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December 6, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Application by Toronto Hydro-Electric System Limited; EB-2012-0064

The purpose of this letter is to make the Board and all parties aware of certain items that will be referred to during the examination of the witnesses at the hearing of this matter next week.

First, we have attached a copy of a document that will be introduced during the examination in chief of Toronto Hydro's rates, revenue requirement and finance witness panel (Panel 3).

Second, Toronto Hydro will be sending to the Board and all parties copies of a booklet of visual aids (comprised largely of photographs from the pre-filed evidence) that has been prepared to assist the Board in its consideration of the work proposed by Toronto Hydro in the application under the Incremental Capital Module. The version of the booklet printed on paper will be sent out so that the Board and parties will have it tomorrow and an electronic version of the booklet will be circulated to the Board and parties today. The booklet will be introduced during the examination in chief of Toronto Hydro's capital projects witness panel (Panel 2) and we anticipate that it may also be of assistance to the Board when the witnesses respond to questions from others about the capital projects.

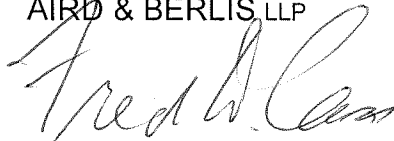
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If you have any questions about this letter, please do not hesitate to contact us in that regard.

Yours truly,

AIRD & BERLIS LLP



Fred D. Cass

FDC/

c.c. All EB-2012-0064 Intervenors
Amanda Klein, THESL

Attachment 1

Supporting Document – Rates, Revenue Requirement, Finance Panel

THESL'S Proposed ICM Adders based on OEB ICM Framework

	\$ millions	2012	2013	2014	Totals	Notes
Capital Spending		283.0	579.0		862.0	[A]
Less: Threshold (including 20% deadband)		173.0	173.0		346.0	[B]
ICM Additions to Rate Base		110.0	406.0		516.0	[C] = [A] - [B]
Approximate capital recovery factor		10%	10%			
ICM Adder for 2012 Spending		11.0	11.0	11.0	33.0	
ICM Adder for 2013 Spending			40.6	40.6	81.2	
Total Revenue from ICM Adders over IRM Period					114.2	

THESL's Unfunded Net Fixed Assets During IRM Period

	\$ Millions	2011	2012	2013	2014	Total	Notes
2011 Approved Closing NFA		2,105.1					
2011 Approved Average NFA		<u>2,001.5</u>					[A]
2012 Opening Incremental NFA		103.7					
Opening Net Fixed Assets			2,105.1	2,149.1	2,476.0	-	[B] = Prior Year's Closing Net Fixed Assets
Pre-2012 CWIP			67.0	45.5	32.3	144.7	
Additions from 2012 Capital Spending			116.3	140.6	26.1	283.0	
Additions from 2013 Capital Spending			-	283.8	295.3	579.1	
Depreciation - pre-2012 Asset Base			(134.7)	(122.5)	(117.1)		
Depreciation - Pre-2012 CWIP			(1.0)	(2.7)	(3.9)		
Depreciation - 2012 and 2013 Additions			(3.6)	(17.7)	(31.7)		
			-	-	-		
Closing Net Fixed Assets			2,149.1	2,476.0	2,677.0		[C]
Average Net Fixed Assets			2,127.1	2,312.6	2,576.5		[D] = ([B] + [C]) / 2
Less: Net Fixed Assets funded through rates			2,015.1	2,028.8	2,042.6		[E] = [A] growing at 0.68% annually
Unfunded Net Fixed Assets			112.1	283.8	533.9		[F] = [D] - [E]
10% Proxy Revenue Attraction Factor			11.2	28.4	53.4	93.0	[G] = [F] x 10%
2012 unfunded revenue requirement			11.2	11.2	11.2		
2013 unfunded revenue requirement			-	17.2	17.2		
2014 unfunded revenue requirement			-	-	25.0	93.0	

Attachment 2

ICM Visual Support Booklet

ICM Visual Support



Contents



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STATIONS

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UNDERGROUND

DIRECT BURIED CABLES – Failed cables

Schedule B1



B1 - Fig 40

Fault due to insulation failure

DIRECT BURIED CABLES – REBUILD project midway

Schedule B1



DIRECT BURIED CABLES – Project post completion

Schedule B1



PILC CABLES - Before and after piece out

Schedule B2



Not Pieced Out (Before)



Pieced Out (After)

Source: Rob Otal

PILC CABLES - Leaking oil from PILC cables

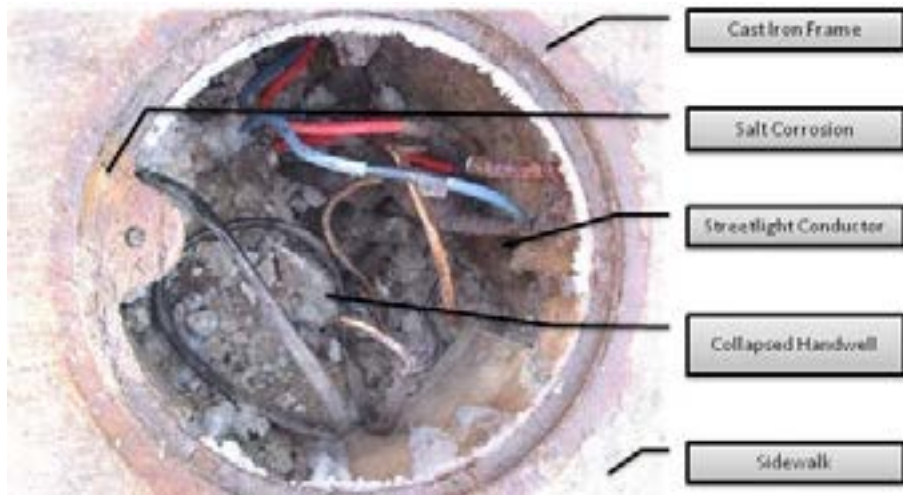
Schedule B2



B2 - Fig 3

HANDWELL REPLACEMENT - Existing state

Schedule B3



B3 - Fig 1
Open handwell photographed during inspections



B3 - Fig 3
Degraded conditions of split bolt connectors in handwells

HANDWELL REPLACEMENT - New installations

Schedule B3



New non-conductive lids

HANDWELL REPLACEMENT - New connections

Schedule B3



Crew working on installations



New connection



OVERHEAD



DAMAGED POLES

Schedule B4



B4 - Fig 8
Multiple pole failure



B4 - Fig 13
Broken pole on home - Acacia Rd.

BOX CONSTRUCTION - Crews working on box construction
Schedule B5



BOX VS. CONVERSION

Schedule B5



BOX CONSTRUCTION

Schedule B5



BOX CONSTRUCTION

Schedule B5



CONVERSION

Schedule B5



POOR CONDITION – Wooden poles

Schedule B5



POOR CONDITION – New development/load on existing infrastructure and in close proximity to homes
Schedule B5



B5 - Fig 6

REAR LOT CONVERSION – Before

Schedule B6



REAR LOT CONVERSION - Before

Schedule B6



Difficult to access and make repairs
(need to climb poles as trucks can't access backyards)

REAR LOT CONVERSION - After (conversion)

Schedule B6



REAR LOT CONVERSION

Schedule B6



REAR LOT CONVERSION - Access and safety issues

Schedule B6



B6 - Fig 10



B6 - Fig 7

REAR LOT CONVERSION - Poor condition
Schedule B6



SMD 20 SWITCHES – Broken switch

Schedule B7



B7 - Fig 2



B7 - Fig 3

SMD 20 SWITCHES - Demonstration of how switch breaks
Schedule B7



SCADA-MATE R1 - Typical switch

Schedule B8



B8 - Fig 1

NETWORK ASSETS



NETWORK VAULTS AND ROOFS - Poor condition

Schedule B9



B9 - Fig 7



B9 - Fig 8

NETWORK VAULTS AND ROOFS - Poor condition

Schedule B9



NETWORK VAULTS AND ROOFS - Before and after

Schedule B9



Source: John Egan

FIBERTOP NETWORK UNITS - What can happen...

Schedule B10



FIBERTOP NETWORK UNITS

Schedule B10



B10 - Fig 2

FIBERTOP NETWORK UNITS - Before and after the fire

Schedule B10



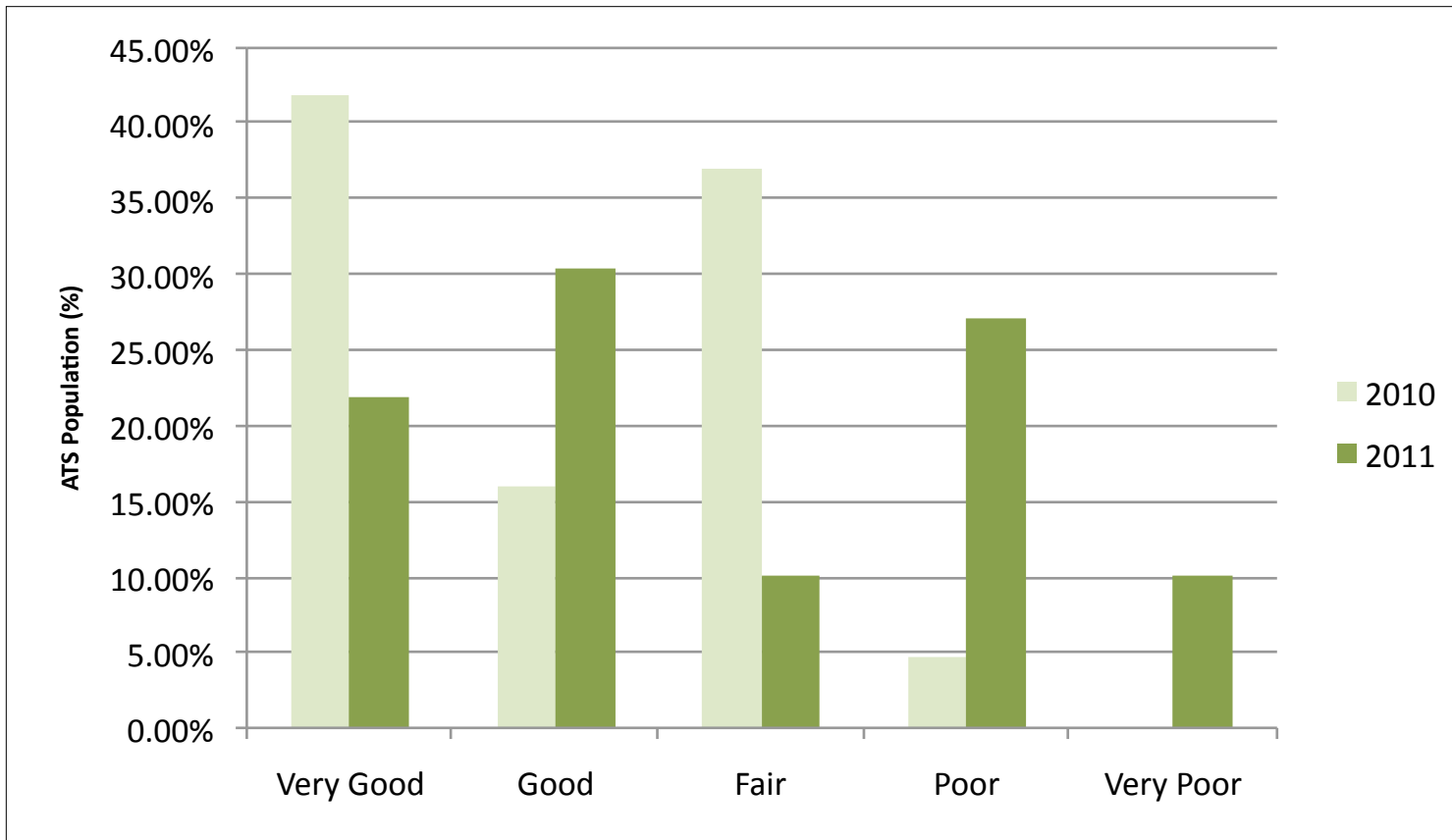
FIBERTOP NETWORK UNITS - New submersible network protectors

Schedule B10



AUTOMATIC TRANSFER SWITCHES AND REVERSE POWER BREAKERS – Poor condition

Schedule B11



B11 - Fig 2

AUTOMATIC TRANSFER SWITCHES AND REVERSE POWER BREAKERS – Failures

Schedule B11



B11 - Fig 3



B11 - Fig 4



STATIONS



STATION POWER TRANSFORMERS - Oil leaks

Schedule B12



B12 - Fig 1



B12 - Fig 2

STATION POWER TRANSFORMERS - Oil leaks

Schedule B12



STATION POWER TRANSFORMERS - Albion MS - station transformer TR2
 Schedule B12



STATION POWER TRANSFORMERS - Albion MS - station transformer TR2
Schedule B12



STATION POWER TRANSFORMERS - Thistle town MS - station transformer TR2
Schedule B12



STATION POWER TRANSFORMERS - Thistle town MS - station transformer TR2
Schedule B12



STATION POWER TRANSFORMERS - Edenbridge MS - station transformer TR1
Schedule B12



STATION POWER TRANSFORMERS - Edenbridge MS - station transformer TR1
Schedule B12



STATION POWER TRANSFORMERS - Blaketon MS - station transformer
Schedule B12



STATION POWER TRANSFORMERS - New station transformer

Schedule B12



STATION SWITCHGEAR – Old vs. new

Schedule B13 / B13.1 / B13.2



STATION CIRCUIT BREAKERS – Old vs. new

Schedule B14



DOWNTOWN STATION LOAD TRANSFER – Dufferin station flooding

Schedule B19



