TORONTO

STAFF REPORT
ACTION REQUIRED

Toronto Hydro Corporation - Annual General Meeting and Audited Annual Financial Statements

Date:	March 2, 2011
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) ("OBCA") for holding an annual general meeting of the shareholder of Toronto Hydro Corporation ("THC") including receipt of the audited financial statements and appointment of the auditor.

RECOMMENDATIONS

The City Manager recommends that City Council:

1. consider the Council meeting to be the Annual General Meeting of the Shareholder for Toronto Hydro Corporation by:

    a. adopting the recommendations of the Toronto Hydro Corporation report dated February 14, 2011 in Attachment 1 to this report in order to appoint KPMG LLP, Chartered Accountants, as the auditor for Toronto Hydro Corporation and to authorize the Corporation's Board of Directors to fix the auditor's remuneration; and

    b. receiving the information report of the Deputy City Manager and Chief Financial Officer, submitted separately, entitled "2010 Audited Consolidated Financial Statements of Toronto Hydro Corporation" together with the financial statements attached to that report; and

2. forward a copy of Toronto Hydro Corporation's 2010 Audited Consolidated Annual Financial Statements to the Audit Committee for information.

FINANCIAL IMPACT

There are no financial implications that would result from the adoption of this report.

DECISION HISTORY

City Council authorized the incorporation of THC by the adoption of Strategic Policies and Priorities Committee Report No. 10, Clause 1, as amended, at its meeting held on June 9, 10 and 11, 1999.

ISSUE BACKGROUND

The OBCA (Section 149 (2)) requires that the corporation's Shareholder shall "at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting."

The OBCA (Section 154 (1)) also requires that the Shareholder receive THC's audited annual financial statements and the report of the auditor thereon at the annual meeting of the shareholder, and requires that the annual meeting of the shareholder be held within fifteen (15) months from the last preceding annual meeting. The last annual shareholder meeting for THC was held by City Council at its meeting of July 6, 7 and 8, 2010 and is reported in Executive Committee Item EX45.2.

COMMENTS

The report from THC (Attachment 1 to this report) recommends that City Council appoint the firm of KPMG LLP, Chartered Accountants, as auditors for THC's 2011 financial year and authorize the THC Board of Directors to fix the auditor's remuneration. THC's recommendation that KPMG LLP, Chartered Accountants, be appointed as the corporation's auditor is an outcome of a request for proposals process undertaken by THC in late 2010.

The appointment of KPMG as THC's auditors by the shareholder is required at this time to ensure they are able to audit and provide an audit opinion on Hydro's first quarter (which ends March 31) financial statements. As a reporting issuer of securities under the jurisdiction of the Ontario Securities Commission ("OSC"), Toronto Hydro is required to publicly release audited quarterly financial statements and other disclosure materials required by the OSC.

THC's annual consolidated financial statements are scheduled to be approved by THC's board of directors at a meeting to be held on March 11, 2011, which is after the agenda closing date for the March meeting of the Executive Committee.

The shareholder review of Toronto Hydro Corporation’s 2010 Audited Consolidated Annual Financial Statements and the Auditor's Report thereon will be set out in an information report from the Deputy City Manager and Chief Financial Officer to be

submitted separately and is to be considered as part of the Annual General Meeting agenda.

A business report from THC to the Shareholder as required by the City's Shareholder Direction will be provided at a later date.

CONTACT

Lorraine Searles-Kelly, Solicitor, Legal Services
Tel: (416) 392-7240 Fax: (416) 397-5624 Email: lsearles@toronto.ca

Joe Borowiec, Strategic and Corporate Policy Division, Tel: 416-397-9110,
Fax: 416-696-3645; E-mail: jborowie@toronto.ca

SIGNATURE

_____
Joseph P. Pennachetti, City Manager

ATTACHMENTS

Attachment 1: Toronto Hydro Corporation Report February 14, 2011

Appendix A Resolution of the City of Toronto (“Sole Shareholder”) To Appoint the Auditor of Toronto Hydro Corporation (the "Corporation")

Attachment 2: 2010 Audited Consolidated Annual Financial Statements of Toronto Hydro Corporation (to be submitted separately)