

BMO 12th Annual Infrastructure & Utilities Conference

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EVP and Chief Financial Officer

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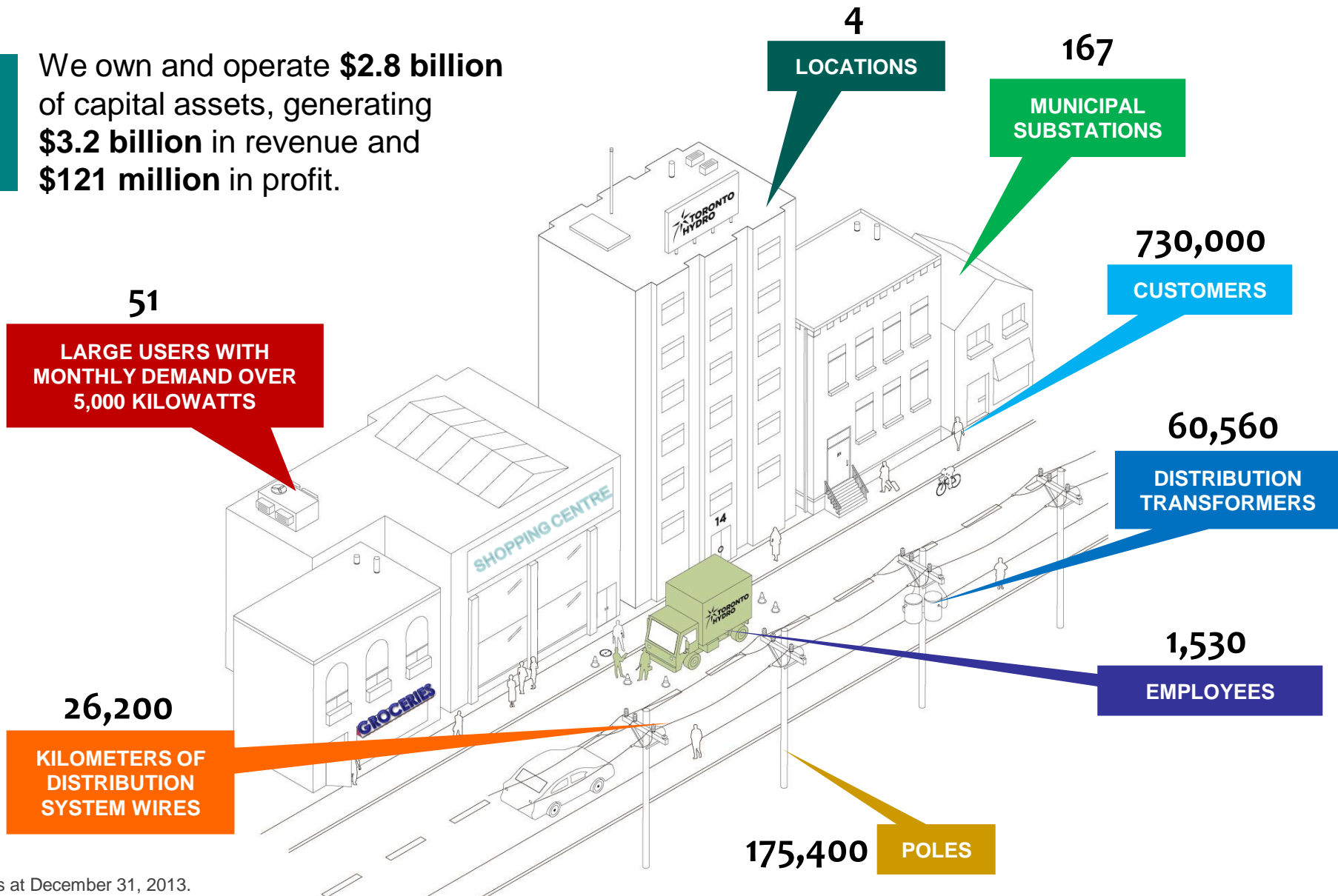


Toronto Hydro Corporation

We own the largest municipal electricity distribution company in Canada, distributing approximately 18% of the electricity consumed in Ontario.

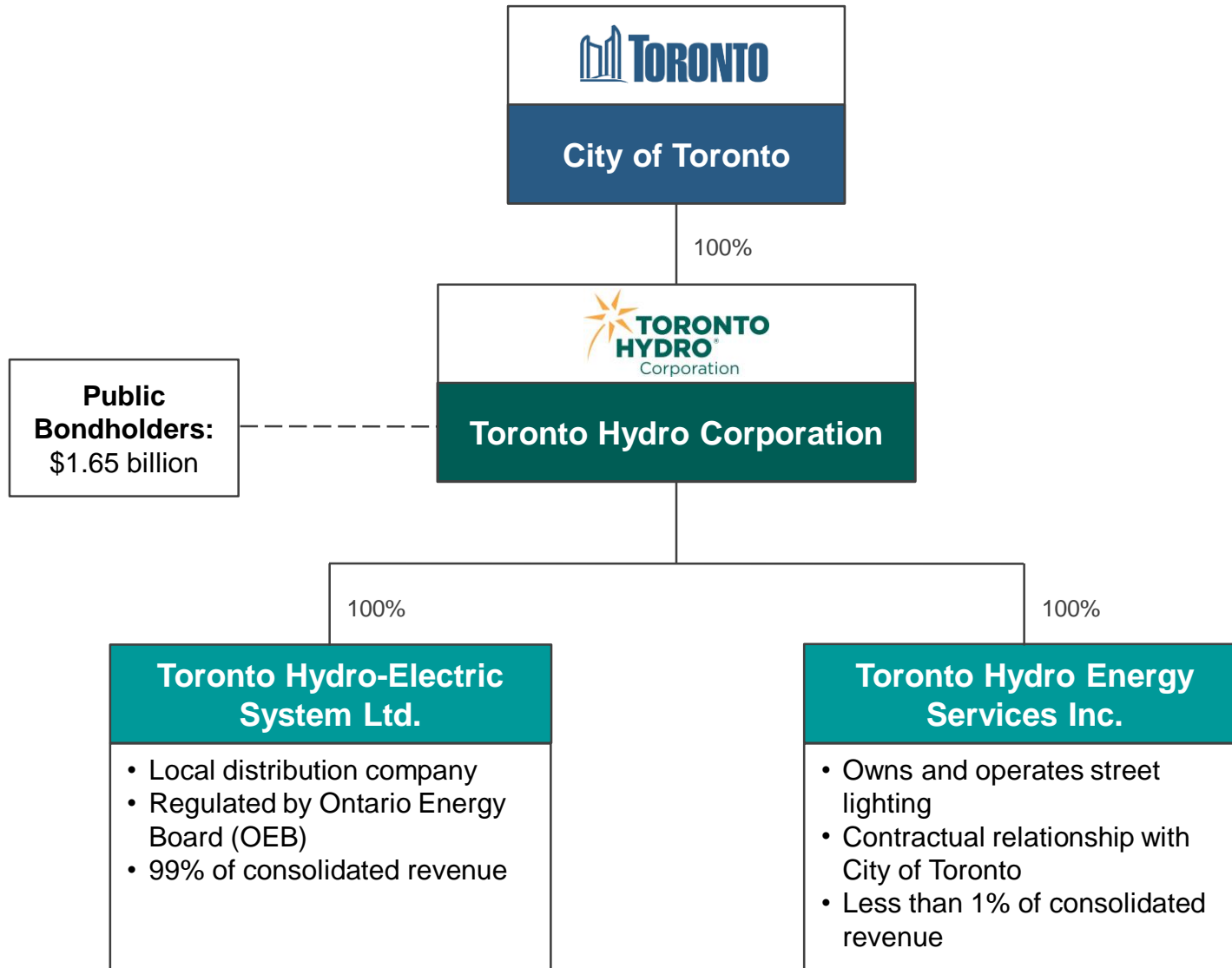
At a Glance

We own and operate **\$2.8 billion** of capital assets, generating **\$3.2 billion** in revenue and **\$121 million** in profit.

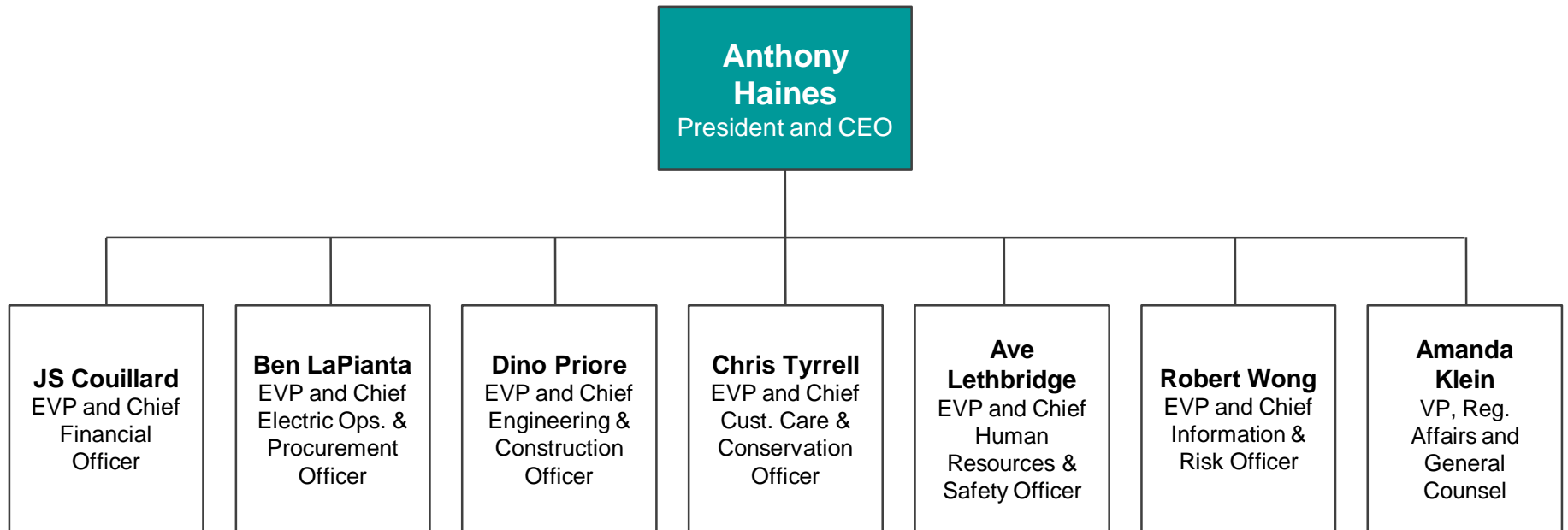


As at December 31, 2013.

Corporate Structure



Executive Team



Members of our executive team have been at Toronto Hydro for an average of **19 years**.

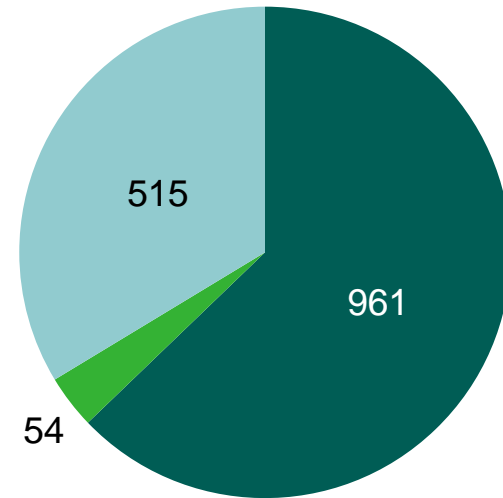
Labour Relations

Approximately two-thirds of our workforce is unionized, and we enjoy positive relations with both the unionized and non-unionized members of our workforce.

- The Canadian Union of Public Employees, Local One (CUPE One) represents 95% of our unionized workforce.
 - 4-year collective agreement expiring January 31, 2018.
- The Society of Energy Professionals represents 5% of our unionized workforce.
 - 4-year collective agreement expiring December 31, 2015.

Workforce Overview

Number of employees



- CUPE One
- Society of Engineering Professionals
- Non-represented

Our Focus

CORPORATE STRATEGIC PILLARS



CUSTOMER

Value for money

GOALS:

- To provide long-term value for your money
- Make it easy to work with us
- Help you conserve energy
- Provide you with tools and technology



PEOPLE

Fully-engaged, safe and healthy workforce that meets the changing business requirements

GOALS:

- Provide a healthy and safe workforce
- Develop a skilled and knowledgeable workforce
- Keep our workforce engaged and productive



OPERATIONS

Improve system reliability through optimal and sustainable system management

GOALS:

- Keep the lights on
- Keep our system safe
- Build a grid that support a modern city
- Maintain above average productivity



FINANCIAL

Meet financial objectives of the Shareholder

GOALS:

- Provide a fair return to our Shareholder
- Continue to increase Shareholder value

Our **Vision** is to continuously maximize customer and stakeholders' satisfaction by being safe, reliable and environmentally responsible at optimal costs.

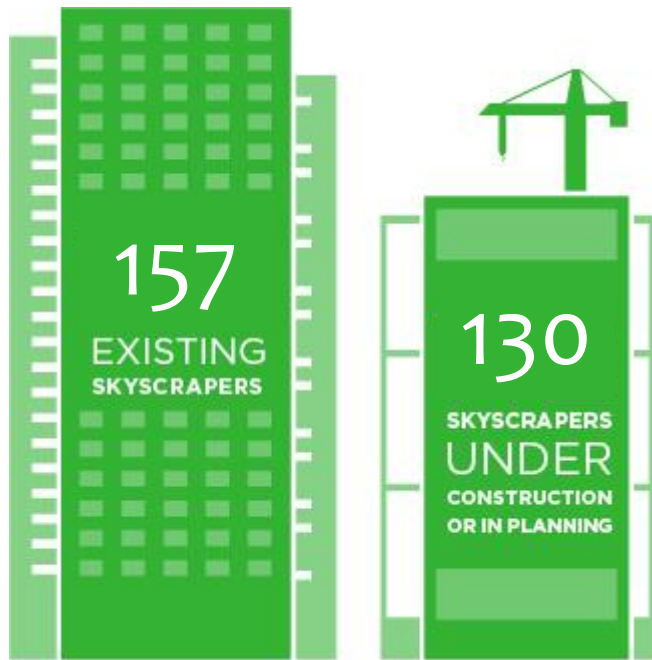
Capital Plan Update

Toronto Hydro plans to spend over **\$2.5 billion** during the next 5 years, subject to approval by the Ontario Energy Board (OEB), to maintain and upgrade Toronto's electrical infrastructure.



Supporting Toronto's Vibrant Growth

Toronto is becoming a skyscraper city...



...which is boosting demand for electricity in the downtown core.

Source: Emporis

Electricity will play an ever-increasing role in our city's future:



The future expansion of the TTC and regional transit will be powered electrically.



Increased use of electric cars as technology progresses.



Increased use of electronic devices that need to be charged frequently.



Construction of power-hungry data centres to support the rapid migration to online computing.

Transformation of Downtown Toronto

Toronto is experiencing unprecedented growth, with several large and ambitious projects currently underway in the downtown core.

Pan Am Athletes' Village

The newly-constructed 80-acre Pan Am Athletes' Village will be home to 10,000 athletes, coaches and team officials.

Waterfront Toronto

Spanning an area over 1,900 acres, this is the largest urban revitalization project in North America and will re-define Toronto's cityscape.

Union Station Revitalization

The \$1 billion revitalization of Union Station will include a new 160,000 sq. ft. underground retail concourse and a second subway platform.

Toronto Hydro is clearing a path to the city's transformation by installing additional infrastructure and relocating existing assets to meet future electrical demand.

Copeland Transformer Station

Toronto Hydro is investing **\$195 million** to build Copeland Station in downtown Toronto. The underground station will provide several benefits:

Project Benefit	Description
Additional capacity	72 MVA to supply new load (~ approx. 35 condo towers)
Future capacity	Provision for 144 MVA capacity
Modernization	Designed for safety and high reliability
Reliability	Decreased downtime at the station level
Flexibility	Switching capability between stations
Asset opportunity	Own and operate high voltage transformer and switchgear





Regulatory Affairs

In July 2014, Toronto Hydro filed a rate application with the OEB seeking approval of changes to distribution rates for the 2015-2019 period.

Regulatory Overview

The **Ontario Energy Board (OEB)** reviews and sets Toronto Hydro's electricity rates through an independent and public quasi-judicial process. The OEB also approves Toronto Hydro's capital budget, cost of capital, allowable return and service levels.

Rate filing approaches:



The **Custom IR** method is a hybrid between COS and IRM and is appropriate for distributors with large multi-year investment commitments with relatively certain timing and level of expenditures.

Rate Application Highlights

Toronto Hydro submitted a five-year rate application pursuant to the OEB's Custom Incentive Rate-setting (Custom IR) Framework. Rates for the term are based on Toronto Hydro's forecasts and the OEB's IR analysis, which includes productivity and benchmarking reviews.



INVESTMENT:

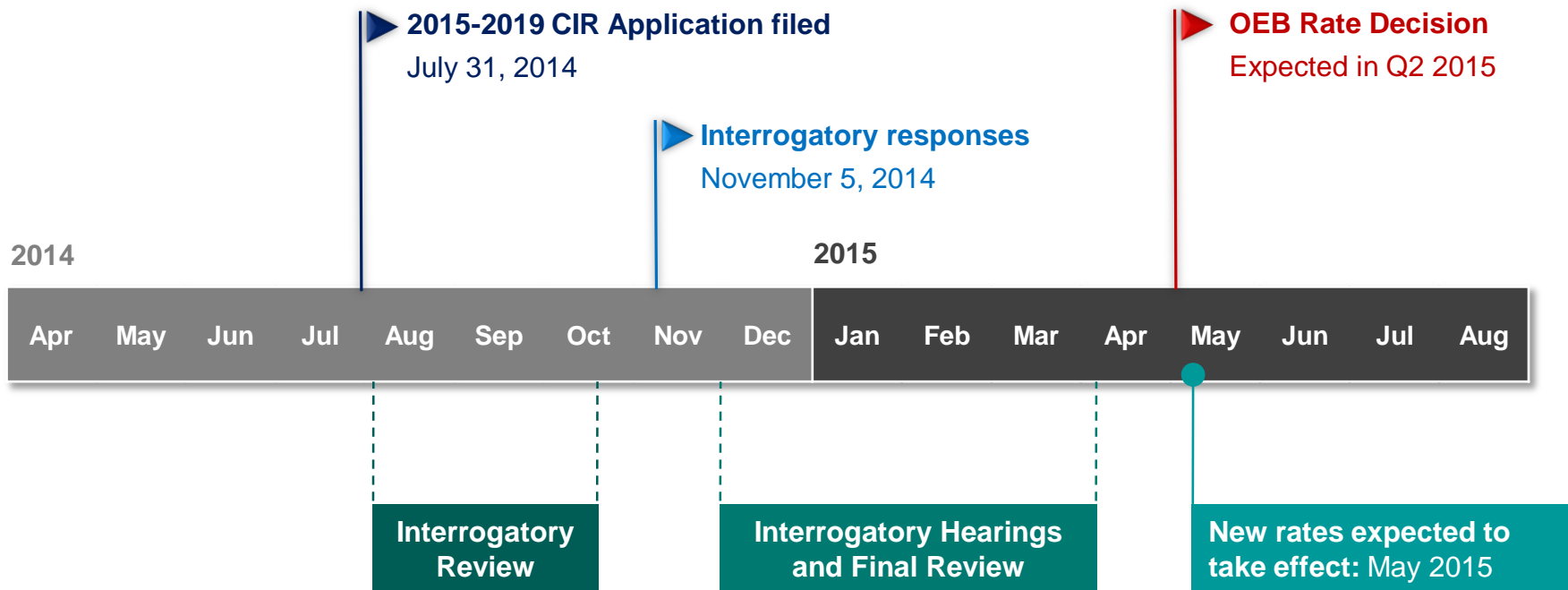
The application calls for \$2.5 billion in funding for strategic investments into the system, with a focus on strengthening the grid and helping to improve reliability.



IMPACT ON CUSTOMERS' BILLS:

The proposal is expected to increase the total bill for residential customers by an average of less than 3 per cent (approximately \$3.54 per month for the average household) for each of the next five years.

Rate Application Timeline





Conservation and Demand Management (CDM)

Conservation Programs

As part of our **Conservation and Demand Management (CDM)** efforts, Toronto Hydro offers a full suite of electricity conservation programs for residential, commercial, institutional and industrial customers.



TECHNOLOGY:

Smart meters provide customers precise measurements of their electricity use, enabling them to conserve energy and better manage their costs.



EDUCATION:

We engage with our customers using a multi-channel approach to communicate conservation methods and cost-saving tips.

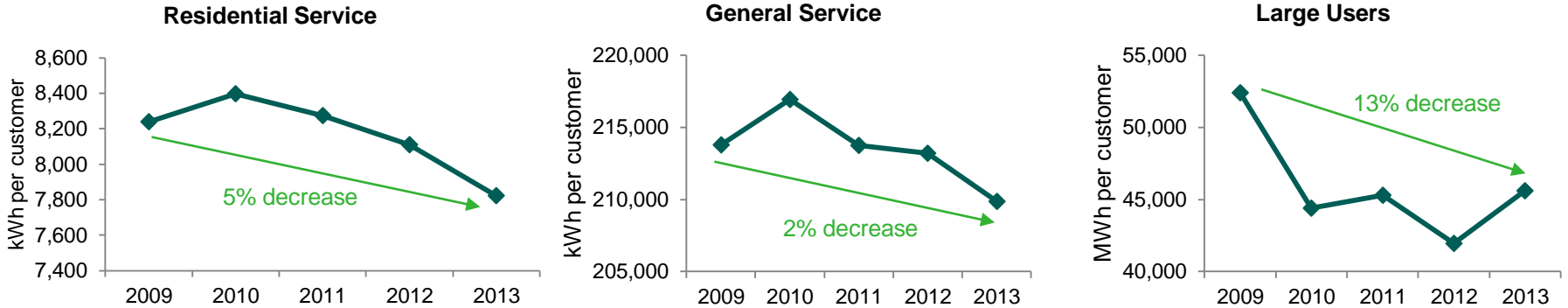


INCENTIVES:

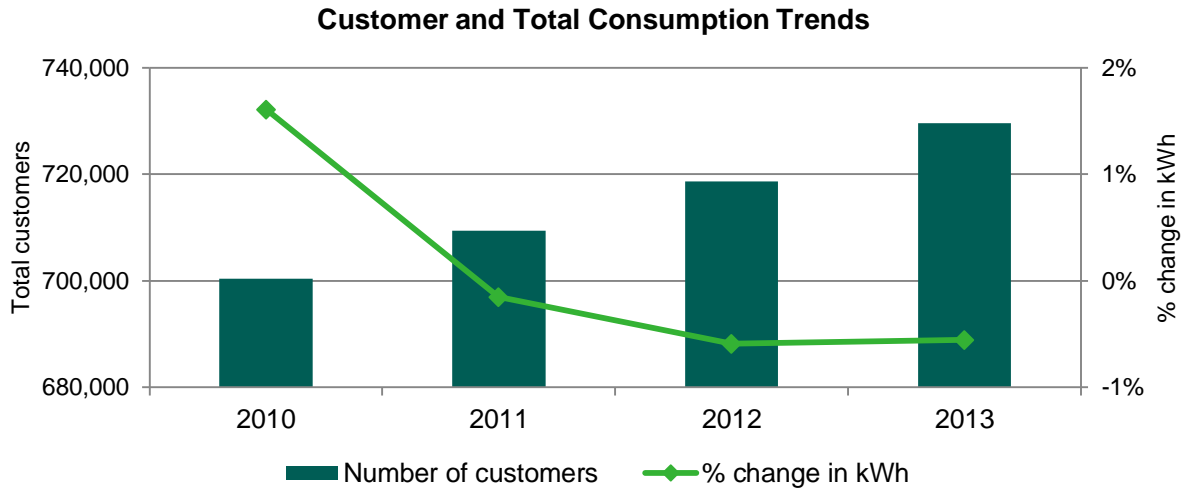
We offer various incentive programs including rebates and coupons for energy-efficient upgrades to help encourage customers to invest in energy and cost saving measures.

Electricity Consumption Trends

Our conservation programs have helped customers reduce their electricity consumption:



However, thanks to the growth of Toronto, total consumption increased by **0.1% per year** on average between 2009 and 2013:

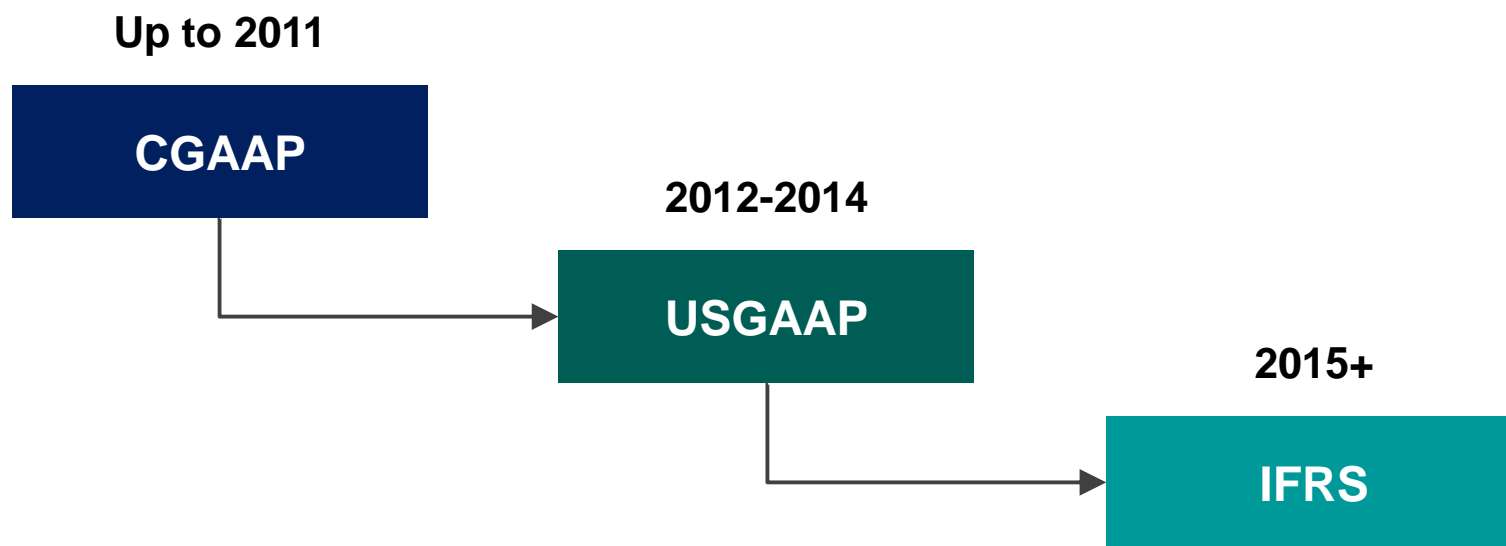




Financial Highlights

Accounting Standards

Toronto Hydro is adopting IFRS for the year beginning on January 1, 2015. The first set of IFRS-compliant statements will be Q1 2015 with 2014 comparatives.

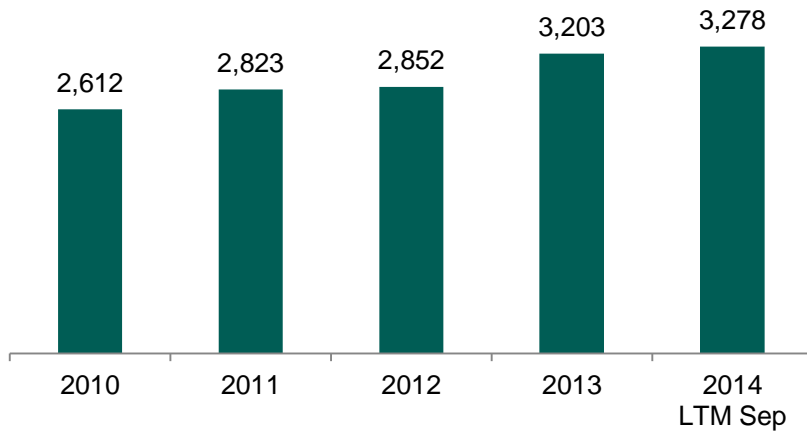


In January 2014, the IASB issued IFRS 14 – Regulatory Deferral Accounts (RDAs):

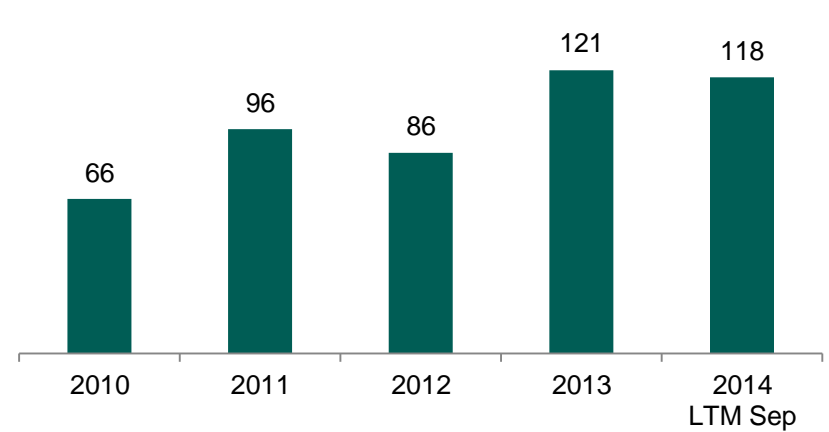
- First-time adopters allowed to continue to recognize RDAs under previous GAAP
- New presentation criteria to segregate the regulatory impacts
- The Corporation is planning to early-adopt IFRS 14

Financial Summary

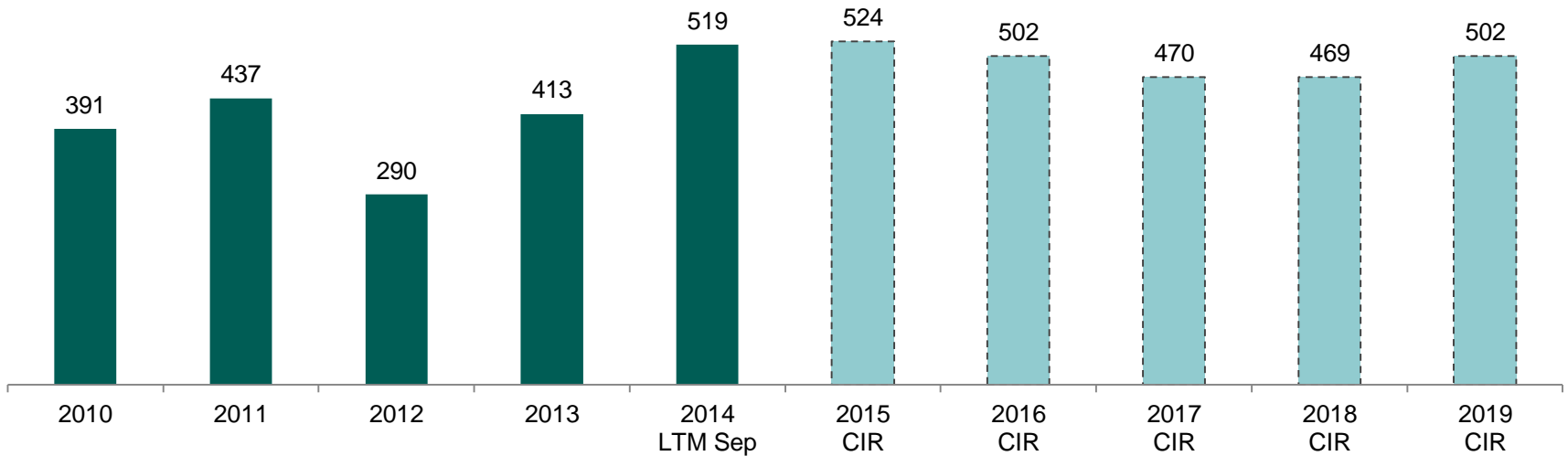
Revenue (\$M)



Net income (\$M)



CAPEX (\$M)*



* CAPEX figures for 2015-2019 represent planned amounts and are subject to OEB approval.

Credit Profile

Credit Ratings

Long-term debt:

- S&P: A / Stable
- DBRS: A (high) / Stable

Commercial paper:

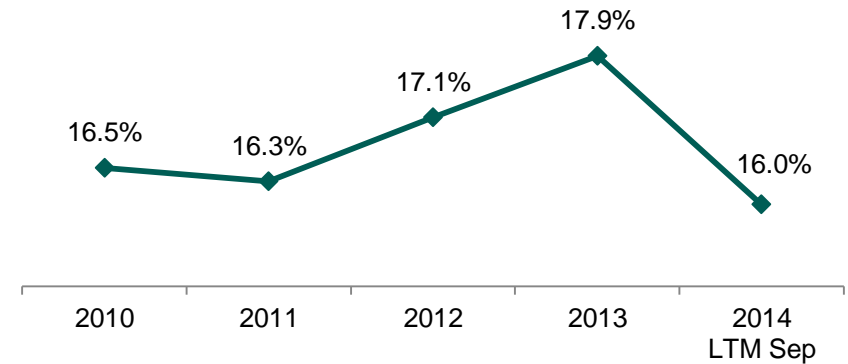
- DBRS: R-1 (low)

Liquidity as of Sep. 30, 2014

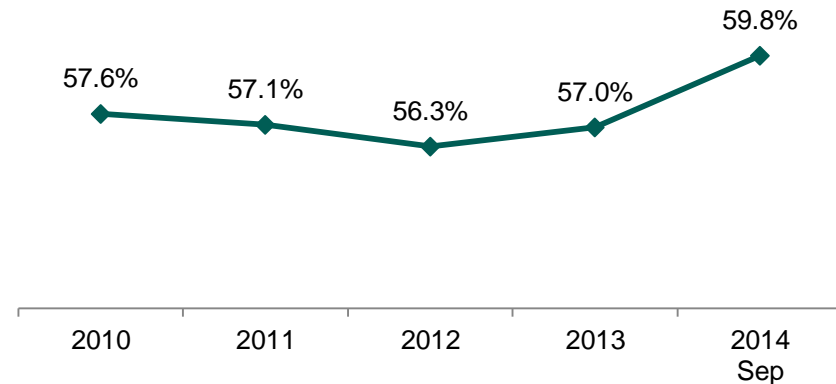
Facility Type	Size	Availability
Revolving Credit Facility	\$700M*	\$494M
Prudential Facility (LC)	\$75M	\$45M
Working Capital Facility	\$20M	\$10M
Total	\$795M	\$549M

* Includes Commercial Paper Program, which has a limit of \$500M.

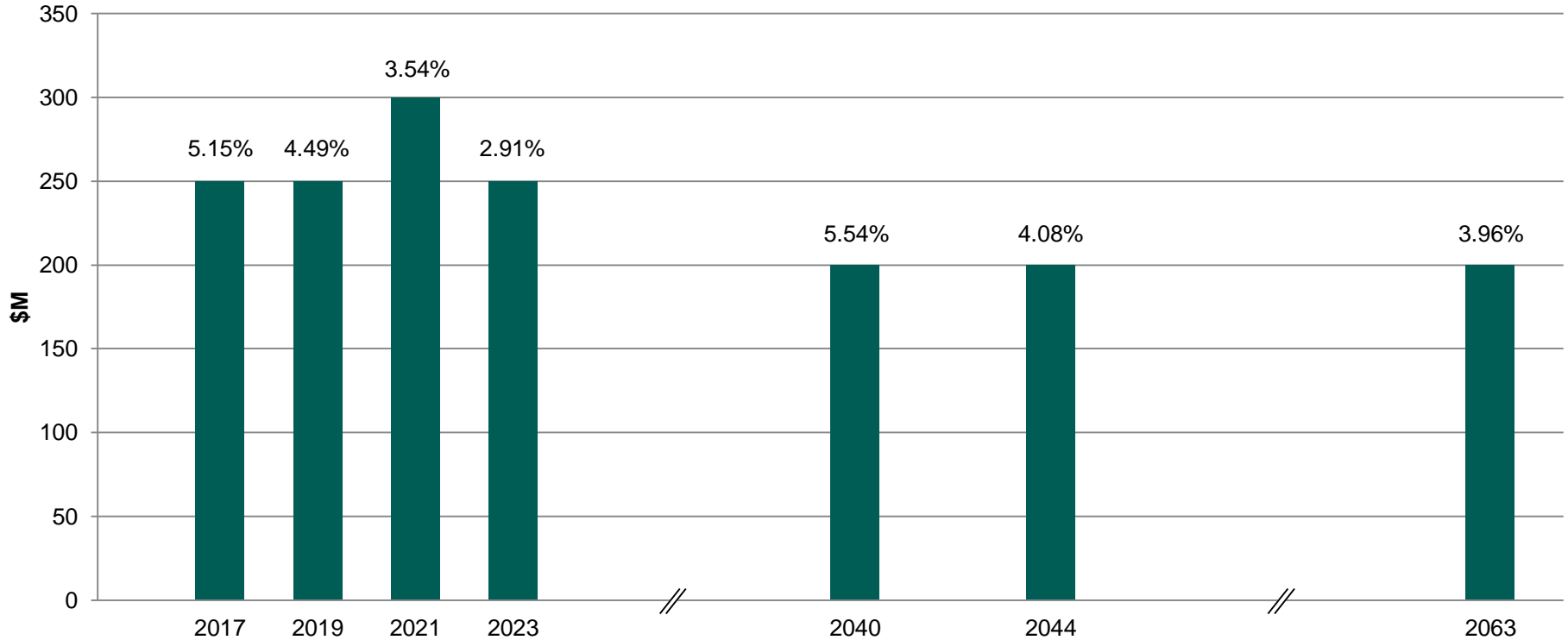
FFO/Debt



Debt-to-Capitalization



Debt Maturity Profile



Prudent capital management has enabled us to maintain a well-laddered maturity profile with a favourable weighted average borrowing cost of 4.19%.

Credit Highlights

Pure play in regulated local distribution

- Electricity distribution accounts for 99% of Toronto Hydro's business

Strong franchise area

- Largest municipal local distribution company in Canada

Favourable customer mix

- Recession-resistant and stable customer base
- Largest users include the City of Toronto, major universities, hospitals and office towers

Solid financial profile

- Stable regulated earnings and cash flow

Investment grade credit ratings

- S&P: A / Stable
- DBRS: A (high) / Stable

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