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October 20, 2023

Via RESS

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Application to Finalize 2024 Electricity Distribution Rates and Charges
OEB File No. EB-2023-0054 – Interrogatory Responses**

Please find enclosed Toronto Hydro's responses to interrogatories received on October 4, 2023 from OEB Staff and the officer's certificate that the responses do not contain any personal information.

Please contact me directly if you have any questions.

Respectfully,

A handwritten signature in dark ink, appearing to read "Deniz H. Oktem", with a stylized flourish at the end.

Deniz H. Oktem

Senior Manager, Regulatory Services
Toronto Hydro-Electric System Limited

OFFICER'S CERTIFICATE – PERSONAL INFORMATION

As the Executive Vice President, External Affairs, Corporate Development and Chief Legal Officer of Toronto Hydro-Electric System Limited ("Toronto Hydro"), I hereby certify that Toronto Hydro's interrogatory responses filed in support of the 2024 Custom Incentive Rate-setting Update Application (EB-2023-0054) do not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules and the Practice Direction to the best of my knowledge.

This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's *Filing Requirements for Electricity Distribution Rate Applications* (revised April 18, 2022).

DATED this 20th day of October, 2023.



Amanda Klein
Executive Vice President,
External Affairs, Corporate
Development and Chief Legal
Officer

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 1:

Reference(s): Manager’s Summary, Page 2

Toronto Hydro noted that it updated the number of customers in the residential and CSMUR classes within the rate generator model.

a) Please confirm what the numbers were updated from as it appears the numbers in the model match that of the RRR data for Toronto Hydro in 2022.

RESPONSE:

a) Toronto Hydro confirms that it customized the OEB rate generator model to show the utility’s Competitive Sector Multi-Unit Residential (“CSMUR”) rate class and updated the number of customers in the Residential and CSMUR rate classes to match 2022 RRR data.

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 2:

Reference(s): 2024 IRM Rate Generator, Tab 11, 15

On September 28th, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.’s proposed host RTSRs.

Utilities that have utility-specific models (e.g., those under Revenue Cap IR or Custom IR) should update any applications, as appropriate, for approval by the OEB.

- a) Please update the Rate Generator Model for the 2024 RTSRs and file the updated model.
- b) Please also file an updated Bill Impacts model reflecting the updates.
- c) Please update the Tariff of Rates and Charges to incorporate the RTSRs.

RESPONSE:

- a) Please see Appendix A to this interrogatory response.

1 b) Please see Table 1 below and Appendix B to this interrogatory response.

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3 **Table 1: Updated Summary of Total Bill Impacts**

Rate Classes	\$/30 days	%
Residential (750 kWh, TOU RPP)	\$4.37	3.2%
Competitive Sector Multi Unit Residential (300 kWh, TOU RPP)	\$2.09	2.9%
General Service <50 kW (2,000 kWh, TOU RPP)	\$11.91	3.3%
General Service 50-999 kW (200 kVA, Spot, Class B)	\$580.04	4.3%
General Service 1,000-4,999 kW (2,000 kVA, Spot, Class B)	\$6,084.12	4.1%
Large User (9,700kVA, Spot, Class A)	\$18,904.19	2.7%
Unmetered Scattered Load (285 kWh, RPP)	\$2.23	3.6%
Street Lighting (2,700 kVA, Spot, Class B)	\$13,344.98	4.7%

4 c) Please see Appendix C to this interrogatory.

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

RESIDENTIAL SERVICE CLASSIFICATION

This classification is applicable to an account where electricity is used exclusively for residential purposes in a separately metered living accommodation, where the Competitive Sector Multi-Unit Residential classification is not applicable. Eligibility is restricted to a dwelling unit that consists of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex building, with a residential zoning; a separately metered dwelling within a town house complex or apartment building; and bulk metered residential buildings with six or fewer units. Class B consumers are defined in accordance with O. Reg. 429/04. Further details concerning the terms of service are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	45.30	(per 30 days)
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2027	\$	0.41	(per 30 days)
Rate Rider for Disposition of Stranded Meter Assets - effective until December 31, 2024	\$	(0.02)	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$	(2.17)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$	(0.01)	(per 30 days)
Rate Rider for Disposition of Accounts Receivable Credits - effective until December 31, 2024	\$	(0.10)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$	(0.31)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.00444	
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.00013)	
Retail Transmission Rate - Network Service Rate	\$/kWh	0.01224	
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.00845	

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

COMPETITIVE SECTOR MULTI-UNIT RESIDENTIAL SERVICE CLASSIFICATION

This classification is applicable to an account where electricity is used exclusively for residential purposes in a multi-unit residential building, where unit metering is provided using technology that is substantially similar to that employed by competitive sector sub-metering providers. Use of electricity in non-residential units of multi-unit buildings does not qualify for this classification and will instead be subject to the applicable commercial classification. Class B consumers are defined in accordance with O. Reg. 429/04. Further details concerning the terms of service are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	37.16	(per 30 days)
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2027	\$	0.41	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$	(1.45)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$	(0.01)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$	(0.21)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.00399	
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.00013)	
Retail Transmission Rate - Network Service Rate	\$/kWh	0.01224	
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.00845	

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is less than, or is forecast to be less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	43.70	(per 30 days)
Rate Rider for Smart Metering Entity Charge - effective until December 31, 2027	\$	0.41	(per 30 days)
Rate Rider for Disposition of Stranded Meter Assets - effective until December 31, 2024	\$	(0.13)	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.04042	
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kWh	(0.00252)	
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kWh	(0.00002)	
Rate Rider for Disposition of Accounts Receivable Credits - effective until December 31, 2024	\$/kWh	(0.00006)	
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kWh	(0.00036)	
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.00242	
Rate Rider for Disposition of Deferral/Variance Accounts for Non -Wholesale Market Participants -effective until December 31, 2024	\$/kWh	0.00229	
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.00013)	
Retail Transmission Rate - Network Service Rate	\$/kWh	0.01192	
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.00756	

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than 50 kW but less than 1,000 kW, or is forecast to be equal to or greater than 50 kW but less than 1,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Post 2011 Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	58.07	(per 30 days)
Rate Rider for Disposition of Stranded Meter Assets - effective until December 31, 2024	\$	(0.47)	(per 30 days)
Distribution Volumetric Rate	\$/kVA	9.3254	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kVA	(0.4379)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kVA	(0.0013)	(per 30 days)
Rate Rider for Disposition of Expansion Deposits - effective until December 31, 2024	\$/kVA	(0.0699)	(per 30 days)
Rate Rider for Disposition of Accounts Receivable Credits - effective until December 31, 2024	\$/kVA	(0.0005)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kVA	(0.0621)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kVA	0.9511	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts for Non -Wholesale Market Participants -effective until December 31, 2024	\$/kVA	0.9346	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kVA	(0.0462)	(per 30 days)
Retail Transmission Rate - Network Service Rate	\$/kW	4.0296	(per 30 days)
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.7322	(per 30 days)

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than 1,000 kW but less than 5,000 kW, or is forecast to be equal to or greater than 1,000 kW but less than 5,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Post 2011 Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	1,094.15	(per 30 days)
Distribution Volumetric Rate	\$/kVA	7.7063	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kVA	(0.3301)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kVA	(0.0006)	(per 30 days)
Rate Rider for Disposition of Expansion Deposits - effective until December 31, 2024	\$/kVA	(0.0527)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kVA	(0.0468)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kVA	1.0929	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts for Non -Wholesale Market Participants -effective until December 31, 2024	\$/kVA	1.0750	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kVA	(0.0592)	(per 30 days)
Retail Transmission Rate - Network Service Rate	\$/kW	3.8934	(per 30 days)
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.7294	(per 30 days)

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Post 2011 Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4,843.52	(per 30 days)
Distribution Volumetric Rate	\$/kVA	8.3498	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kVA	(0.3894)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kVA	(0.0006)	(per 30 days)
Rate Rider for Disposition of Expansion Deposits - effective until December 31, 2024	\$/kVA	(0.0622)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kVA	(0.0552)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kVA	1.1157	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts for Non -Wholesale Market Participants -effective until December 31, 2024	\$/kVA	1.0814	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kVA	(0.0274)	(per 30 days)
Retail Transmission Rate - Network Service Rate	\$/kW	4.4382	(per 30 days)
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	3.0324	(per 30 days)

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires THESL to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component - APPROVED ON AN INTERIM BASIS

Standby Charge - for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).

Service Charge	\$	283.28	(per 30 days)
Distribution Volumetric Rate			
For General Service 50 - 999 kW Service Classification	\$/kVA	9.3254	(per 30 days)
For General Service 1,000 - 4,999 kW Service Classification	\$/kVA	7.7063	(per 30 days)
For Large Use Service Classification	\$/kVA	8.3498	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand at each location is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by THESL and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments there to as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	7.15	(per 30 days)
Connection Charge (per connection)	\$	0.74	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.09002	
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kWh	(0.00514)	
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kWh	(0.00003)	
Rate Rider for Disposition of Expansion Deposits - effective until December 31, 2024	\$/kWh	(0.00082)	
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kWh	(0.00073)	
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.00480	
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.00013)	
Retail Transmission Rate - Network Service Rate	\$/kWh	0.00741	
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.00534	

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per device)	\$	1.84	(per 30 days)
Distribution Volumetric Rate	\$/kVA	41.1138	(per 30 days)
Rate Rider for Disposition of Capital Related Revenue Requirement Variance Account - effective until December 31, 2024	\$/kVA	(2.4517)	(per 30 days)
Rate Rider for Disposition of Wireless Pole Attachment Revenue - effective until December 31, 2024	\$/kVA	(0.0120)	(per 30 days)
Rate Rider for Disposition of Expansion Deposits - effective until December 31, 2024	\$/kVA	(0.3914)	(per 30 days)
Rate Rider for Disposition of PILs and Tax Variance - effective until December 31, 2024	\$/kVA	(0.3476)	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kVA	1.6454	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Account - Applicable only for Class B Customers - effective until December 31, 2024	\$/kVA	(0.0438)	(per 30 days)
Retail Transmission Rate - Network Service Rate	\$/kW	3.5842	(per 30 days)
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	3.2576	(per 30 days)

MONTHLY RATES AND CHARGES - Delivery Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007	
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the utility's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.49 (per 30 days)
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ALLOWANCES

Transformer Allowance for Ownership	\$/kVA	(0.62) (per 30 days)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Account history	\$	25.00
Duplicate invoices for previous billing	\$	25.00
Request for other billing or system information	\$	25.00
Easement letter	\$	25.00
Income tax letter	\$	25.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	35.00
Returned cheque (plus bank charges)	\$	25.00
Special meter reads	\$	55.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	55.00

Non-Payment of Account

Late payment - per month		
(effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection charge - at meter - during regular hours	\$	120.00
Reconnection charge - at meter - after regular hours	\$	400.00
Reconnection charge - at pole - during regular hours	\$	300.00
Reconnection charge - at pole - after regular hours	\$	820.00

Other

Disconnect/reconnect at meter - during regular hours	\$	120.00
Disconnect/reconnect at meter - after regular hours	\$	400.00
Disconnect/reconnect at pole - during regular hours	\$	300.00
Disconnect/reconnect at pole - after regular hours	\$	820.00
Temporary service install & remove - overhead - no transformer	\$	2,040.00
Specific charge for access to the power poles (wireline attachments) - per pole/year	\$	37.78

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0054

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by THESL to retailers or customers related to the supply of competitive electricity and are defined in the 2006 Electricity Distribution Rate Handbook.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	117.02
Monthly Fixed Charge, per retailer	\$	46.81
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.16
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.69
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.69)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.59
Processing fee, per request, applied to the requesting party	\$	1.16
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.68

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0295
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0172
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0192
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0070

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 3:

**Reference(s): 2024 Custom IR Update Rate Generator Model, Tab 3, DVA
Continuity Schedule, September 8, 2023**

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

- a) Please update Tab 3 (DVA Continuity Schedule) of the rate generator model to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

RESPONSE:

- a) Please see Appendix A to Toronto Hydro’s response to interrogatory 1-Staff-2. Tab 3 (DVA Continuity Schedule) of the rate generator model was updated to reflect the Q4 2023 OEB-prescribed interest rate of 5.49 percent.

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 4:

**Reference(s): 2024 Custom IR Update Rate Generator Model, Tab 3, DVA
Continuity Schedule, September 8, 2023**

OEB staff notes that Toronto Hydro is requesting large debit claimed amounts relating primarily to 2022 principal activity: \$55,495,950 in Account 1580 RSVA – Wholesale Market Service Charge (WMS), \$38,148,161 in Account 1584 RSVA – Retail Transmission Network Charge, and \$18,464,964 in Account 1586 RSVA - Retail Transmission Connection Charge. These amounts are large relative to other claimed DVA balances.

- a) Please identify, explain, and quantify the drivers of the large debit claims of \$55,495,950 in Account 1580 RSVA – WMS, \$38,148,161 in Account 1584 RSVA – Retail Transmission Network Charge, and \$18,464,964 in Account 1586 RSVA - Retail Transmission Connection Charge.

RESPONSE:

- a) Toronto Hydro attributes the large debit claim for Account 1580 – Wholesale Market Service (“WMS”) primarily to WMS rate changes and load-related variances, as shown in Table 1 below. As stated in the OEB’s Decision and Order for the 2023 Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge (EB-2022-0269), the WMS rates charged by the IESO to distributors increased significantly between January 2022 and October 2022,¹ while the WMS rates distributors charged

¹ EB-2022-0269, [Decision and Order](#) (December 8, 2022) at page 6.

to customers remained static until the OEB-approved WMS rate increase came into effect on January 1, 2023. Therefore, Toronto Hydro under-collected WMS costs for 2022. In addition, Toronto Hydro bills customers based on load, which includes deemed losses based on percentages approved by the OEB and these deemed losses will differ from the actual losses which contribute to the utility's purchase costs. Together, these factors drove the large debit in Account 1580, with the remaining variance attributed to carrying charges.

Table 1: Account 1580 RSVA – Wholesale Market Services Charge Variance Drivers

Variance Driver	Variance (\$M)	Percent Variance (%)
Rate & Load	52.1	94
Carrying Charges	3.5	6
Total*	55.5	100

*Numbers may not sum to total due to rounding.

Toronto Hydro also attributes the large debit claims in both of the Retail Transmission accounts (1584 and 1586) primarily to rate changes and load-related variances, as shown in Tables 2 and 3 below. As stated in the OEB's letter regarding the 2024 Preliminary Uniform Transmission Rates ("UTRs") (EB-2023-0222), the OEB has typically issued UTRs on a final basis in December or January prior to the first monthly settlement activity by the IESO for the new calendar year.² This resulted in a lag where distributors with rate years commencing January 1 would not flow any new UTRs into their Retail Transmission Service Rate ("RTSR") calculations until the following rate year. For example, in 2022 Toronto Hydro was billing customers approved Retail Transmission Network Service Rates calculated based on a UTR of \$4.90/kW, while paying UTRs at \$5.13/kW (January to March) and \$5.46/kW (April to December). In addition to the UTRs, the approved RTSRs Toronto Hydro uses to bill customers are

² EB-2023-0222, [Letter Re: 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates](#) (September 28, 2023) at page 1.

calculated based on forecast load values (i.e. billing determinants in the rate-setting model based on most recent year's actuals), which will differ from actual loads in the billing year. As previously noted, deemed losses incorporated in Toronto Hydro's rates based on percentages approved by the OEB will differ from the actual losses which contribute to the utility's purchase costs. These factors all led to an under-collection of both Retail Transmission Network and Connection costs, causing the large debit balances in Accounts 1584 and 1586. The remaining variances are attributed to carrying charges.

Table 2: Account 1584 RSVA – Retail Transmission Network Charge Variance Drivers

Variance Driver	Variance (\$M)	Percentage Variance (%)
Rate & Load	35.4	93
Carrying Charges	2.8	7
Total	38.2	100

Table 3: Account 1586 RSVA – Retail Transmission Connection Charge Variance Drivers

Variance Driver	Variance (\$M)	Percentage Variance (%)
Rate & Load	17.4	94
Carrying Charges	1.1	6
Total	18.5	100

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 5:

Reference(s): Manager’s Summary, Tab 2, Schedule 1, p. 5 & 6, September 8, 2023

OEB Letter, Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition, October 31, 2019

Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications- Chapter 3, Incentive Rate-Setting Applications, June 15, 2023, Section 3.2.6

In this proceeding, Toronto Hydro is not proposing to clear the balances within Accounts 1588 and 1589, due to the need to further analyze a 2021 principal adjustment associated with reporting enhancements.

After recalculating the 2021 Account 1588 balance using an enhanced model for customer billings, Toronto Hydro discovered that the Account 1588 balance had been understated by \$5.7 million. Toronto Hydro is still investigating the financial impacts of this understatement.

Toronto Hydro proposes not to reverse this \$5.7 million amount in the current application and instead defer the review and disposition of Accounts 1588 and 1589 to its next rebasing application proceeding.

OEB staff notes that because Toronto Hydro is not proposing to reverse this credit amount of \$5.7 million in the current proceeding as a debit, Toronto Hydro may be

1 proposing to adjust the Account 1588 balance cleared on a final basis in the 2023 Custom
2 IR update proceeding. A principal adjustment of a credit of \$5.7 million was included in
3 the above-noted cleared balance.

4

5 OEB staff notes that Toronto Hydro has not specifically addressed the OEB's October 31,
6 2019 letter, regarding adjustments to correct for errors after disposition. For example,
7 the OEB outlined factors that it may consider to determine on a case-by-case basis
8 whether to make a retroactive adjustment based on the particular circumstances of each
9 case.

10

11 The OEB's Filing Requirements state that a distributor must make a statement as to
12 whether it has made any adjustments to DVA balances that were previously approved by
13 the OEB on a final basis. The OEB expects that distributors will not adjust any DVA
14 balances that were previously approved by the OEB on a final basis. If any adjustments
15 are made to previously approved final balances, the distributor must identify the nature
16 of the adjustment as "retroactive", provide explanations for the nature and the amount
17 of the adjustment(s), and include appropriate supporting documentation, under a section
18 titled "Adjustments to Deferral and Variance Accounts".

19

20 This expectation also applies to adjustments relating to previously approved balances that
21 are proposed to be made to the current balances requested for disposition in the current
22 application. In the case where an accounting or other error is discovered in Group 1 DVAs,
23 the OEB expects distributors to disclose the errors as a part of their rate applications. The
24 OEB will determine on a case-by-case basis whether to make a retroactive adjustment
25 based on the circumstances of each case. Note that an asymmetrical approach to
26 correction of the error may be appropriate in certain circumstances.

1 a) Please confirm that Toronto Hydro, in its next Custom IR application for 2025 to
2 2029 rates, will address the requirements in the OEB's October 31, 2019 letter,
3 specifically the factors regarding adjustments to correct for errors after
4 disposition, including the above-noted \$5.7 million adjustment.

5
6 b) If this is not the case, please explain.

7
8 c) Please confirm that Toronto Hydro, in its next Custom IR application for 2025 to
9 2029 rates, will address section 3.2.6 of the Filing Requirements that outlines
10 required documentation to be filed in a proceeding, including any adjustments
11 made to DVA balances that were previously approved by the OEB on a final basis.

12
13 d) If this is not the case, please explain.

14
15 e) Please confirm that Toronto Hydro, in its next Custom IR application for 2025 to
16 2029 rates, will also demonstrate whether DVA balances prior to 2021 were
17 impacted by the above-noted unbilled revenue adjustment. If this will not be
18 demonstrated, please explain.

19
20 f) OEB staff notes that this adjustment may not be an issue related to DVA balances
21 prior to 2021, in the event that Accounts 1588 and 1589 unbilled revenue
22 amounts have been reversed year-over-year in the Global Adjustment (GA)
23 Analysis Workform. Please confirm that Toronto Hydro will demonstrate whether
24 or not this is the case in its next Custom IR application for 2025 to 2029 rates. If
25 this will not be demonstrated, please explain.

1 **RESPONSE:**

2 a) Confirmed. Toronto Hydro notes that this issue relates to principal adjustment
3 amounts that relate to actualized billing amounts generated from an enhancement of
4 an internal financial model and no actual error on the utility's part. Nonetheless,
5 evidence for the 2025-2029 Custom IR application will address the requirements in
6 the OEB's October 31, 2019 letter.

7

8 b) Not applicable.

9

10 c) Confirmed.

11

12 d) Not applicable.

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14 e) Confirmed.

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16 f) Confirmed.

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RESPONSES TO OEB STAFF INTERROGATORIES

INTERROGATORY 6:

**Reference(s): Manager’s Summary, Tab 2, Schedule 1, p. 5 & 6, September 8,
2023**

In this proceeding, Toronto Hydro is not proposing to clear the balances within Accounts 1588 and 1589, due to the need to further analyze a 2021 principal adjustment associated with reporting enhancements.

Toronto Hydro also noted that its enhanced model for customer billings was implemented after it filed its 2023 Custom IR Update application (EB-2022-0065).

OEB staff notes that more adjustments may come to light after Toronto Hydro analyzes the Accounts 1588 and 1589 balances in more detail.

- a) Please discuss the pros and cons of the remaining Group 1 DVAs (i.e., other than Accounts 1588 and 1589) being cleared on an interim basis in the current proceeding, rather than on a final basis.
- b) Please confirm that there likely would not be a similar impact to other Group 1 DVA balances related to the unbilled revenue adjustment identified by Toronto Hydro in the current proceeding. Please confirm that this is because the OEB only requires the components of the Account 1588 and Account 1589 balances relating to unbilled revenue to be trued-up to actual billings post year-end, as part of the GA Analysis Workform. If any of these two sentences are not the case, please

1 explain.

2
3 c) Although Toronto Hydro noted that its enhanced model for customer billings was
4 implemented after it filed its 2023 Custom IR Update application with the OEB,
5 please explain why Toronto Hydro did not bring forth this matter related to the
6 unbilled revenue adjustment in that proceeding, as opposed to in the current
7 proceeding. If this is not the case, please explain.
8
9

10 **RESPONSE:**

11 a) Toronto Hydro does not see any potential benefit to clearing the remaining Group 1
12 DVA balances on an interim basis. As confirmed in the response to part b) of this
13 interrogatory, the other Group 1 accounts are not affected by the principal
14 adjustments generated from Toronto Hydro's enhanced model and will require no
15 adjustment. Therefore, there is no reason, and it would be inefficient from a
16 regulatory procedure standpoint, to clear these accounts on an interim basis and then
17 revisit them at a future time.
18

19 b) Toronto Hydro confirms that there likely would not be a similar impact to other Group
20 1 DVA balances because the OEB only requires the components of the Account 1588
21 and Account 1589 balances relating to unbilled revenue to be trued-up to actualized
22 billings post year-end, as part of the GA Analysis Workform. As Toronto Hydro noted
23 in its Manager's Summary, it uses the model it enhanced to calculate these Principal
24 Adjustments,¹ but the utility does not rely on these Principal Adjustments and
25 actualized billings post year-end in any way in its calculation of other Group 1 DVA

¹ Tab 2, Schedule 1 (updated September 8, 2023) at page 6.

1 balances.

2

3 c) Toronto Hydro did not bring forth this matter in the 2023 Custom IR Update
4 application proceeding because it was not aware at the time of the impact of the
5 difference between the previous and enhanced models on the calculation of the
6 principal adjustment amounts. There was no reason at that time to look back at 2021
7 with the new model, and even if there had been, it would have been premature due
8 to the lack of data and experience with the enhanced model.