

Toronto Hydro-Electric System Limited
EB-2025-0006
Follow-up OEB Staff IRs
October 8, 2025

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Staff Question-6

Reference(s): EB-2024-0063, OEB Letter, October 31, 2024
EB-2024-0063, Decision and Order, March 27, 2025, p. 34
Response to Staff Question-4, October 3, 2025
Response to Staff Question-5, October 3, 2025

Preamble:

On October 31, 2024, the OEB set the 2025 return on equity (ROE) on an interim basis at 9.25%. This ROE was updated by the OEB to 9.00% on March 27, 2025, and set on a final basis for 2025 rates.

On October 31, 2024, the OEB also established a variance account regarding the ROE, related to the generic proceeding on cost of capital and other matters.

In the response to Staff Question-4 in the current proceeding, Toronto Hydro stated that "in accordance with the OEB's 2025-2029 Custom IR Decision, Toronto Hydro's 2026-2029 ROE is being updated to 9.00% through this proceeding to reflect the Generic Proceeding Decision."

However, Toronto Hydro is not recording amounts in the ROE variance account (to be disposed in its next rebasing), despite updating its Revenue Growth Factor (RGF) to reflect the final ROE of 9.00%, as noted in the response to Staff Question-5.

Question(s):

- a) Please explain Toronto Hydro's inconsistent treatment of the final ROE of 9.00% in its evidence, including why it is:
 - i. Appropriate to reflect the 9.00% ROE in its RGF
 - ii. Not recording amounts in the ROE variance account (to be disposed in its next rebasing)
- b) In addition to using the 9.00% ROE in its RGF, please explain where Toronto Hydro is using the 9.00% elsewhere in the current proceeding.