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via RESS e-filing – signed original to follow by courier

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
OEB File No. EB-2012-0064
Application for 2012, 2013 and 2014 IRM Rate Adjustments and ICM Rate Adders**

Toronto Hydro-Electric System Limited (“THESL”) thanks the Ontario Energy Board (“OEB”) for its acknowledgment letter dated June 12, 2012 in respect of the above-noted proceeding (the “IRM/ICM Acknowledgment Letter”).

THESL appreciates that the OEB seeks to better understand THESL’s intentions with respect to two outstanding matters related to this proceeding and the OEB’s January 5, 2012 Decision in EB-2011-0144 (the “Decision”). These matters are: (1) THESL’s January 25, 2012 Notice of Motion to review the Board’s Decision (the “Motion”); and (2) THESL’s Notice of Appeal to the Ontario Superior Court of Justice (Divisional Court) dated February 6, 2012 (the “Appeal”).

THESL also appreciates the OEB’s perspective, as set out in its IRM/ICM Acknowledgment Letter, that the IRM/ICM application may become moot in the event that either the Motion or Appeal is successful.

As a general matter, THESL’s essential concerns are to address the 2011 Half Year Rule issue¹, as well as revenue requirement for the years 2012-2014. As the OEB is aware, THESL’s IRM/ICM Application contains requests for relief regarding both of these matters. THESL understands from the IRM/ICM Acknowledgment Letter that the OEB is prepared to progress with a hearing of THESL’s application as filed in this proceeding. Accordingly, pending the determination of the final issues list, THESL offers the following suggestions regarding process for the Appeal and Motion.

With respect to the Motion, THESL is of the view that if the OEB hears THESL’s IRM/ICM application, then there is no need to pursue the Motion. However, THESL recognizes that it may be convenient for

¹ THESL is seeking to recover in rates the revenue requirement associated with the historic and approved 2011 CAPEX that is not otherwise reflected in rates under 3GIRM due to the operation of the half-year rule, and is permanently lost by THESL under the 3GIRM model.

the OEB to hear the relief regarding the 2011 Half Year Rule outside of the context of the IRM/ICM Application, and is accordingly agreeable to having that relief heard either in the context of the Motion to Review or the IRM/ICM Application. Where the OEB prefers to dispose of the 2011 Half Year Rule issue in the context of the Motion, THESL proposes that it withdraw the 2012-2014 relief sought in its Motion and maintain only that relief which relates to the 2011 Half Year Rule issue. In the event that the OEB prefers to dispose of the Half Year Rule issue in the context of the IRM/ICM application, then THESL is agreeable to withdrawing the Motion in full.

With respect to the Appeal, THESL is of the view that if OEB hears and determines both major aspects of the relief sought as noted above in THESL's IRM/ICM application and/or the Motion, then there is no need to pursue the Appeal. THESL is accordingly agreeable to withdrawing the Appeal in full.

THESL trusts this response satisfies the OEB's request in the IRM/ICM Acknowledgement Letter, and would be pleased to address any outstanding questions or concerns that the OEB has in this regard.

Yours truly,

[original signed by]

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cc: Fred D. Cass, Aird and Berlis LLP, counsel for THESL (by electronic mail only)
cc: Intervenors in EB 2011-0144 (by electronic mail only)