

Toronto Hydro Electric System Regulatory Affairs

November 6, 2006



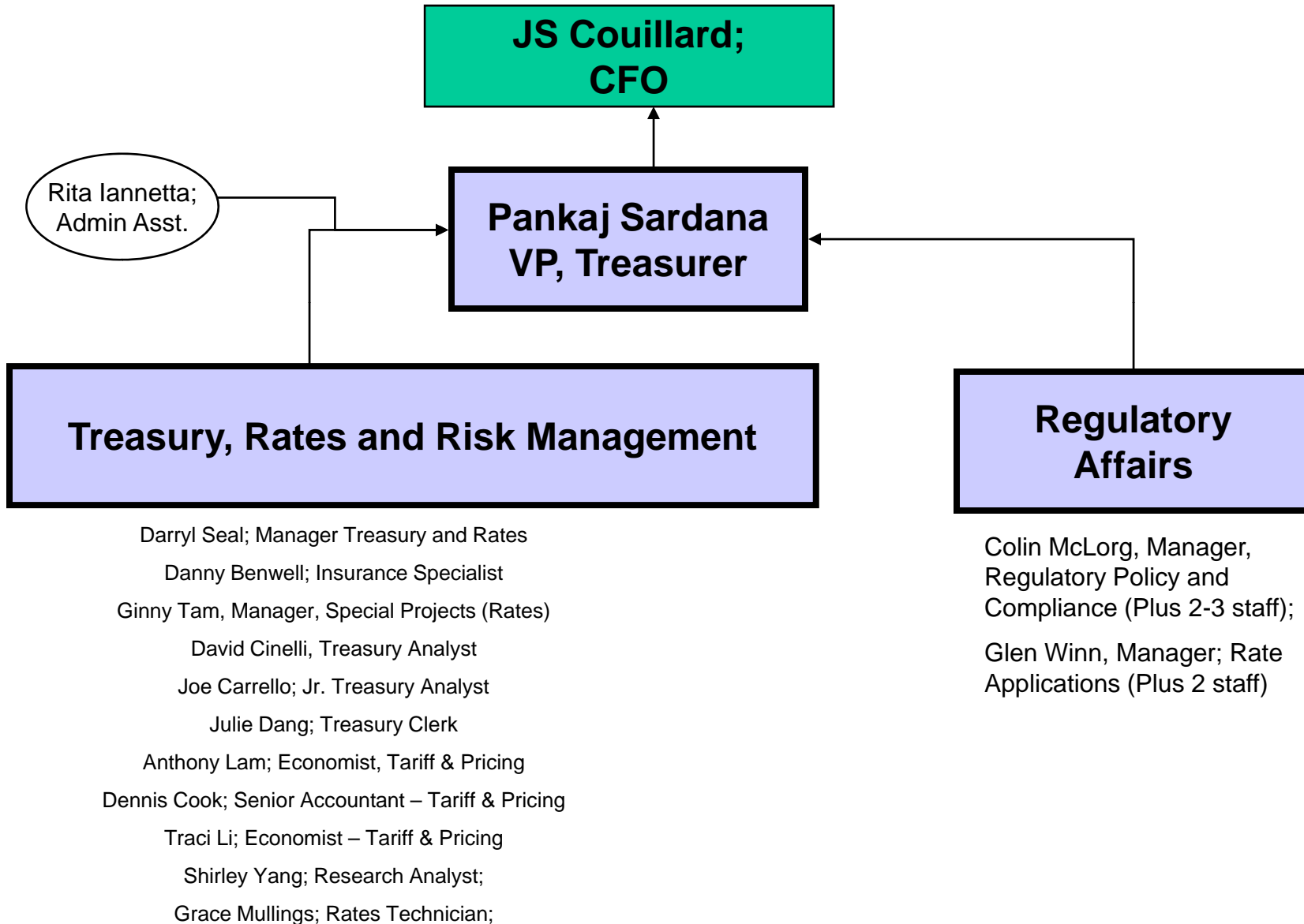


Presentation Overview

- ❖ Treasury, Rates and Regulatory Affairs
- ❖ Rate Application Process
- ❖ Hearing Process
- ❖ Intervenor Perspective



Treasury, Rates and Regulatory Affairs



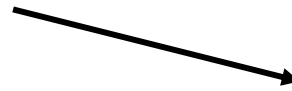
Rate Application Process

- Rate Application typically filed with Ontario Energy Board about nine months prior to Rate Approval
- Required to file on a “Forward Test Year” basis; That is, on a forecast basis
- Application typically covers an “Historical Year”, a “Bridge Year”, and a “Test Year”. For example, for the 2008 rate filing, we are going to file 2006 (historical), 2007 (bridge) and 2008 (test)
- Application process typically leads to either an oral or written hearing.



(Oral) Hearing Process

- Hearing process is set in a “quasi-judicial” setting, where witnesses are under oath, and are “cross-examined” by various intervenors



- Because of this, the filed evidence needs to be thorough, and Applicant (i.e., Toronto Hydro) should bring in expert advice wherever necessary.

Typical Filing Includes

- Load Forecast (kWh, kW, # of Customers, Cost of Power, etc.)
- Compensation Costs
- Shared Services Costs
- Working Capital Allowance
- Capital Budget and Plan
- Return on Equity
- Debt Plan and Structure

Intervenor Perspective

Who are the Intervenor?

Represent many different aspects of interested parties

- Consumer Groups
- “Green” Groups
- Competitors



What are they looking for?

Ultimately, looking out for their interests

- Most want the “right” decision
- But there are agenda’s



What Works, What doesn't

What Works:

- Honesty
- Full disclosure
- Recognize points of view

What Does not Work:

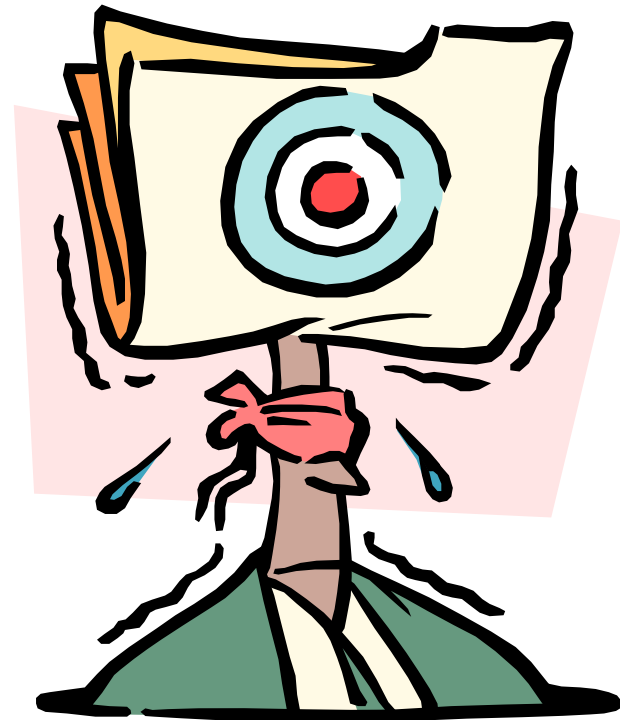
- Poor Communications
- Poor Presentation



The process

Different Views of the Regulatory Process

- Can seem adversarial
- But, this is how regulation works
- Best defense its being prepared





Thank You

