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January 28, 2020

Via RESS

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

Dear Ms. Walli:

**Re: EB-2018-0165, Toronto Hydro-Electric System Limited ("Toronto Hydro"), Custom Incentive Rate-setting ("Custom IR") Application for 2020-2024 Electricity Distribution Rates and Charges – Draft Rate Order Narrative Update**

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On January 21, 2020, Toronto Hydro filed its Draft Rate Order ("DRO") pursuant to the timelines set out in the OEB's Decision and Order issued on December 19, 2019. At the request of OEB Staff, Toronto Hydro is filing a minor update to the DRO Narrative to clarify the items summarized in Table 1 below. For ease of reference, the updated parts of the DRO narrative are marked by /C.

Physical copies of the updated DRO will follow via courier.

**Table 1: List of Updates**

	<b>Topic</b>	<b>Update</b>	<b>Reference</b>
1	In-Service Additions ("ISAs")	Statement confirming the methodology for calculating adjusted ISAs.	Page 4
2	Renewable Enabling Improvements ("REI")	Clarification that the updated REI revenue requirement is based on in-service additions.	Page 5
3	Depreciation and Amortization Expense	Breakdown of the adjusted depreciation expense into depreciation and derecognition amounts.	Page 6 and Table 7 on Page 10
4	Updated Group 2 Deferral and Variance Account Balances	Variance explanation for the Capital Related Revenue Requirement Variance Account balance.	Page 13

***Intention to File Updates to Forecast Group 2 DVA Balances***

In its Decision and Order, the OEB directed Toronto Hydro to update the forecasted Group 2 Deferral and Variance Account balances. Toronto Hydro filed this information in the January 21 DRO based on the best available forecasts as of mid-December 2019. Since then, Toronto Hydro obtained more up-to-date information through its year-end close-out process, and as a result the utility expects that the 2019 in-service additions are lower than forecasted as part of the DRO. Toronto Hydro intends to update the CRRRVA and Derecognition balances accordingly in its Reply Submission which will be filed on February 10, 2020.

Please contact me directly if you have any questions or concerns.

Respectfully,

A handwritten signature in black ink, appearing to read 'D Coban', written over a horizontal line.

**Daliana Coban**

Director, Regulatory Applications and Business Support  
Toronto Hydro-Electric System Limited

cc: Lawrie Gluck, OEB Case Manager  
Michael Millar, OEB Counsel  
Parties of Record  
Amanda Klein, Toronto Hydro  
Andrew Sasso, Toronto Hydro  
Charles Keizer, Torys LLP