Toronto Hydro-Electric System Limited
EB-2012-0064
Tab 6C
Schedule 10-1
Appendix B
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(4 pages)

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Summary:
Toronto Hydro Corp.

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Summary:

Toronto Hydro Corp.

Credit Rating: A/Stable/--

Rationale

The ratings on Toronto Hydro Corp., an Ontario-based utility holding company, largely reflect Standard & Poor's Ratings Services' view of the credit risk profile of the company's key subsidiary, Toronto Hydro-Electric System Ltd. (THESL; generating 97% of Toronto Hydro's consolidated net revenue). We believe THESL's excellent business risk profile reflects its monopoly, low-risk, regulated electricity distribution business and solid customer base. Offsetting these strengths is our view of Toronto Hydro's significant financial risk profile. Total reported debt outstanding at Toronto Hydro as of Dec. 31, 2011, was about C$1.46 billion. We expect that the company will focus on its core regulated local electricity distribution company (LDC) business without any material investment in nonregulated renewable generation in the medium term.

In our view, THESL's monopoly position and the asset-intensive nature of electricity distribution limit competitive risk. The electricity distribution business carries relatively low operating risk. Operational efficiency and reliability are within provincial industry norms, avoiding regulatory risk linked to poor performance. Toronto Hydro is one of Ontario's largest LDCs, with about C$2.4 billion in capital assets and delivering almost 20% of the electricity used in the province.

We believe the Ontario Energy Board's (OEB) regulatory framework supports THESL's cash-flow stability. The framework allows for the recovery of prudent costs and the opportunity to earn a modest return. Electricity market design and a regulated and timely commodity cost pass-through mechanism limit the company's exposure to commodity risk. Since the obligation to ensure an adequate electricity supply for its customers lies with the OPA, THESL's balance sheet is not burdened with power purchase contractual obligations. On Jan. 5, 2012, the OEB declined to hear THESL's cost-of-service application for 2012 in advance of 2015, and instead directed the company to file for a 2012 rate increase based on the OEB's incentive regulatory mechanism formula. The formula allows for inflation but also expects some offsetting productivity improvements in each year of a three-year cycle; THESL is in year 2. We believe the decision is rating neutral; it was not unexpected and we still expect the company to meet our credit metric targets for the rating. THESL has taken action to slow its planned capital program, and we expect spending will remain in line with OEB-approved levels for cost recovery.

Further supporting cash flow stability are THESL's solid customer base and the essential nature of the service provided. In our opinion, the Greater Toronto Area's economy is deep and well-diversified, although not immune to economic downturns. Finance, manufacturing, and business and professional services are the foundations of the city's economy. Exposure to large users, with a monthly peak demand of more than 5 megawatts, represents less than 10% of gross revenue. Further protecting its customer base is the provision of an essential service and that the cost to residential customers of producing their own power remains economically inaccessible to most. Toronto is Canada's largest city and our long-term view is that it will weather economic slowdowns. New time-of-use rates facilitated by recently installed smart meters encourage customers to shift the time of consumption to reduce their commodity costs, but we don't expect these to materially affect THESL's net distribution revenues.

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In our view, the stable and predictable, but highly-leveraged, asset-intensive business supports a significant financial risk profile. The company has had favorable access to debt capital markets. Its key financial metrics in 2011 were very similar to the historical range, in our view. We expect Toronto Hydro to continue to achieve about 14%-15% of AFFO-to-total debt in 2012 and 2013 and that management will maintain its balance sheet consistent with the regulatory deemed structure.

We base our 'A' rating on Toronto Hydro's stand-alone credit risk profile and our opinion that there is "low" likelihood that its owner, the City of Toronto (AA/Stable/A-1+), would provide timely and sufficient extraordinary support in the event of financial distress. We assess the company's stand-alone credit profile at 'a'. In accordance with our criteria, we view its role as of "limited importance" and the link between the utility and its owner as "limited."

Liquidity

We believe Toronto Hydro's liquidity is adequate, as per our criteria, to cover its needs in the near term, even in the event of an unforeseen earnings decline. In our assessment, we incorporate the following assumptions:

- The company's liquidity sources, including cash, our estimated FFO, and its revolving credit facility, will likely exceed uses 1.2x or more in the next 12 months.
- We expect net sources to remain positive, even in the event of a highly unlikely EBITDA decline of more than 15%.
- Liquidity sources include our expectation of C$240 million-C$250 million of annual FFO and its access to a fully available C$400 million revolving credit facility (expiring May 2013) as of Dec. 31, 2011.
- Liquidity uses include our estimated annual capital expenditure of about C$300 million-C$400 million and typical dividend payment of 50% of net income (C$35 million-$40 million). There is no maturing debt until May 2013.

The utility is well within the financial covenants applicable to its credit facility.

Outlook

The stable outlook reflects our expectation that Toronto Hydro will maintain its capital structure in line with the regulatory deemed capital structure, manage its capital expenditure in line with OEB-approved levels for cost recovery, and remain focused on its regulated electricity distribution business. A material adverse energy policy change or an expectation of sustained financial deterioration (12% of AFFO-to-debt or less and 60% of reported total debt–to-total capital or higher) will likely lead to a negative rating action. An upgrade is unlikely without a demonstrated, long-term, expectation of deeper cash flow interest and debt coverage (greater than 30% of AFFO-to-total debt), which we believe would likely require a material change in financial policy.

Related Criteria And Research

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Key Credit Factors: Business And Financial Risks In The Investor-Owned Utilities Industry, Nov. 26, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

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RATINGS SERVICES

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Toronto Hydro Corp.

Major Rating Factors

Corporate Credit Rating
A/Stable/--

Strengths:

- Monopoly position that limits competitive risk
- Stable cash flows from a low-risk, regulated electricity distribution business
- Favorable service territory

Weaknesses:

- Significant financial risk profile
- Sizable capital expenditures pressure related to aging infrastructure

Rationale

The ratings on Toronto Hydro Corp., an Ontario-based utility holding company, reflect Standard & Poor's Ratings Services' view of the credit risk profile of the company's key subsidiary, Toronto Hydro-Electric System Ltd. (THESL; it generates 97% of Toronto Hydro's consolidated net revenue). We believe THESL's excellent business risk profile reflects its monopoly, low-risk, regulated local electricity distribution business and solid customer base. Offsetting these strengths is our view of Toronto Hydro's significant financial risk profile and sizable capital expenditures pressure related to aging infrastructure. Total reported debt outstanding at the company as of June 30, 2012, was about C$1.47 billion.

We base our 'A' rating on Toronto Hydro's stand-alone credit risk profile of 'a' and our opinion that there is a "low" likelihood that its owner, the City of Toronto (AA/Stable/A-1+), would provide timely and sufficient extraordinary support in the event of financial distress. In accordance with our criteria, we view the utility's role as of "limited importance" and the link between the utility and its owner as "limited."

In our view, THESL's monopoly position and the asset-intensive nature of electricity distribution limit competitive risk. The electricity distribution business carries relatively low operating risk. We expect operational efficiency and reliability to remain within provincial industry norms, avoiding regulatory risk linked to poor sustained performance.

We believe the Ontario Energy Board's (OEB) regulatory framework will continue to support THESL's cash-flow stability. Under the framework we expect the utility to recover prudent costs (including costs of debt) and earn a modest return on capital invested. Electricity market design and a regulated and timely commodity cost pass-through mechanism limit the company's exposure to commodity risk, in our view. Since the obligation to ensure an adequate electricity supply for its customers lies with the government agency, the Ontario Power Authority, THESL's balance sheet is not burdened with power purchase contractual obligations. In our view, the OEB has exhibited increased scrutiny of requested cost increases in the distribution sector and the associated rate pressure on customers. While we expect tempering rate increases will remain an important regulatory consideration, we believe the OEB will continue to honor its mandate to balance the ability of the utilities to earn a modest return with the needs of customers. The fact that distribution costs typically represent about 25% of the total energy bill supports this view.

Further supporting cash flow stability are THESL's solid customer base, which is largely residential, and the service's essential nature. In our view, distribution revenues (net of commodity pass through) are subject to modest volumetric risk, largely due to weather and, to a less extent, economic conditions, given its limited exposure to large cyclical industrial customers. For example, volatility of distribution revenues (net of commodity pass through) has been modest historically, including the recession, at approximately plus or minus 5%. In our opinion, the Greater Toronto Area's economy is deep and well-diversified, although not immune to economic downturns. Finance, manufacturing, and business and professional services are the foundations of the city's economy. Further protecting the customer base is the provision of an essential service and that the cost to residential customers of producing their own power remains economically inaccessible to most. New time-of-use rates facilitated by recently installed smart meters encourage customers to shift the time of consumption to reduce their commodity costs, but we don't expect these to materially affect THESL's distribution revenues (net of commodity pass through).

In our view, the stable and predictable, but highly-leveraged, asset-intensive business will continue to support a significant financial risk profile. Our forecasts assume that the company will maintain its capital structure in line with the regulatory deemed capital structure of a 60% debt layer, manage its capital expenditures in line with OEB-approved levels, and remain focused on its core regulated local electricity distribution company business. Based on these assumptions, we expect Toronto Hydro will achieve 14%-16% of adjusted funds from operations (AFFO)-to-total debt and remain in line with our downgrade threshold of 12% of AFFO-to-total debt and reported total debt-to-total capital of 60% in 2013 and 2014.

Liquidity

In accordance with our criteria, we consider Toronto Hydro's liquidity as adequate. Standard & Poor's assessment of the company's liquidity profile incorporates the following expectations and assumptions.

- Toronto Hydro's liquidity sources will likely exceed its uses by 1.2x or more in the next six months.
- Liquidity sources include our expectation of about C$240 million to C$250 million of annual FFO, its access to C$400 million revolving credit facility (expiring May 2013; fully available as of June 30, 2012) and C$121million cash on hand as of June 30, 2012.
- Liquidity uses include an annual capital expenditure of about C$140 million (the OEB's currently approved capital expenditure amount). We did not include maturing debt of C$470 million (due May 2013) since their maturity dates are beyond our six-month horizon. Nevertheless, we understand that the company will take active steps to secure sources to refinance its maturing debt in a timely manner.

As of June 30, 2012, Toronto Hydro was within the financial covenants. Historically, the Canadian debt market has demonstrated strong demand for regulated utilities. Therefore, we do not have any meaningful rating concern about the utility's ability to access the debt market and complete refinancing in a timely manner. In our view, the company has sound relationships with banks.

Outlook

The stable outlook reflects our assessment of stable cash flows from Toronto Hydro's low-risk regulated monopoly electricity distribution business and our expectation that the company will manage its capital expenditure in line with OEB-approved levels. A material adverse energy or regulatory policy change or an expectation of sustained financial

deterioration (12% of AFFO-to-debt or less and 60% of reported total debt–to-total capital or higher) would likely lead to a downgrade. An upgrade is unlikely without a demonstrated, long-term expectation of deeper cash flow debt coverage (greater than 30% of AFFO-to-total debt), which we believe would likely require a material change in financial policy.

Business Description

Toronto Hydro is a utility holding company. Its primary operation is THESL's monopoly electricity distribution business, which delivers electricity throughout Toronto. THESL represents about 97% of Toronto Hydro's fixed assets and distribution revenues (net of commodity pass-through) in 2011. It is one of Ontario's largest local distribution companies (LDCs), with about C$2.4 billion in fixed assets and delivering almost 20% of the electricity used in the province.

Government Support And Government-Related Entities Methodology: No Impact On The Ratings

In accordance with our criteria for government-related entities (GREs), we base our view of a "low" likelihood of extraordinary government support on the following assessment.

Within the context of our GRE methodology and scale for assessing the importance of a GRE's role to its government owner, we view Toronto Hydro's role as of "limited importance" to the city. Although the utility provides an essential and monopolistic service, we believe a default is not likely to pose a material risk to its own continuing physical operations or to the city's economy or government processes. Furthermore, electricity policy is set at the provincial level.

Within the context of our GRE methodology and scale for assessing strength and durability, we view the link between Toronto Hydro and the city as "limited." In our view, Toronto does not interfere with the company's day-to-day operations. The city has limited financial capacity and no formal policy to provide financial support to the company in a timely manner. Its current consideration of a potential sale of its 10% interest in Toronto Hydro also might indicate less likelihood of its financial support and capacity to the company.

Excellent Business Risk Profile

Regulatory framework supports a stable and predictable cash flow

We believe the Ontario regulatory framework governing the LDC's electricity distribution pricing is relatively independent, transparent and consistent, providing cash flow stability to Toronto Hydro. Regulated rates are based on an OEB-approved revenue requirement and the company's load forecast. The revenue requirement is based on cost-of-service (CoS) and rate-of-return methodology that generally allows THESL to recover all prudent costs and to earn a return on capital invested. In setting rates, the regulator reviews the company's forecast costs, and allows for a return based on a deemed capital structure of 60% debt and 40% equity. The allowed economic return is based on a formula linked to long-term Government of Canada (AAA/Stable/A 1+) bonds and utility bond spreads. The actual

cost of debt is included in forecast costs.

Since 2006, the company's strategy has been to rebase its rate base every year through a CoS application, more frequently than a usual four-year cycle, in view of its heavy capital expenditure needs to address an aging infrastructure issue. This strategy was to mitigate the potential time lag between its capital expenditure spending and cost recovery through rate-base adjustments. The OEB accepted this approach until January 2012, when it declined to hear the company's CoS application in advance to 2015. We view the OEB decision as rating neutral; it was not unexpected and we do not consider it as an indication of an unsupportive regulatory regime. Rather, this is about disagreement between Toronto Hydro and the OEB on the pace of replacing aging infrastructure, not on needs of replacing aging infrastructure, in our view. In May 2012, the company submitted another rate application requesting capital expenditures of next two years higher than depreciation but lower than those under its initial CoS application. It is waiting for the OEB decision. From a credit perspective, we believe the impact of the OEB's upcoming decision on Toronto Hydro's key financial measures should be neutral since we expect the company will spend capital expenditures in line with the OEB pre-approved levels with associated cost recovery and continue to manage its capital structure within the regulatory deemed capital structure of a 60% debt layer.

A mature and primarily residential customer base adds to credit stability

Supporting Toronto Hydro's excellent business risk profile is the stable service franchise of its regulated electricity distribution business. The company distributes electricity in Toronto, the Canada's largest city which has a well-diversified economy base. The LDC's customer base is predominantly residential and not heavily influenced by cyclical energy consumers, which we view as supporting credit. The utility provides electricity to about 720,000 customers, of which about 630,000 are residential, in a small geographic area. Toronto Hydro's large industrial users (with monthly peak demand of greater than 5 megawatts [MW]) segment accounts for less than 10% of distribution revenues (net of commodity pass-through).

Low-risk operation

We view electricity distribution business has relatively low operating risk compared to generation. Despite the company has an aging infrastructure issue, the operational performance of its electricity distribution assets remains relatively steady and in line with that of its Canadian utilities peers. The regulator tracks performance metrics but has not yet imposed generic industry standards or penalties for substandard service, which eliminates the negative impact on key financial measures driven by potential substandard service.

Minimal competitive risk exposure

Toronto Hydro's natural monopoly electricity distribution business largely shields it from direct competition. The company's cost-competitive network pricing mitigates the incentive for bypass of the distribution network. Competitive risk is minimal, in our opinion, given the large capital cost involved in duplicating the asset-intensive distribution system.

Other activities are not material to the ratings

We expect that THESL's regulated electricity distribution business will continue to dominate Toronto Hydro's operations and cash flows. Its other activities include the unregulated provision of street lighting and energy engineering solutions primarily to its government shareholder; these account for 5% or less of cash flow.

Although the LDC is allowed to participate in developing and operating contracted renewable electricity generation aligned with the Green Energy Act, we understand that the company has no known commitments related to renewable electricity generation to date. We believe two small potential cogeneration projects, Ashbridges Bay (10 MW) and Green Lane (10 MW), are on hold due to transmission connection issues. Our rating assumes that Toronto Hydro's investments in nonregulated renewable generation, if any, will remain small, at less than 10% of its consolidated FFO, EBITDA, or total asset value in the long term.

Significant Financial Risk Profile

Accounting

Toronto Hydro prepared consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) until 2011. The Canadian Accounting Standards Board has called for a convergence to International Financial Reporting Standards (IFRS) by 2013 (effective Jan. 1, 2013). Similar to Hydro One and other large regulated utilities, the company decided to adopt U.S. GAAP, effective Jan 1, 2012 to avoid reporting volatile earnings as IFRS does not allow the recognition of regulatory assets and liabilities on the balance sheet statement. The change in accounting practice itself should not affect Standard & Poor's credit analysis.

Pension obligations fall to a third party. THESL recovers annual payments to OMERS Administration Corp., its pension provider, through regulated cost-of-service determinations. Therefore, we do not adjust the company's pension obligation. However, we have adjusted the balance sheet related to other postretirement benefit obligations, which account for approximately 10% of total adjusted debt.

Financial policies comparable with those of peers

Regulatory practice, including a 40% deemed equity component for THESL, guide the level of leverage at the key subsidiary. Toronto Hydro's dividend policy, which it adopted in 2004, is to distribute the greater of 50% of its consolidated net income or C$25 million. The city relies on the company's board of directors to assess Toronto Hydro's ability to pay dividends, including assessing how any dividend payment might affect its financial risk profile and our ratings. The shareholder direction indicates that management should target a rating of 'A-' or better.

The regulatory compact largely constrains profitability

The utility's profitability largely reflects the OEB's decisions on its rate applications, including rate base, revenue requirement, return on equity and deemed equity. Other factors (of which influence is not as material as the OEB rate case decisions) include the company's cost management and customer electricity consumption driven by weather, conservation efforts, economic conditions and customer growth. We believe the impact of reduced consumption will not affect profitability on a sustained basis, given the LDC's ability to update its load forecast in CoS applications.

Although Toronto Hydro's key financial measures fall in an aggressive category, we view the company's financial risk profile as significant because, in our view, regulatory support continues to provide secure and predictable cash flows. Variability in AFFO-to-debt has been historically very low at less than plus or minus 2%. Assuming that the OEB will approve Toronto Hydro's recent rate application without material disallowances, we forecast that its AFFO-to-debt will remain above our downgrade threshold of 12%, at 14%-16% in 2013 and 2014. We also expect to see modest increases in its cash flows driven by rate-riders (in other words, additional charges in existing rates) associated with

capital expenditures during this period. We believe the company will spend only the OEB preapproved capital expenditures in 2013 and 2014 because there is no economic incentive to spend capital expenditures without associated cost recovery or earning returns.

The capital structure at THESL is likely remain in line with the regulatory deemed capital structure

We expect its leverage to remain within the regulatory deemed capital structure of a 40% equity layer on a reported basis in the foreseeable future. In its tariff determinations for THESL, the OEB imputes an equity layer of 40%. There is little financial incentive for Toronto Hydro to materially vary from this level, because any additional equity at the subsidiary level would generate a lower return (equal to the cost of debt) than the allowed return on equity. Given that THESL accounts for 97% of Toronto Hydro's capital assets, we expect Toronto Hydro's capital structure will be very similar to that of THESL.

No interest rate or foreign exchange exposure

The nature of the company's debt and its long-lived assets and the ability to recover interest expense through regulated rates limit the company's financial risk exposure. All long-term debt is at a fixed rate and we believe upcoming maturities should be manageable. The OEB will generally allow THESL to recoup the market cost of debt. Furthermore, as all issues are in domestic currency, the company faces no meaningful foreign exchange exposure.

Table 1

Toronto Hydro Corp.--Peer Comparison

Industry Sector: Electric Utility

	--Fiscal year ended Dec. 31, 2011--				
(Mil. C$)	Toronto Hydro Corp.	Hydro One Inc.	PowerStream Inc	Hydro Ottawa Holding Inc.	Enersource Corp.
Rating as of Sept. 20, 2012	A/Stable/--	A+/Negative/A-1	A/Stable/--	A/Stable/--	A/Stable/--
Revenues	2,809.3	5,471.0	922.4	840.1	816.6
EBITDA	336.8	1,893.3	107.5	92.6	68.1
Net income from continuing operations	95.9	641.0	30.3	26.2	22.7
Funds from operations (FFO)	252.6	1,124.6	85.3	73.3	57.3
Capital expenditures	432.1	1,398.9	90.7	77.2	43.5
Free operating cash flow	(115.4)	(78.3)	(22.0)	(0.8)	23.6
Dividends paid	33.1	168.0	13.9	17.5	10.6
Cash and short-term investments	154.3	228.0	0.0	2.9	107.1
Debt	1,711.7	9,591.0	459.5	260.4	321.8
Preferred stock	0.0	323.0	0.0	0.0	0.0
Equity	1,055.8	5,472.5	300.7	350.2	249.1
Debt and equity	2,767.5	15,063.4	760.2	610.5	570.9
Adjusted ratios					
FFO interest coverage (x)	3.5	3.2	4.1	6.5	4.0
FFO/debt (%)	14.8	11.7	18.6	28.2	17.8
Debt/EBITDA (x)	5.1	5.1	4.3	2.8	4.7
Total debt/debt plus equity (%)	61.9	63.7	60.4	42.6	56.4

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Table 1

Toronto Hydro Corp.--Peer Comparison (cont.)					
Common dividend payout ratio (unadjusted; %)	34.5	24.1	45.7	66.8	46.7

Table 2

Toronto Hydro Corp.--Financial Summary

Industry Sector: Electric Utility

	--Fiscal year ended Dec. 31--				
(Mil. C$)	**2011**	**2010**	**2009**	**2008**	**2007**
Rating history	A/Stable/--	A/Stable/--	A/Stable/--	A/Stable/--	A-/Positive/--
Revenues	2,809.3	2,611.7	2,461.7	2,382.5	2,389.2
EBITDA	336.8	332.3	301.8	298.4	329.0
Net income from continuing operations	95.9	66.1	42.8	46.3	58.6
Funds from operations (FFO)	252.6	253.1	218.7	229.5	229.0
Capital expenditures	432.1	388.5	215.4	186.8	272.7
Free operating cash flow	(115.4)	(108.1)	(27.2)	76.8	(60.5)
Dividends paid	33.1	25.0	25.2	116.4	46.2
Cash and short-term investments	154.3	330.2	211.4	340.5	216.0
Debt	1,711.7	1,583.0	1,344.3	1,311.4	1,338.6
Equity	1,055.8	1,018.6	987.7	997.2	915.1
Debt and equity	2,767.5	2,601.6	2,332.0	2,308.6	2,253.7
Adjusted ratios					
FFO interest coverage (x)	3.5	3.6	3.3	3.4	3.4
FFO/debt (%)	14.8	16.0	16.3	17.5	17.1
Debt/EBITDA (x)	5.1	4.8	4.5	4.4	4.1
Debt/debt and equity (%)	61.9	60.8	57.6	56.8	59.4
Common dividend payout ratio (unadjusted; %)	34.5	37.8	58.8	251.5	78.8

Table 3

Reconciliation Of Toronto Hydro Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$)

	--Fiscal year ended Dec. 31, 2011--									
Toronto Hydro Corp. reported amounts	**Debt**	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	1,465.4	1,102.2	2,809.3	327.2	176.2	75.3	310.3	310.3	33.1	384.3
Standard & Poor's adjustments										
Operating leases	67.9	N/A	N/A	2.9	2.9	2.9	15.5	15.5	N/A	51.7
Postretirement benefit obligations	175.3	(46.5)	N/A	6.5	6.5	11.5	(5.7)	(5.7)	N/A	N/A
Capitalized interest	N/A	N/A	N/A	N/A	N/A	3.8	(3.8)	(3.8)	N/A	(3.8)

Table 3

Reconciliation Of Toronto Hydro Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$) (cont.)										
Asset retirement obligations	3.2	N/A	N/A	0.2	0.2	0.2	0.3	0.3	N/A	N/A
Reclassification of working-capital cash flow changes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(64.1)	N/A	N/A
Total adjustments	246.3	(46.5)	0.0	9.5	9.5	18.4	6.3	(57.8)	0.0	47.9
Standard & Poor's adjusted amounts	**Debt**	**Equity**	**Revenues**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Dividends paid**	**Capital expenditures**
Adjusted	1,711.7	1,055.8	2,809.3	336.8	185.7	93.7	316.7	252.6	33.1	432.1

N/A--Not applicable.

Related Criteria And Research

- Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- Implications Of The Canadian Regulated Utility Sector's Mixed Bag Of Accounting Standards, Aug. 31, 2012
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Key Credit Factors: Business And Financial Risks In The Investor-Owned Utilities Industry, Nov. 26, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

Ratings Detail (As Of September 20, 2012)	
Toronto Hydro Corp.	
Corporate Credit Rating	A/Stable/--
Senior Unsecured	A
Corporate Credit Ratings History	
03-Jun-2008	A/Stable/--
26-Mar-2007	A-/Positive/--
20-Apr-2004	A-/Stable/--
Business Risk Profile	Excellent
Financial Risk Profile	Significant

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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