332,000	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - EIP	1508	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - Derecognition	1508	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	$0	-$112,142	$0	$0	-$112,142	$0	-$738	$0	$0	-$738
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - OCCP	1508	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$38,781,000	$48,438,858	$0	$0	$87,219,858	$0	-$738	$0	$0	-$738
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	-$2,314,616				-$2,314,616	-$117,872	-$34,020			-$151,892
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	-$1,100,000				-$1,100,000	-$50,317	-$16,170			-$66,487
Total of Group 1 and Group 2 Accounts (including 1592)		$35,366,384	$98,800,113	$0	$0	$134,166,497	-$168,189	$2,277,347	$0	$0	$2,109,157
LRAM Variance Account[11]	**1568**	$0				$0	$0				$0
Total including Account 1568		$35,366,384	$98,800,113	$0	$0	$134,166,497	-$168,189	$2,277,347	$0	$0	$2,109,157
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$15,791,311			-$1,387,244	$14,404,067	$0				$0
Smart Meter OM&A Variance[4]	1556	$0				$0	$0				$0
Meter Cost Deferral Account (MIST Meters)[10]	1557	$0				$0	$0				$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$30,506,428	$0	$0	$0	$30,506,428		$0	$0	$0	
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0					

		2015									
Account Descriptions	**Account Number**	**Opening Principal Amounts as of Jan-1-15**	**Transactions(1) Debit / (Credit) during 2015**	**OEB-Approved Disposition during 2015**	**Principal Adjustments(2) during 2015**	**Closing Principal Balance as of Dec-31-15**	**Opening Interest Amounts as of Jan-1-15**	**Interest Jan-1 to Dec-31-15**	**OEB-Approved Disposition during 2015**	**Interest Adjustments(2) during 2015**	**Closing Interest Amounts as of Dec-31-15**
Group 1 Accounts											
LV Variance Account	1550	$1,680,006	$447,453			$2,127,459	$48,585	$22,355			$70,940
Smart Metering Entity Charge Variance Account	1551	$230,907	-$103,295			$127,611	$10,096	$2,861			$12,957
RSVA - Wholesale Market Service Charge[9]	1580	-$104,177,755	-$53,058,389			-$157,236,144	-$4,243,265	-$1,397,797			-$5,641,062
Variance WMS – Sub-account CBR Class A[9]	1580	$0	$554,306			$554,306	$0	$1,757			$1,757
Variance WMS – Sub-account CBR Class B[9]	1580	$0	$5,967,910			$5,967,910	$0	$19,743			$19,743
RSVA - Retail Transmission Network Charge	1584	$60,297,064	$6,453,241			$66,750,305	$1,969,184	$753,147			$2,722,331
RSVA - Retail Transmission Connection Charge	1586	$28,085,714	$7,451,237			$35,536,950	$981,663	$375,400			$1,357,063
RSVA - Power (excluding Global Adjustment)[12]	1588	-$18,770,687	-$3,662,931			-$22,433,618	$0	-$261,729			-$261,729
RSVA - Global Adjustment [12]	1589	$85,657,811	$8,710,805			$94,368,616	$2,633,307	$1,177,873			$3,811,180
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595	-$363,600	$0			-$363,600	-$318,137	-$48,826			-$366,963
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595	-$2,483,823	$0			-$2,483,823	$1,563,823	$17,095			$1,580,918
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595	$109,729	$0			$109,729	-$261,355	$1,308			-$260,047
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595	$95,890				$95,890	-$55,626	$1,139			-$54,487
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595	$0	$0			$0	$0	$0			$0
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595	$0				$0	$0				$0
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$50,361,255	-$27,239,665	$0	$0	$23,121,590	$2,328,275	$664,326	$0	$0	$2,992,600
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-$35,296,556	-$35,950,470	$0	$0	-$71,247,026	-$305,032	-$513,547	$0	$0	-$818,579
RSVA - Global Adjustment 12	**1589**	$85,657,811	$8,710,805	$0	$0	$94,368,616	$2,633,307	$1,177,873	$0	$0	$3,811,180
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$87,332,000	-$6,142,424			$81,189,576	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	$0	-$2,679,349			-$2,679,349	$0	-$13,714			-$13,714
Other Regulatory Assets - Sub-Account - EIP	1508	$0	-$155,757	$0	$0	-$155,757	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - Derecognition	1508	$0	-$12,913,378	$0	$0	-$12,913,378	$0	-$41,430	$0	$0	-$41,430
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	-$112,142	-$100,000	$0	$0	-$212,142	-$738	-$1,780	$0	$0	-$2,518
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$0	$339,784	$0	$0	$339,784	$0	$0	$0	$0	$0
Other Regulatory Assets - Sub-Account - OCCP	1508	$0	-$5,844,028	$0	$0	-$5,844,028	$0	-$66,137	$0	$0	-$66,137
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$0	$1,840,000	$0	$0	$1,840,000	$0	$0	$0	$0	$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$87,219,858	-$25,655,152	$0	$0	$61,564,705	-$738	-$123,061	$0	$0	-$123,799
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	-$2,314,616				-$2,314,616	-$151,892	-$27,603			-$179,495
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	-$1,100,000				-$1,100,000	-$66,487	-$13,114			-$79,601
Total of Group 1 and Group 2 Accounts (including 1592)		$134,166,497	-$52,894,817	$0	$0	$81,271,679	$2,109,157	$500,548	$0	$0	$2,609,705
LRAM Variance Account[11]	**1568**	$0	$9,112,988			$9,112,988	$0	$216,135			$216,135
Total including Account 1568		$134,166,497	-$43,781,829	$0	$0	$90,384,667	$2,109,157	$716,683	$0	$0	$2,825,840
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$14,404,067				$14,404,067	$0				$0
Smart Meter OM&A Variance[4]	1556	$0				$0	$0				$0
Meter Cost Deferral Account (MIST Meters)[10]	1557	$0				$0	$0				$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$30,506,428		$0	-$1,558,360	$28,948,068		$0	$0	$0	
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0					

Account Descriptions	Account Number	2016									
		Opening Principal Amounts as of Jan-1-16	Transactions(1) Debit / (Credit) during 2016	OEB-Approved Disposition during 2016	Principal Adjustments(2) during 2016	Closing Principal Balance as of Dec-31-16	Opening Interest Amounts as of Jan-1-16	Interest Jan-1 to Dec-31-16	OEB-Approved Disposition during 2016	Interest Adjustments(2) during 2016	Closing Interest Amounts as of Dec-31-16
Group 1 Accounts											
LV Variance Account	1550	$2,127,459	$312,025	$1,192,584		$1,246,899	$70,940	$15,001	$64,774		$21,166
Smart Metering Entity Charge Variance Account	1551	$127,611	-$379,776	$435,919		-$688,084	$12,957	$14,090	$16,147		$10,900
RSVA - Wholesale Market Service Charge[9]	1580	-$157,236,144	-$26,035,861			-$183,272,005	-$5,641,062	-$1,776,861			-$7,417,923
Variance WMS – Sub-account CBR Class A[9]	1580	$554,306		$554,306		$0	$1,757		$1,757		$0
Variance WMS – Sub-account CBR Class B[9]	1580	$5,967,910	$1,535,334			$7,503,244	$19,743	$14,282	$19,743		$14,282
RSVA - Retail Transmission Network Charge	1584	$66,750,305	-$16,414,401			$50,335,904	$2,722,331	$664,278			$3,386,608
RSVA - Retail Transmission Connection Charge	1586	$35,536,950	-$29,949,890			$5,587,061	$1,357,063	$271,369			$1,628,432
RSVA - Power (excluding Global Adjustment)[12]	1588	-$22,433,618	-$4,099,996		-$804,747	-$27,338,361	-$261,729	-$265,904			-$527,633
RSVA - Global Adjustment [12]	1589	$94,368,616	-$14,088,418		$804,747	$81,084,945	$3,811,180	$1,131,533			$4,942,712
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595	-$363,600		-$363,600		$0	-$366,963	-$26,599	-$393,562		-$0
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595	-$2,483,823		-$2,483,823		-$0	$1,580,918	-$66,708	$1,514,210		-$0
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595	$109,729		$109,729		-$0	-$260,047	-$12,853	-$272,900		$0
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595	$95,890				$95,890	-$54,487	$966			-$53,521
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595	$0	$8,704,230	-$45,304,160		$54,008,390	$0	-$28,061	-$131,074		$103,013
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595	$0				$0	$0				$0
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$23,121,590	-$80,416,753	-$45,859,045	$0	-$11,436,118	$2,992,600	-$65,468	$819,096	$0	$2,108,037
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-$71,247,026	-$66,328,336	-$45,859,045	-$804,747	-$92,521,064	-$818,579	-$1,197,000	$819,096	$0	-$2,834,676
RSVA - Global Adjustment 12	**1589**	$94,368,616	-$14,088,418	$0	$804,747	$81,084,945	$3,811,180	$1,131,533	$0	$0	$4,942,712
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$81,189,576	-$21,022,000			$60,167,576	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	-$2,679,349	-$5,791,209			-$8,470,558	-$13,714	-$54,531			-$68,245
Other Regulatory Assets - Sub-Account - EIP	1508	-$155,757	-$472,141	$0	$0	-$627,897	$0	-$1,154	$0	$0	-$1,154
Other Regulatory Assets - Sub-Account - Derecognition	1508	-$12,913,378	$1,290,093	$0	$0	-$11,623,285	-$41,430	-$169,801	$0	$0	-$211,231
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	-$212,142	-$100,016	$0	$0	-$312,158	-$2,518	-$2,815	$0	$0	-$5,333
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$339,784	$1,653,589	$0	$0	$1,993,373	$0	$7,871	$0	$0	$7,871
Other Regulatory Assets - Sub-Account - OCCP	1508	-$5,844,028	$14,486,588	$0	$0	$8,642,560	-$66,137	-$11,273	$0	$0	-$77,409
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$1,840,000	$1,131,000	$0	$0	$2,971,000	$0	$0	$0	$0	$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$61,564,705	-$8,824,096	$0	$0	$52,740,609	-$123,799	-$231,702	$0	$0	-$355,502
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	-$2,314,616		-$2,314,616		$0	-$179,495	-$4,244	-$183,739		$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	-$1,100,000		-$1,100,000		$0	-$79,601	-$2,017	-$81,619		$2
Total of Group 1 and Group 2 Accounts (including 1592)		$81,271,679	-$89,240,850	-$49,273,661	$0	$41,304,491	$2,609,705	-$303,431	$553,737	$0	$1,752,537
LRAM Variance Account[11]	**1568**	$9,112,988	$4,319,627	$3,452,615	$1,278,369	$11,258,369	$216,135	$109,612	$131,074		$194,673
Total including Account 1568		$90,384,667	-$84,921,223	-$45,821,046	$1,278,369	$52,562,860	$2,825,840	-$193,819	$684,811	$0	$1,947,210
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	$0	-$1,026,599	$0	$0	-$1,026,599	$0	$0	$0	$0	$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$14,404,067	-$3,102,224			$11,301,843	$0	$110,022			$110,022
Smart Meter OM&A Variance[4]	1556	$0				$0	$0				$0
Meter Cost Deferral Account (MIST Meters)[10]	1557	$0				$0	$0				$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$28,948,068	-$9,933,709		$0	$19,014,359	$0	$0	$0	$0	
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0	$0				

Account Descriptions	Account Number	2017 Opening Principal Amounts as of Jan-1-17	Transactions(1) Debit / (Credit) during 2017	OEB-Approved Disposition during 2017	Principal Adjustments(2) during 2017	Closing Principal Balance as of Dec-31-17	Opening Interest Amounts as of Jan-1-17	Interest Jan-1 to Dec-31-17	OEB-Approved Disposition during 2017	Interest Adjustments(2) during 2017	Closing Interest Amounts as of Dec-31-17
Group 1 Accounts											
LV Variance Account	1550	$1,246,899	$394,328	$934,874		$706,353	$21,166	$6,808	$19,906		$8,068
Smart Metering Entity Charge Variance Account	1551	-$688,084	-$113,182	-$308,308		-$492,958	$10,900	-$15,080	-$7,181		$3,001
RSVA - Wholesale Market Service Charge[9]	1580	-$183,272,005	-$25,199,715	-$157,236,144		-$51,235,576	-$7,417,923	-$555,630	-$7,370,570		-$602,984
Variance WMS – Sub-account CBR Class A[9]	1580	$0				$0	$0				$0
Variance WMS – Sub-account CBR Class B[9]	1580	$7,503,244	$524,231	$5,967,910		$2,059,564	$14,282	$20,888	$85,385		-$50,215
RSVA - Retail Transmission Network Charge	1584	$50,335,904	$8,096,178	$66,750,305		-$8,318,223	$3,386,608	-$83,173	$3,456,545		-$153,109
RSVA - Retail Transmission Connection Charge	1586	$5,587,061	$8,333,125	$35,536,950		-$21,616,765	$1,628,432	-$278,307	$1,747,948		-$397,823
RSVA - Power (excluding Global Adjustment)[12]	1588	-$27,338,361	-$3,337,116	-$22,433,618		-$8,241,858	-$527,633	-$93,593	-$508,477		-$112,749
RSVA - Global Adjustment [12]	1589	$81,084,945	$56,920,194	$94,368,616		$43,636,523	$4,942,712	$274,057	$4,812,604		$404,166
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595	$0				$0	-$0				-$0
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595	-$0				-$0	-$0				-$0
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595	-$0				-$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595	$95,890		$95,890		-$0	-$53,521		-$53,433		-$88
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595	$0				$0	$0				$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595	$54,008,390	-$13,829,257			$40,179,133	$103,013	-$18,718		-$993,537	-$909,242
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595	$0	$2,791,740			$2,791,740	$0	$142,065			$142,065
Not to be disposed of until a year after rate rider has expired and that balance has been audited											
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-$11,436,118	$31,788,786	$23,676,474	$0	-$3,323,807	$2,108,037	-$742,748	$2,182,727	-$993,537	-$1,810,976
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-$92,521,064	-$25,131,408	-$70,692,141	$0	-$46,960,331	-$2,834,676	-$1,016,805	-$2,629,877	-$993,537	-$2,215,141
RSVA - Global Adjustment 12	**1589**	$81,084,945	$56,920,194	$94,368,616	$0	$43,636,523	$4,942,712	$274,057	$4,812,604	$0	$404,166
Group 2 Accounts											
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508	$0				$0	$0				$0
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508	$60,167,576	$25,093,000			$85,260,576	$0				$0
Other Regulatory Assets - Sub-Account - CRRRVA	1508	-$8,470,558	-$14,277,069			-$22,747,626	-$68,245	-$208,682			-$276,927
Other Regulatory Assets - Sub-Account - EIP	1508	-$627,897	-$698,387	$0	$0	-$1,326,285	-$1,154	-$3,252	$0	$0	-$4,406
Other Regulatory Assets - Sub-Account - Derecognition	1508	-$11,623,285	-$3,870,968	$0	$0	-$15,494,253	-$211,231	-$192,636	$0	$0	-$403,867
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508	-$312,158	-$100,000	$0	$0	-$412,158	-$5,333	-$4,396	$0	$0	-$9,729
Other Regulatory Assets - Sub-Account - Monthly Billing	1508	$1,993,373	$2,024,793	$0	$0	$4,018,166	$7,871	$37,270	$0	$0	$45,142
Other Regulatory Assets - Sub-Account - OCCP	1508	$8,642,560	$18,394,134	$0	$0	$27,036,693	-$77,409	$212,645	$0	$0	$135,235
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508	$2,971,000	$1,300,000	$0	$0	$4,271,000	$0	$0	$0	$0	$0
Retail Cost Variance Account - Retail	1518	$0				$0	$0				$0
Misc. Deferred Debits	1525	$0				$0	$0				$0
Retail Cost Variance Account - STR	1548	$0				$0	$0				$0
Board-Approved CDM Variance Account	1567	$0				$0	$0				$0
Extra-Ordinary Event Costs	1572	$0				$0	$0				$0
Deferred Rate Impact Amounts	1574	$0				$0	$0				$0
RSVA - One-time	1582	$0				$0	$0				$0
Other Deferred Credits	2425	$0				$0	$0				$0
Group 2 Sub-Total		$52,740,609	$27,865,503	$0	$0	$80,606,113	-$355,502	-$159,051	$0	$0	-$514,552
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592	$0				$0	$0				$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	$0				$0	$2				$2
Total of Group 1 and Group 2 Accounts (including 1592)		$41,304,491	$59,654,289	$23,676,474	$0	$77,282,306	$1,752,537	-$901,798	$2,182,727	-$993,537	-$2,325,526
LRAM Variance Account[11]	**1568**	$11,258,369	$9,612,739	$4,810,834		$16,060,274	$194,673	$156,370	$139,236		$211,807
Total including Account 1568		$52,562,860	$69,267,028	$28,487,308	$0	$93,342,580	$1,947,210	-$745,428	$2,321,963	-$993,537	-$2,113,718
Renewable Generation Connection Capital Deferral Account[8]	1531	$0				$0	$0				$0
Renewable Generation Connection OM&A Deferral Account[8]	1532	$0				$0	$0				$0
Renewable Generation Connection Funding Adder Deferral Account	1533	-$1,026,599	-$1,400,410	$0	$0	-$2,427,009	$0	$0	$0	$0	$0
Smart Grid Capital Deferral Account	1534	$0				$0	$0				$0
Smart Grid OM&A Deferral Account	1535	$0				$0	$0				$0
Smart Grid Funding Adder Deferral Account	1536	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555	$0				$0	$0				$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555	$11,301,843	-$3,985,516			$7,316,327	$110,022	$109,435			$219,457
Smart Meter OM&A Variance[4]	1556	$0				$0	$0				$0
Meter Cost Deferral Account (MIST Meters)[10]	1557	$0				$0	$0				$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575	$19,014,359	-$6,583,043	$0	$0	$12,431,316	$0	$0	$0	$0	$0
Accounting Changes Under CGAAP Balance + Return Component[5]	1576	$0				$0	$0				$0

Account Descriptions	Account Number	2018 Principal Disposition during 2018 - instructed by OEB	Interest Disposition during 2018 - instructed by OEB	Adjustment for 2018 & 2019 forecast	Closing Principal Balances as of Dec 31-17 Adjusted for Dispositions during 2018	Closing Interest Balances as of Dec 31-17 Adjusted for Dispositions during 2018	Projected Interest on Dec-31-17 Balances Projected Interest from Jan 1, 2018 to December 31, 2018 on Dec 31 -17 balance adjusted for disposition during 2018 (6)	Projected Interest from January 1, 2019 to December 31, 2019 on Dec 31 -17 balance adjusted for disposition during 2018 (6)	Total Interest		Total Claim	2.1.7 RRR As of Dec 31-17	Variance RRR vs. 2017 Balance (Principal + Interest)	
Group 1 Accounts														
LV Variance Account	1550	$312,025	$5,861		$394,328	$2,207	$7,068	$7,453	$16,729		$411,056.75	$714,420	-$1	*Rounding*
Smart Metering Entity Charge Variance Account	1551	-$379,776	$13,241		-$113,182	-$10,240	-$8,836	-$9,317	-$28,393		-$141,575.19	-$489,957	-$0	
RSVA - Wholesale Market Service Charge[9]	1580	-$26,035,861	-$498,414		-$25,199,715	-$104,570	-$451,705	-$476,275	-$1,032,549		-$26,232,264.19	-$49,829,210	$2,009,350	
Variance WMS – Sub-account CBR Class A[9]	1580				$0	$0			$0		$0.00	$0	$0	
Variance WMS – Sub-account CBR Class B[9]	1580	$1,535,334	-$52,680		$524,230	$2,465	$9,397	$9,908	$21,770		$545,999.96	$0	-$2,009,349	
RSVA - Retail Transmission Network Charge	1584	-$16,414,401	-$205,715		$8,096,178	$52,606	$145,124	$153,018	$350,747		$8,446,925.44	-$8,471,333	-$0	
RSVA - Retail Transmission Connection Charge	1586	-$29,949,890	-$446,320		$8,333,125	$48,497	$149,371	$157,496	$355,364		$8,688,489.35	-$22,014,588	-$0	
RSVA - Power (excluding Global Adjustment)[12]	1588	-$4,904,742	-$98,572		-$3,337,116	-$14,177	-$59,818	-$63,071	-$137,067		-$3,474,183.01	-$8,354,608	$0	
RSVA - Global Adjustment [12]	1589	-$13,283,670	$57,211		$56,920,193	$346,955	$1,020,294	$1,075,792	$2,443,041		$59,363,234.28	$44,040,688	-$1	*Rounding*
Disposition and Recovery/Refund of Regulatory Balances (2009)[7]	1595				$0	-$0			-$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2010)[7]	1595				-$0	-$0			-$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2011)[7]	1595				-$0	$0			$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2012)[7]	1595				$0	$0			$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2013)[7]	1595				-$0	-$88			-$88	☐Check to Dispose of Account	$0.00	$0	$88	*Immaterial difference*
Disposition and Recovery/Refund of Regulatory Balances (2014)[7]	1595				$0	$0			$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2015)[7]	1595				$0	$0			$0	☐Check to Dispose of Account	$0.00	$0	$0	
Disposition and Recovery/Refund of Regulatory Balances (2016)[7]	1595				$40,179,133	-$909,242			-$909,242	☐Check to Dispose of Account	$0.00	$39,269,891	$1	*Rounding*
Disposition and Recovery/Refund of Regulatory Balances (2017)[7]	1595				$2,791,740	$142,065			$142,065	☐Check to Dispose of Account	$0.00	$2,933,805	-$0	
Not to be disposed of until a year after rate rider has expired and that balance has been audited														
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-$89,120,981	-$1,225,388		$85,797,174	-$585,588	$810,896	$855,003	$1,080,311		$47,607,683.39	-$5,134,696	$87	
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-$75,837,311	-$1,282,599		$28,876,980	-$932,542	-$209,399	-$220,788	-$1,362,729		-$11,755,550.89	-$49,175,384	$88	
RSVA - Global Adjustment 12	**1589**	-$13,283,670	$57,211		$56,920,193	$346,955	$1,020,294	$1,075,792	$2,443,041		$59,363,234.28	$44,040,688	-$1	
Group 2 Accounts														
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508				$0	$0			$0		$0.00		$0	
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508				$0	$0			$0		$0.00		$0	
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[3]	1508				$0	$0			$0		$0.00		$0	
Other Regulatory Assets - Sub-Account - Impact for USGAAP Deferral	1508			$0	$85,260,576	$0	$0	$0	$0	☐Check to Dispose of Account	$85,260,576.00	$85,260,576	-$0	
Other Regulatory Assets - Sub-Account - CRRRVA	1508			-$34,868,480	-$57,616,106	-$276,927	-$576,771	-$956,327	-$1,810,025	☐Check to Dispose of Account	-$59,426,130.45	-$23,024,553	-$0	
Other Regulatory Assets - Sub-Account - EIP	1508			-$921,078	-$2,247,363	-$4,406	-$40,017	-$39,348	-$83,771	☐Check to Dispose of Account	-$2,331,133.98	-$1,330,691	-$0	
Other Regulatory Assets - Sub-Account - Derecognition	1508			-$25,262,942	-$40,757,196	-$403,867	-$291,629	-$618,290	-$1,313,786	☐Check to Dispose of Account	-$42,070,982.24	-$15,898,121	$0	
Other Regulatory Assets - Sub-Account - Wireless Attachments	1508			-$200,000	-$612,158	-$9,729	-$8,930	-$11,412	-$30,071	☐Check to Dispose of Account	-$642,229.80	-$421,887	-$0	
Other Regulatory Assets - Sub-Account - Monthly Billing	1508			$7,464,365	$11,482,531	$45,142	$100,312	$176,163	$321,617	☐Check to Dispose of Account	$11,804,147.98	$4,063,307	-$0	
Other Regulatory Assets - Sub-Account - OCCP	1508			-$96,754,354	-$69,717,661	$135,235	-$583,365	-$968,487	-$1,416,616	☐Check to Dispose of Account	-$71,134,277.43	$27,171,929	$0	
Other Regulatory Assets - Sub-Account - OPEB Cash vs. Accrual	1508			$4,674,000	$8,945,000	$0	$0	$0	$0	☐Check to Dispose of Account	$8,945,000.00	$4,271,000	$0	
Retail Cost Variance Account - Retail	1518				$0	$0			$0		$0.00		$0	
Misc. Deferred Debits	1525				$0	$0			$0	☐Check to Dispose of Account	$0.00		$0	
Retail Cost Variance Account - STR	1548				$0	$0			$0		$0.00		$0	
Board-Approved CDM Variance Account	1567				$0	$0			$0		$0.00		$0	
Extra-Ordinary Event Costs	1572				$0	$0			$0		$0.00		$0	
Deferred Rate Impact Amounts	1574				$0	$0			$0		$0.00		$0	
RSVA - One-time	1582				$0	$0			$0		$0.00		$0	
Other Deferred Credits	2425				$0	$0			$0	☐Check to Dispose of Account	$0.00		$0	
Group 2 Sub-Total		$0	$0		-$65,262,377	-$514,552	-$1,400,400	-$2,417,701	-$4,332,653		-$69,595,029.92	$80,091,560	-$1	
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592				$0	$0			$0		$0.00	-$0	-$0	
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592				$0	$2			$2		$2.17	$0	-$2	*Rounding*
Total of Group 1 and Group 2 Accounts (including 1592)		-$89,120,981	-$1,225,388		$20,534,797	-$1,100,138	-$589,504	-$1,562,698	-$3,252,340		-$21,987,344.36	$74,956,864	$84	
LRAM Variance Account[11]	**1568**	$6,447,545	$121,812		$9,612,729	$89,995			$89,995		$9,702,724.17	$16,272,081	-$0	
Total including Account 1568		-$82,673,436	-$1,103,576		$30,147,526	-$1,010,142	-$589,504	-$1,562,698	-$3,162,345		-$12,284,620.19	$91,228,945	$84	
Renewable Generation Connection Capital Deferral Account[8]	1531				$0	$0			$0		$0.00		$0	
Renewable Generation Connection OM&A Deferral Account[8]	1532				$0	$0			$0		$0.00		$0	
Renewable Generation Connection Funding Adder Deferral Account	1533	$0	$0	-$2,707,856	-$5,134,865	$0	$0	$0	$0		-$5,134,864.93	-$2,427,009	$0	
Smart Grid Capital Deferral Account	1534				$0	$0			$0		$0.00		$0	
Smart Grid OM&A Deferral Account	1535				$0	$0			$0		$0.00		$0	
Smart Grid Funding Adder Deferral Account	1536				$0	$0			$0		$0.00		$0	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[4]	1555				$0	$0			$0		$0.00		$0	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[4]	1555				$0	$0			$0		$0.00		$0	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[4]	1555			-$8,703,571	-$1,387,244	$219,457			$219,457		$0.00	$7,535,784	$0	
Smart Meter OM&A Variance[4]	1556				$0	$0			$0		$0.00		$0	
Meter Cost Deferral Account (MIST Meters)[10]	1557				$0	$0			$0		$0.00		$0	
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[5]	1575			-$13,989,676	-$1,558,360		$0			☐Check to Dispose of Account	$0.00	$12,431,316	$0	
Accounting Changes Under CGAAP Balance + Return Component[5]	1576				$0					☐Check to Dispose of Account	$0.00		$0	

Notes

1 For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transactions during the year. Do not include interest, adjustments, or OEB approved dispositions in this column.

2 Please provide explanations for the nature of the adjustments. If the adjustment relates to previously OEB Approved disposed balances, please provide amounts for adjustments and include supporting documentations.

3 As per the January 6, 2011 Letter from the OEB regarding the implementation of the Ontario Clean Energy Benefit:

"By way of exception... The Board does anticipate that licensed distributors that cannot adapt their invoices as of January 1, 2011 will require a variance account for OCEB purposes... The Board expects that any principal balances in "Sub account Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act" will be addressed through the monthly settlement process with the IESO or the host distributor, as applicable."

4 Deferral accounts related to Smart Meter deployment are not to be recovered/refunded through the Deferral and Variance Account rate rider. For details on how to dispose of balances in Smart Meter accounts see the OEB's Guideline: Smart Meter Disposition and Cost Recovery (G-2011-0001)

The Stranded meters were approved for clearing by OEB as of FY 2016. The balances are cleared in the account 1555 (Stranded meter accounts). there is no claim balances to this account as of Dec 2017. The balance left in the account is the remaining recoveries.

5 The OEB requires that disposition of Account 1575 and Account 1576 shall require the use of separate rate riders. In the "Adjustments during 2016" column of the continuity schedule, please enter the amounts to be included in the Account 1575 and 1576 rate rider calculation from the applicable Chapter 2-E appendix line "Amount included in Deferral and Variance Account Rate Rider Calculation".

Depending on the disposition period, balances may exist in Account 1575 and Account 1576 even if the accounts have been approved for disposition in a previous decision. Report these account balances in the continuity schedule if this is the case and leave the checkbox "Check to Dispose of Account" in the Total Claim column unchecked.

6 If the LDC's rate year begins on January 1, 2018, the projected interest is recorded from January 1, 2017 to December 31, 2017 on the December 31, 2016 balances adjusted for the disposed balances approved by the OEB in the 2017 rate decision. If the LDC's rate year begins on May 1, 2018, the projected interest is recorded from January 1, 2017 to April 30, 2018 on the December 31, 2016 balances adjusted for the disposed interest balances approved by the OEB in the 2017 rate decision.

7 The individual sub-accounts as well as the total for all Account 1595 sub-accounts are to agree to the RRR data. Differences need to be explained.

For each Account 1595 sub-account, the transfer of the balance approved for disposition into Account 1595 is to be recorded in the "OEB Approved Disposition" column. The recovery/refund is to be recorded in the "Transaction" column. The two are not to be netted together and recorded in one column in the first year.

The audited balance in the account is only to be disposed a year after the recovery/refund period has been completed. Generally, no further transactions would be expected to flow through the account after that. Any vintage year of Account 1595 is only to be disposed once on a final basis. No further dispositions of these accounts are generally expected thereafter, unless justified by the distributor. Select the "Check to dispose of account" checkbox in Total Claims column if the account is requested for disposition.

8 As per the Filing Requirements for 2018 rate applications, request for rate protection on eligible investments are subject to a materiality threshold. If the materiality threshold is met, per the APH March 2015 Guidance, the Direct Benefits portion of Account 1531 should be transferred to rate base. The Direct Benefits portion of Account 1532 should be included in the DVA continuity schedule to be requested for disposition. In this continuity schedule, Account 1531 is listed for reference only. Account 1532 is included in the Group 2 allocation of balances that are used to calculate the rate riders. Only input the Direct Benefits portion of the account balances in this continuity schedule.

9 Account 1580 RSVA WMS balance inputted into this schedule is to exclude any amounts relating to CBR. CBR amounts are to be inputted into Account 1580, sub-accounts CBR Class A and B separately. There is no disposition of Account 1580, sub-account CBR Class A, accounting guidance for this sub-account is to be followed. If a balance exists for Account 1580, sub-account CBR Class A as at Dec. 31, 2016, the balance must be explained.

10 Account 1557 is to be recovered in a manner similar to the Smart Meter accounts. Distributors should request for disposition upon completion of the MIST meter deployment. A prudence review and disposition should be done in the application, outside of this continuity schedule.

11 Input the LRAMVA balance in the continuity schedule as calculated from the LRAMVA model. The associated rate riders will be calculated in the DVA continuity schedule.

12 Effective May 23, 2017, per the OEB's letter titled *Guidance on Disposition of Accounts 1588 and 1589* , applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in Accounts 1588 and 1589 . This is to include true ups that impact the GA as well. The amount requested for disposition starts with the audited account balance. If the audited account balance does not reflect the true-up claims for that year, the impacts of the true-up claims are to be shown in the Adjustment column in that year. Note that this true-up claim will need to be reversed in the amount requested for disposition in the following year. However, if the RPP Settlement true-up claim was not reflected at the end of the last year of the account balance that was previously disposed, then no adjustment would have to be made in the first year at the beginning of the current period being requested for disposition. This way the adjustment is appropriately captured in the last year of the previously disposed period and the first year of the current period requested for disposition.

Note that if a distributor has any balance in Account 1589 that pertains to Class A, this must be excluded from the balance requested for disposition.

December 31, 2017 - Reconciliation of Sale of Electricity and Cost of Power Expense
Filing Requirement 2.9 - Deferral and Variance Accounts

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

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

Table 1: Sale of Electricity and Cost of Power Expense

SALE OF ELECTRICITY		
USofA		**Dec 31 2017 RRR ($,000's)**
4006	Residential Energy Sales	-474,761
4010	Commercial Energy Sales	-1,569,021
4020	Energy Sales to Large Users	-181,584
4025	Street Lighting Energy Sales	-19,279
4035	General Energy Sales	-251,022
4050	Revenue Adjustment	39,211
4062	Billed WMS	-100,285
4066	Billed NW	-151,982
4068	Billed CN	-113,436
4075	Billed - LV	0
	Total Sale of Electricity Revenue	**-2,822,160**
	Board filing 2.1.13 Sale of Electricity	**-2,822,160**
COST OF POWER EXPENSE		
USofA		**Dec 31 2017 RRR ($,000's)**
4705	Power Purchased	1,172,692
4707	Charges - Global Adjustment	1,283,765
4708	Charges-WMS	100,285
4714	Charges-NW	151,982
4716	Charges-CN	113,436
4750	Charges - LV	0
	Total Cost of Power Expense	**2,822,160**
	Board filing 2.1.13 Cost of Power Expense	**2,822,160**

December 31, 2017 - Sale of Electricity and Cost of Power Expense
THESL Audited Financial Statements (AFS) Mapped to USofA Accounts
Filing Requirement 2.9 - Deferral and Variance Accounts

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

Table 2: USofA Balances Mapped and Reconciled to the AFS - Sale of Electricity and Cost of Power Expense - Year ended December 31, 2017

	THESL Consolidated Audited 2017	**Less: Net Movement adjustment**	**Adjusted THESL Consolidated Audited 2017**	**Dec 31 2017 RRR**	**Difference**	**Notes**
	($,000s)	($,000s)	($,000s)	($,000s)	($,000s)	
	(1)	(2)	(3)=(1)-(2)	(4)	(5)=(3)-(4)	
Sale of electricity	-3,017,754	-28,013	-2,989,741	**-2,822,160**	-167,581	**1**
Cost of power expense	3,063,485	73,744	2,989,741	**2,822,160**	167,581	**2**

Note 1: "Sale of electricity" difference of ($167,581): Adjusted AFS balance of ($2,989,741) versus RRR balance of ($2,822,160), as follows:	**($,000s)**
For RRR Reporting, THESL booked to "Cost of Power expense" the amount of the IESO settlement invoices charge type 142, in the credit amount of $167,581.	
For the AFS, THESL book IESO settlement invoices charge type 142 to COP revenue.	-167,581

Note 2: "Cost of power expense" difference of $167,581: Adjusted AFS balance of $2,989,741 versus RRR balance of $2,822,160, as follows:	**($,000s)**
For RRR Reporting, THESL booked to "Cost of Power expense" the amount of the IESO settlement invoices charge type 142, in the credit amount of $167,581.	
For the AFS, THESL book IESO settlement invoices charge type 142 to COP revenue.	167,581

Rate Riders Development

	% to split by Class	Total	Residential	CS Muti-Units Residential	GS < 50 kW	GS - 50 to 999 kW	GS > 1,000 to 4,999 kW	Large User =>5,000 kW	Street Lighting	USL (Connections)	USL (Customer)
	Allocators										
	2016 kWh	100.0%	20.0%	0.9%	9.6%	40.6%	19.4%	8.8%	0.5%	0.2%	0.0%
	2017 Distribution Revenue	100.0%	39.7%	3.7%	14.2%	27.0%	8.5%	4.4%	2.0%	0.5%	0.0%
	2020 Revenue Offsets	100.0%	49.2%	4.0%	20.4%	18.3%	3.5%	1.5%	2.3%	0.8%	0.0%
	2009/10 Reg Assets Allocation	100.0%	18.2%	0.7%	8.2%	42.4%	19.6%	10.2%	0.5%	0.2%	0.0%
	2013 Non-RPP kWh	100.0%	2.1%	0.0%	2.4%	48.3%	31.0%	15.4%	0.8%	0.0%	0.0%
	LRAMVA	100.0%	7.2%	0.3%	29.8%	48.2%	7.3%	7.3%	0.0%	0.0%	0.0%
	2013 SM Entity Rider Recovery	100.0%	85.2%	5.2%	9.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Stranded Meters	100.0%	51.4%	0.0%	31.8%	16.8%	0.0%	0.0%	0.0%	0.0%	0.0%
	2020 kWh forecast	100.0%	19.3%	1.2%	9.7%	41.0%	19.5%	8.6%	0.5%	0.2%	0.0%
	Monthly Billing Conversion	100.0%	89.6%	0.0%	10.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Distribution Revenue GS>50 kW	100.0%	0.0%	0.0%	0.0%	63.6%	20.0%	10.5%	4.7%	1.2%	0.0%
	AR Credits	100.0%	83.5%	0.0%	15.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Allocators 5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Allocators 6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Allocators 7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Allocators 8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Allocators 9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	RA Balance by Class	Allocators (Drop Down)	Total	Residential	CS Muti-Units Residential	GS < 50 kW	GS - 50 to 999 kW	GS > 1,000 to 4,999 kW	Large User =>5,000 kW	Street Lighting	USL (Connections)	USL (Customer)
1	Stranded Meters	Stranded Meters	- 1,387,244	- 713,195	-	- 441,086	- 232,962	-	-	-	-	-
2	Wireless pole attachments Rev	2020 Revenue Offsets	- 642,230	- 316,243	- 25,559	- 131,157	- 117,558	- 22,533	- 9,534	- 14,644	- 5,003	-
3	Impact for USGAAP (Actuarial loss on OPEB)	2017 Distribution Revenue	85,260,576	33,832,134	3,161,726	12,064,619	23,036,048	7,256,312	3,784,727	1,690,071	434,940	-
4	IFRS-CGAAP PP&E	2017 Distribution Revenue	- 1,558,360	- 618,371	- 57,789	- 220,512	- 421,044	- 132,628	- 69,176	- 30,890	- 7,950	-
5	CRRRVA	2017 Distribution Revenue	- 59,426,130	- 23,580,802	- 2,203,705	- 8,408,970	- 16,055,993	- 5,057,608	- 2,637,933	- 1,177,969	- 303,151	-
6	Monthly Billing (OpEx)	Monthly Billing Conversion	15,845,692	14,205,293	-	1,640,399	-	-	-	-	-	-
7	Monthly Billing	Monthly Billing Conversion	- 4,041,544	- 3,623,150	-	- 418,394	-	-	-	-	-	-
8	External Driven Capital	2017 Distribution Revenue	- 2,331,134	- 925,014	- 86,446	- 329,862	- 629,835	- 198,397	- 103,479	- 46,209	- 11,892	-
9	OPEB cash vs accrual	2017 Distribution Revenue	8,945,000	3,549,453	331,708	1,265,743	2,416,796	761,286	397,070	177,312	45,631	-
10	Derecognition	2017 Distribution Revenue	- 42,070,982	- 16,694,129	- 1,560,122	- 5,953,166	- 11,366,908	- 3,580,555	- 1,867,536	- 833,949	- 214,617	-
11	Deferred Gain on disposals	2017 Distribution Revenue	- 11,749,417	- 4,662,270	- 435,705	- 1,662,577	- 3,174,505	- 999,963	- 521,558	- 232,902	- 59,937	-
12	Operations Consolidation Plan Sharing Variance	2017 Distribution Revenue	- 71,134,277	- 28,226,696	- 2,637,879	- 10,065,706	- 19,219,347	- 6,054,058	- 3,157,659	- 1,410,053	- 362,878	-
13	Excess Expansion Deposits	Distribution Revenue GS>50 kW	- 5,473,272	-	-	-	- 3,482,742	- 1,097,057	- 572,200	- 255,516	- 65,757	-
14	AR Credits	AR Credits	- 3,407,868	- 2,844,480	-	- 510,430	- 52,044	- 415	-	-	- 499	-
	Total		- 93,171,192	- 30,617,471	- 3,513,770	- 13,171,100	- 29,300,095	- 9,125,615	- 4,757,278	- 2,134,750	- 551,113	

	Load / Customers / Devices / Connections Forecast		Total	Residential	CS Muti-Units Residential	GS < 50 kW	GS - 50 to 999 kW	GS > 1,000 to 4,999 kW	Large User =>5,000 kW	Street Lighting	USL (Connections)	USL (Customer)
	2020 Forecast Dist Billing Determinants (Jan - Dec)											
	kVA		40,408,069	NA	NA	NA	24,899,249	10,392,864	4,789,334	326,622	NA	-
	kWh		23,371,287,137	4,510,636,914	277,127,203	2,267,638,936	9,587,728,582	4,561,528,177	2,009,923,443	115,390,403	41,313,479	-
	Number of Customers		784,331	615,965	85,161	71,499	10,374	430	44	1	-	857
	Devices/Connections		177,564	NA	NA	NA	NA	NA	NA	165,292	12,272	-

	Rate Riders	RR Pass-through or not	Proposed Recovery Period (years)	Amount	Allocators	Rate Rider Start Year	Rate Rider End Year	Billing Unit	Residential	CS Muti-Units Residential	GS < 50 kW	GS - 50 to 999 kW	GS > 1,000 to 4,999 kW	Large User =>5,000 kW	Street Lighting	USL (Connections)	USL (Customer)
	Volumetric Rate Riders																
1	Stranded Meters	Not Pass-through	5.00	- 1,387,244	Stranded Meters	2020	2024	Customers ¹	- 0.02	-	- 0.10	- 0.37	-	-	-	-	-
2	Wireless pole attachments Rev	Not Pass-through	5.00	- 642,230	2020 Revenue Offsets	2020	2024	Cust.+ Usage ¹	- 0.01	-	- 0.00001	- 0.00090	- 0.00040	- 0.00040	- 0.00880	- 0.00002	-
3	Impact for USGAAP (Actuarial loss on OPEB)	Not Pass-through	5.00	85,260,576	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	0.90	0.61	0.00106	0.18250	0.13770	0.15590	1.02070	0.00211	-
4	IFRS-CGAAP PP&E	Not Pass-through	5.00	- 1,558,360	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.02	- 0.01	- 0.00002	- 0.00330	- 0.00250	- 0.00280	- 0.01870	- 0.00004	-
5	CRRRVA	Not Pass-through	5.00	- 59,426,130	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.63	- 0.43	- 0.00074	- 0.12720	- 0.09600	- 0.10860	- 0.71140	- 0.00147	-
6	Monthly Billing (OpEx)	Not Pass-through	5.00	15,845,692	Monthly Billing Conversion	2020	2024	Cust.+ Usage ¹	0.38	-	0.00014	-	-	-	-	-	-
7	Monthly Billing	Not Pass-through	5.00	- 4,041,544	Monthly Billing Conversion	2020	2024	Cust.+ Usage ¹	- 0.10	-	- 0.00004	-	-	-	-	-	-
8	External Driven Capital	Not Pass-through	5.00	- 2,331,134	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.02	- 0.02	- 0.00003	- 0.00500	- 0.00380	- 0.00430	- 0.02790	- 0.00006	-
9	OPEB cash vs accrual	Not Pass-through	5.00	8,945,000	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	0.09	0.06	0.00011	0.01910	0.01440	0.01640	0.10710	0.00022	-
10	Derecognition	Not Pass-through	5.00	- 42,070,982	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.45	- 0.30	- 0.00053	- 0.09010	- 0.06800	- 0.07690	- 0.50370	- 0.00104	-
11	Deferred Gain on disposals	Not Pass-through	5.00	- 11,749,417	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.12	- 0.08	- 0.00015	- 0.02510	- 0.01900	- 0.02150	- 0.14070	- 0.00029	-
12	Operations Consolidation Plan Sharing Variance	Not Pass-through	5.00	- 71,134,277	2017 Distribution Revenue	2020	2024	Cust.+ Usage ¹	- 0.75	- 0.51	- 0.00089	- 0.15230	- 0.11490	- 0.13010	- 0.85160	- 0.00176	-
13	Excess Expansion Deposits	Not Pass-through	5.00	- 5,473,272	Distribution Revenue GS>50 kW	2020	2024	Cust.+ Usage ¹	-	-	-	- 0.02760	- 0.02080	- 0.02360	- 0.15430	- 0.00032	-
14	AR Credits	Not Pass-through	5.00	- 3,407,868	AR Credits	2020	2024	Cust.+ Usage ¹	- 0.08	-	- 0.00005	- 0.00040	-	-	-	-	-

¹ "Customers" means Residential, GS < 50 kW and GS 50 to 999 kW rates recovery are based on $/cust/30 days
¹ "Cust.+Usage" means Residential and CSMUR rates recovery are based on $/cust/30 days and all other Rate classes recovery are based on $/kWh or $/kVA or $/Device or $/Connection