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Via Regulatory Electronic Submission System (RESS)

January 11, 2024

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

Dear Ms. Marconi:

Re: OEB File No. EB-2023-0195, Toronto Hydro-Electric System Limited ("Toronto Hydro") 2025-2029 Custom Rate Application for Electricity Distribution Rates and Charges – Draft Issues List

To facilitate timely adjudication of the application, Toronto Hydro is filing a Draft Issues List for interested parties to consider in advance of the Issues Conference.

The Draft Issues List was developed on the basis of the OEB's Generic Issues List for Electricity Distribution Rates,¹ and with regard to the Issues List approved by the OEB in Toronto Hydro's last major rate application for 2020-2024 electricity distribution rates (OEB File No. EB-2018-0165).

Please do not hesitate to contact us if you have any questions.

Sincerely,

Daliana Coban
Digitally signed by Daliana Coban
DN: cn=Daliana Coban, c=CA,
email=dcoban@torontohydro.com
Date: 2024.01.11 14:03:24 -05'00'

Daliana Coban
Director, Regulatory Applications & Business Support
Toronto Hydro-Electric System Limited

Cc: Charles Keizer, Torsys LLP

¹ <https://www.oeb.ca/sites/default/files/issues-list-electricity-distribution-rates.pdf>

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, 2025 appropriate?
- 1.3. Are the rates and bill impacts resulting from Toronto Hydro's application appropriate?
- 1.4. Did Toronto Hydro appropriately consider customer needs and preferences in the formulation and refinement of its business plan?

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 (including the Performance Incentive Mechanism)?
- 2.2. Subject to Issue 2.3, is Toronto Hydro's proposed custom scorecard (i.e. the performance metrics) appropriate?
- 2.3. Is Toronto Hydro's approach to defer the finalization of performance targets to a Phase 2 appropriate?

3.0 Rate Base and Capital Plan

- 3.1. Are the proposed 2025-2029 rate base amounts (including the working capital allowance amounts) reasonable?
- 3.2. Is the level of 2025-2029 capital expenditures and capital in-service additions arising from the Distribution System Plan appropriate?
- 3.3. Is the proposed treatment of renewable enabling improvement investments appropriate?
- 3.4. Are Toronto Hydro's proposed depreciation expenses (including decommissioning provision and derecognition) for 2025-2029 appropriate?

4.0 Load and Other Revenue Forecast

- 4.1. Is Toronto Hydro's proposed load forecast methodologies and 2025-2029 resulting load forecast reasonable?
- 4.2. Are Toronto Hydro's 2025-2029 other revenue and shared services forecasts reasonable?
- 4.3. Is the proposed shared services cost allocation methodology and the quantum appropriate?

5.0 Operations, Maintenance and Administration (OM&A) Costs

- 5.1. Is the level of proposed 2025-2029 OM&A expenditures appropriate?
- 5.2. Are the compensation related costs (including, FTEs, wages, salaries, benefits, incentives, overtime, pension and OPEB costs) appropriate?

6.0 Revenue Requirement, Taxes, and Payments in Lieu of Taxes (PILs) Amounts

- 6.1. Is the proposed calculation of the Revenue Requirement appropriate?
- 6.2. Are Toronto Hydro's proposed PILs and other tax amounts for 2025-2029 appropriate?

7.0 Cost of Capital and Capital Structure

- 7.1. Are Toronto Hydro's proposed 2025-2029 cost of capital amounts (interest on debt and return on equity) and capital structure appropriate?

8.0 Cost Allocation

- 8.1. Are Toronto Hydro's cost allocation and revenue-to-cost ratio proposals appropriate?

9.0 Rate Design

- 9.1. 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, and rate mitigation proposals) appropriate?

10.0 Deferral and Variance Accounts

- 10.1. Have the impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 10.2. Are Toronto Hydro's proposals for the disposition of balances in existing deferral and variance accounts and other amounts appropriate?
- 10.3. Are Toronto Hydro's proposals for the establishment of new accounts, closing of existing accounts or continuation of existing accounts appropriate?