

EB-2010-0142
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED
SETTLEMENT PROPOSAL
March 25, 2011

Complete Settlement: For the purposes of settlement of the issues in this proceeding, the intervenors accept the proposed amounts for capital and property taxes, as adjusted to reflect the Accounting Update and this settlement.

Evidence: Exhibit H1, Tab 1; Exhibit R1, Tab 3, Schedule 42.

Supporting parties: THESL, AMPCO, BOMA, CCC, Energy Probe, SEC, and VECC.

Parties taking no position: PP and SSMWG

3.7 Is the amount proposed for PILs, including the methodology, appropriate?

Complete Settlement: For the purposes of settlement of the issues in this proceeding, the intervenors accept the amount proposed for PILS, as adjusted to reflect the Accounting Update and this settlement.

Evidence: Exhibit H1, Tab 1; Exhibit Q1, Tab 2; Exhibit R1, Tab 1, Schedule 57-58; Exhibit R1, Tab 3, Schedule 42, 53, 55.

Supporting parties: THESL, AMPCO, BOMA, CCC, Energy Probe, SEC, and VECC.

Parties taking no position: PP and SSMWG

4. CAPITAL EXPENDITURES AND RATE BASE

4.1 Are the amounts proposed for Rate Base appropriate?

Partial Settlement: For the purposes of settlement of the issues in this proceeding, the parties agree to the revised amounts proposed for Rate Base as set forth in Appendix B, subject to the Board's determination with respect to the emerging requirements which were identified in Procedural Order No. 4 as not being eligible for settlement.

Evidence: Exhibits D1, Tab 1-15; Exhibit D2, Tab 1; Exhibit R1, Tab 4, Schedule 16, 28-29; Exhibit R1, Tab 9, Schedule 46.

Supporting parties: THESL, AMPCO, BOMA, CCC, Energy Probe, SEC, and VECC.

Parties taking no position: PP and SSMWG

4.2 Are the amounts proposed for 2011 Capital Expenditures appropriate including the specific Operational and Emerging Requirements categories?

Partial Settlement: As part of this settlement proposal, THESL agrees to reduce its 2011 capital budget from \$498M originally requested in the Application to

\$378.8M, which amount reflects the Accounting Update adjustments and excludes the Emerging Requirements which were identified in Procedural Order No. 4 as not eligible for settlement..

THESL agrees that, based on this agreed capital budget, it can continue to operate its system in a safe and reliable manner in the Test Year. All of the parties agree that the scope of this issue can therefore be reduced to:

“Are the amounts proposed for 2011 Capital Expenditures related to (i) the energy storage project included under emerging requirements, (ii) the electric vehicle charging infrastructure program included under smart grid as part of emerging requirements; and (iii) the vehicle purchases related to the green initiative under the general plant category (the “**Emerging Requirements**”) appropriate?”

Evidence: Exhibits D1, Tab 7-9; Exhibit R1, Tab 1, Schedule 18, 61-63, 66-71, 74-81; Exhibit R1, Tab 2, Schedule 21-25; Exhibit R1, Tab 3, Schedule 6-31; Exhibit R1, Tab 04, Schedule 31; Exhibit R1, Tab 6, Schedule 1; Exhibit R1, Tab 9, Schedule 46-47, 49-55; Exhibit S1, Tab 1, Schedule 13-15; Exhibit S1, Tab 3, Schedule 3; Exhibit R2, Tab 1, Schedule 11; Exhibit R2, Tab 5, Schedule 1; Exhibit S2, Tab 1, Schedule 9.

Supporting parties: THESL, AMPCO, BOMA, CCC, Energy Probe, SEC, and VECC.

Parties taking no position: PP and SSMWG

4.3 Are the inputs used to determine the Working Capital component of the Rate Base appropriate and is the methodology used appropriate?

Complete Settlement: . See Issue 4.1 above.

Evidence: Exhibit D1, Tab 14; Exhibit R1, Tab 1, Schedule 79; Exhibit S1, Tab 7, Schedule 20.

Supporting parties: THESL, AMPCO, BOMA, CCC, Energy Probe, SEC, and VECC.

Parties taking no position: PP and SSMWG

4.4 Does Toronto Hydro’s Asset Condition Assessment information and Investment Planning Process adequately address the condition of the distribution system assets and support the O&MA and Capital expenditures for 2011?

Complete Settlement: The parties agree that THESL’s Asset Condition Assessment and Investment Planning Process and the other evidence provided by THESL in this proceeding collectively support the net capital budget in the Test Year of \$378.7 million.