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BY E-MAIL

January 30, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (Toronto Hydro)
Application for 2020-2024 Rates
Submission of Proposed Issues List
Board File Number: EB-2018-0165**

In accordance with the Decision on Confidentiality and Procedural Order No. 2, OEB staff advises the OEB that parties have come to an agreement regarding an issues list for Toronto Hydro's 2020-2024 distribution rate application. The proposed issues list is attached.

Yours truly,

Original Signed By

Lawrie Gluck
Case Manager

cc: All parties in EB-2018-0165

**Proposed Issues List
EB-2018-0165
Toronto Hydro-Electric System Limited
2020-2024 Rates**

1.0 General

- 1.1 Has Toronto Hydro responded appropriately to all relevant OEB directions from previous proceedings?
- 1.2 Is the proposed effective date of January 1, 2020 appropriate?
- 1.3 Are the rates and bill impacts resulting from Toronto Hydro's application appropriate?

2.0 Custom Incentive Rate-setting

- 2.1 Are all elements of Toronto Hydro's Custom Incentive Rate-setting proposal for the determination of rates appropriate?
- 2.2 Is Toronto Hydro's proposed custom scorecard appropriate?

3.0 Rate Base and Capital Plan

- 3.1 Are the proposed 2020-2024 rate base amounts (including the working capital allowance amounts) reasonable?
- 3.2 Is the level of proposed 2020-2024 capital expenditures and capital in-service additions, arising from the distribution system plan, appropriate and is the rationale for planning and pacing choices appropriate and adequately explained?
- 3.3 Is the proposed treatment of renewable enabling improvement investments appropriate?

4.0 Load and Other Revenue Forecast

- 4.1 Is Toronto Hydro's 2020-2024 load forecast reasonable?

- 4.2 Are Toronto Hydro's 2020 other revenue and shared services forecasts reasonable?

5.0 Operations, Maintenance and Administration (OM&A) Costs, Depreciation Expenses and Payments in Lieu of Taxes (PILs) Amounts

- 5.1 Is the level of proposed 2020 OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained?
- 5.2 Are Toronto Hydro's proposed depreciation expenses (including decommissioning provision and derecognition) for 2020-2024 appropriate?
- 5.3 Are Toronto Hydro's proposed PILs and other tax amounts for 2020-2024 appropriate?

6.0 Cost of Capital

- 6.1 Are Toronto Hydro's proposed 2020-2024 cost of capital amounts (interest on debt and return on equity) appropriate?

7.0 Cost Allocation and Rate Design

- 7.1 Are Toronto Hydro's cost allocation and revenue-to-cost ratio proposals appropriate?
- 7.2 Are Toronto Hydro's proposals for rate design (including, but not limited to, fixed / variable split, loss factors, retail transmission service rates, specific and other service charges) appropriate?
- 7.3 Is Toronto Hydro's approach to cost responsibility for customer service charges under its conditions of service appropriate?

8.0 Accounting and Deferral and Variance Accounts

- 8.1 Have the impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate treatment of each of these impacts appropriate?

- 8.2 Are Toronto Hydro's proposals for the disposition of balances in existing deferral and variance accounts and other amounts appropriate?
- 8.3 Are Toronto Hydro's proposals for the establishment of new accounts, closing of existing accounts or continuation of existing accounts appropriate?