

**Andrew J. Sasso**  
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July 3, 2019

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

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")  
Custom Incentive Rate-setting ("Custom IR") Application for 2020-2024 Electricity Distribution  
Rates and Charges- Update to Appendix 2-M  
OEB File No. EB-2018-0165**

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With this letter, Toronto Hydro is updating its Custom IR application costs, which are a subset of Toronto Hydro's total OM&A costs. This update reflects Toronto Hydro's latest actuals and forecasts. Program and total OM&A requests are accordingly adjusted upwards by \$939,885, which is the difference between the previously filed application costs and this updated forecast.

Enclosed is a revised Appendix 2-M, originally updated January 21, 2019 (Exhibit 4A, Tab 2, Schedule 18, Appendix A). Reflecting this update in Program and total OM&A evidence will occur during the Draft Rate Order process.

Panel 2 can address any questions related to this updated evidence.

Yours truly,

A handwritten signature in blue ink that reads "Andrew J. Sasso".

**Andrew J. Sasso**  
Director, Regulatory Affairs  
Toronto Hydro-Electric System Limited

cc: Lawrie Gluck, OEB Case Manager  
Michael Miller, OEB Counsel  
Parties of Record  
Amanda Klein, Toronto Hydro  
Daliana Coban, Toronto Hydro  
Charles Keizer, Torys

**OEB Appendix 2-M**  
**Regulatory Cost Schedule**

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

Regulatory Cost Category	USoA Account	USoA Account Balance	Last Rebasement Year (2015 Board Approved)	Last Rebasement Year (2015 Actual)	Most Current Actuals Year 2017	2018 Bridge Year	Annual % Change	2020 Test Year	Annual % Change
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J)=[(I)-(G)]/(G)
<b>Regulatory Costs (Ongoing)</b>									
1 OEB Annual Assessment			\$ 3,270,672	\$ 3,169,065	\$ 3,415,249	\$ 4,007,971	17.36%	\$ 4,297,340	7.22%
2 OEB Section 30 Costs (OEB-initiated)			\$ 200,658	\$ 268,638	\$ 54,909	\$ 150,000	173.18%	\$ 156,060	4.04%
3 Expert Witness costs for regulatory matters									
4 Legal costs for regulatory matters									
5 Consultants' costs for regulatory matters									
6 Operating expenses associated with staff resources allocated to regulatory matters									
7 Operating expenses associated with other resources allocated to regulatory matters <sup>1</sup>									
8 Other regulatory agency fees or assessments			\$ 800	\$ 800	\$ 800	\$ 800	0.00%	\$ 800	0.00%
9 Any other costs for regulatory matters (please define)									
10 Intervenor costs									
11									
12									
<b>Regulatory Costs (One-Time)</b>									
1 Expert Witness costs			note 4	note 4				note 4	
2 Legal costs			\$ 2,738,150	\$ 1,842,785				\$ 3,775,000	
3 Consultants' costs			\$ 2,583,178	\$ 2,773,742				\$ 3,742,000	
4 Incremental operating expenses associated with staff resources allocated to this application.									
5 Incremental operating expenses associated with other resources allocated to this application. <sup>1</sup>									
6 Intervenor costs			\$ 650,000	\$ 837,076				\$ 1,200,000	
7 OEB Section 30 Costs (application-related)				\$ 438,714				\$ 700,000	
8 Operating Expenses - Printing				\$ 167,845				\$ 154,534	
9 Operating Expenses - Miscellaneous				\$ 7,596				\$ 14,416	
10									
1 Sub-total - Ongoing Costs <sup>2</sup>		\$ -	\$ 3,472,130	\$ 3,438,503	\$ 3,470,958	\$ 4,158,771	19.82%	\$ 4,454,200	7.10%
2 Sub-total - One-time Costs <sup>3</sup>		\$ -	\$ 5,971,328	\$ 6,067,757	\$ -	\$ -		\$ 9,585,950	
3 Total		\$ -	\$ 9,443,458	\$ 9,506,261	\$ 3,470,958	\$ 4,158,771	19.82%	\$ 14,040,015	237.60%

/C  
/C

<b>Application-Related One-Time Costs</b>	<b>Total</b>
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 9,585,950
1/5 of Total One-Time Costs	\$ 1,917,190

**Notes:**

- <sup>1</sup> Please identify the resources involved.
- <sup>2</sup> Sum of all ongoing costs.
- <sup>3</sup> Sum of all one-time costs.
- <sup>4</sup> Expert Witness and Consulting costs are aggregated.