THE MEASURE OF
OUR COMMITMENT

OUR WORLD.
OUR CITY.
OUR RESPONSIBILITY.
Message from the Chairman and the President and Chief Executive Officer

At Toronto Hydro, our commitment to constant sustainability is really a commitment to our community. Our accountability is inherent in the relationships and interactions we have with the City, our customers, and the environment; and the following report captures our corporate responsibility achievements.

As an overarching driver across our workforce and operations, sustainability plays an important role in our success.
We know that delivering a reliable supply of electricity is critical to the 2.8 million people who live and work in Toronto, and we’ve invested approximately $2 billion since 2006 to modernize our distribution assets. To better serve our customers, we also launched a new web portal, MyTorontoHydro™. Approximately 18,000 people are now performing moves, making bill payments and gathering account information online, 24/7. This is the latest in a line of customer service tools to help people manage their bills and better understand their electricity consumption patterns.

Giving back to the community has always been an important corporate value and we’re proud of the generosity of our workforce. Last year, employees raised more than $380,000 for charities like Movember Canada and United Way Toronto. They continue to donate and volunteer their time to activities that better our city and the environment.

To further our contribution to the communities we serve, we’re strengthening our relationships with residents in neighbourhoods across the city through programs like Brighter Nights™. This program is about improving public safety by increasing lighting levels in at-risk Toronto neighbourhoods. Toronto Hydro is working with the City of Toronto to help brighten these communities and engage residents in energy conservation programs that help them manage their electricity bills.

Toronto Hydro’s safety performance is among the best in similarly sized companies in the electricity sector, with a 66 per cent reduction in injuries over the last five years. We received the President’s Award from the Infrastructure Health and Safety Association for three million hours without a lost-time injury. We also achieved certification of our integrated Environment, Health and Safety Management System to both ISO 14001/OHSAS 18001, international standards for environment, and occupational health, and safety management systems.

In addition, Toronto Hydro recorded the lowest rate of absenteeism in our history, at 4.98 average days of absence per employee. This represents a reduction of almost 50 per cent over the last five years. In fact, almost 30 per cent of employees had a perfect work attendance.

Hurricane Sandy’s diameter sprawled 1,600 kilometres and carried winds at 145 kilometres per hour. The storm unplugged power to 8.1 million people in Eastern Canada and New England and served as a stark reminder of how important electricity is to us all. Although it was one of the worst storms in recent years, Toronto Hydro restored power locally to tens of thousands of our customers in record time. This is a testament to our workforce and the advances we’ve made in emergency response and power restoration. We’re proud of our staff who went down to the United States to help out in areas hardest hit by the storm. Their efforts earned them formal recognition by the City of Toronto, not to mention the dozens of heartfelt thanks from American citizens, delivered in letters, tweets and Facebook posts.

In a sense, Hurricane Sandy is an apt metaphor for the year we experienced. 2012 certainly delivered a number of challenges, but we demonstrated that it matters not what obstacles arise, but how they are overcome.
Message from the Chairman and the President and Chief Executive Officer (continued)

More than 50,000 condominium units are under construction and transforming the skyline — more than any other city in North America. The waterfront area is in the midst of a major revitalization, transit is expanding and new infrastructure is being installed to host the Pan/Parapan American Games. Of course, a reliable and safe electricity supply is critical to these projects, and we are working hard to meet these needs.

While the boundless development across Toronto does present some immediate capacity challenges, our engineers have developed solutions that will serve us today, tomorrow and for many years to come. These solutions are included in our capital plans, which outline in great detail our roadmap to renew and reinforce our aging infrastructure.

In May 2011, we filed a three-year application to the Ontario Energy Board (2012 through 2014), which sought $1.4 billion in rates funding needed to complete capital construction projects on our aging grid — capital work which is essential for maintaining the safety and reliability of the distribution system.

While providing safe and reliable distribution of electricity is our first priority, we believe that Toronto must also have the electrical infrastructure to connect green technology and distributed generation projects; support the widespread adoption of new technologies; and ensure that our businesses, institutions and industries have the supply of electricity needed to contribute to the economic prosperity of Toronto for many years to come.

Continual improvement is a cornerstone of our corporate culture and central to our business strategy. We’re committed to delivering value to our stakeholders and our shareholder, the City of Toronto. Accountability, transparency and trust are business values we work hard to uphold. We’re working hard to improve relationships with all of our stakeholders, and in 2012, we met with hundreds of people representing various groups to solicit feedback on our business practices and corporate responsibility program. The insight we gained was invaluable and we’re looking at how we can incorporate this important feedback into our business operations.

As we push forward, we would like to thank our Board of Directors, our employees, our shareholder, and countless other stakeholders, for their support and guidance. It’s an exciting time to be in the energy business.

Sincerely,

Clare R. Copeland
Chairman

Anthony M. Haines
President and Chief Executive Officer
About Toronto Hydro

Toronto Hydro Corporation is a holding company which wholly owns two subsidiaries:

Toronto Hydro-Electric System Limited (Toronto Hydro) distributes electricity and engages in conservation and demand management (CDM) activities; and

Toronto Hydro Energy Services Inc. provides streetlighting services.

Our business is regulated by the Ontario Energy Board (OEB), which has broad powers relating to licensing, standards of conduct and service, and the regulation of electricity distribution rates charged by Toronto Hydro and other electricity distributors in Ontario.

The City of Toronto is the sole shareholder of the Corporation.

Throughout this report, mentions of “Toronto Hydro,” “We” or “Our” are intended to refer to the utility, Toronto Hydro-Electric System Limited.

*Toronto Hydro is a long-standing member of the Canadian Electricity Association and the Electricity Distributors Association.
Corporate Overview

719,000 customers
637,910 residential service customers
80,699 general service customers with monthly demand of 0-5000 kilowatts (kW)
52 large users with monthly demand over 5,000 kW
1,540 employees as at December 31, 2012

Labour unions: Canadian Union of Public Employees (CUPE) Local One,
The Society of Energy Professionals

617,302 customer calls

Assets

4,830 Megawatts (MW) of peak load on July 17, 2012 representing approximately
19% of the provincial demand
1 control centre
7 operation centres
169 municipal substations
174,700 poles
60,650 distribution transformers
10,800 kilometres of underground wires
15,100 kilometres of overhead wires
20,400 primary switches
572 vehicles in fleet
Stakeholder Engagement

We owe much of our utility's success to the individuals who make up the diverse communities that we serve. Through their feedback, each group strongly impacts our business decisions, and ultimately our accomplishments. In 2012, we met with more than 140 stakeholders, ranging from developers and suppliers to municipal agencies and environmental groups, to discuss our operations and the state of our assets in an open forum.
We are pleased that 99 per cent of stakeholders surveyed following these sessions agreed that Toronto Hydro’s expressed need for investment in infrastructure renewal is well-founded.

In 2012, Toronto Hydro launched a Stakeholder Management program to proactively manage the relationships that matter most. Groups and organizations that have interests or influence our ability to achieve strategic objectives are given focused attention. The program uses a process that identifies issues relating to various stakeholders and steps that Toronto Hydro should take to address them. Here are some highlights of other key engagement initiatives taken over the course of the year.
Customers

Customers are the focus of our business and we work hard to keep them informed about our operations, be it outage information, construction updates or corporate news. We engage with our residential, commercial and industrial customers through a variety of communications and engagement channels. Our Office of the President works to resolve escalated issues and complaints. Last year, we:

- Delivered more than 73,000 pieces of communications material to notify and update customers about construction work in their neighbourhoods.
- Launched MyTorontoHydro™, a customer self-service portal, to help customers manage their own transactions.
- Delivered approximately 53.2 MW of conservation savings through customer engagement in residential and business Conservation and Demand Management (CDM) programs.
- Achieved an estimated 25.6 MW reduction in peak electricity demand through engagement in residential CDM programs.
- Produced six customer newsletters: three issues of eConnect, our online publication, and three issues of our print newsletter, Bright Ideas™.
- Participated in 21 community events to promote CDM programs — interacting with more than 7,000 Torontonians.
- Created the Toronto Hydro Talks website to inform customers about regulatory affairs, industry news and the state of Toronto Hydro’s electricity grid.
- Launched our key accounts program to provide large industrial customers with a single point of contact to meet their unique business requirements, including after-hours outage support.
- Embedded energy managers directly in large customer facilities to help them identify and execute CDM project opportunities.
- Hosted three information sessions for commercial, institutional and industrial business customers to promote technologies applicable for incentives with 130 customers in attendance.
- Launched a new Applicant Representative Initiative for channel partners to help business customers apply for incentives. Over 200 partners enrolled in the program with a 30 per cent increase in application volume.
Colleges and Universities

We collaborate with various universities and colleges to develop career attraction strategies, curriculum, and diploma programs targeted to core energy sector professions. These include both electrical engineering and electrical technologist programs. Toronto Hydro also collaborates with colleges and universities to help us develop innovative and technologically-advanced solutions to modernize our distribution system. In 2012, we worked with:

- University of Toronto — Mowat Centre for Policy Innovation, School of Public Policy & Governance
- Georgian College
- Ryerson University — Centre for Urban Energy
As one of our founding sponsors, Toronto Hydro has been integral to the creation and success of the Centre for Urban Energy. Toronto Hydro has not only provided us with the industry expertise to drive our research forward, but has also been a big supporter of our student awards, giving young people the resources to explore their ideas further.

Bala Venkatesh
Academic Director — Centre for Urban Energy
Employees

Our talented workforce is the heart of our business. As of December 31, 2012, we had approximately 1,540 employees comprised of skilled professionals including certified trades, engineers and management professionals.

Last year we:

• Passed an audit towards certification for ISO 14001 and OHSAS 18001.
• Achieved over three million consecutive hours without a lost-time injury, earning the President’s Award from the Infrastructure Health and Safety Association.
• Reduced workplace injuries by more than 66 per cent over the past five years.
• Conducted 776 employee engagement initiatives including an annual employee information event, focus groups and more than 10 information sessions per employee. Various communications channels, including our “Plugged-In” employee intranet site, special articles, bulletins and digital signage, were used to capture feedback and relay messages to employees.
• Delivered more than 7,500 training days.
• Achieved our best attendance performance to date with 4.98 days of absence per employee. This represents a reduction of almost 50 per cent over the last five years. Close to 30 per cent of employees had a perfect attendance record in 2012.
• Recognized employees who volunteered to support Hurricane Sandy relief efforts.
Government

Toronto Hydro engages with municipal, provincial and federal government bodies to communicate, understand, support and implement policy in the energy sector; to build strong relationships that support the implementation of the governance principles mandated by our shareholder; and to maintain a diverse, safe and high performing work environment. Our interactions with government included:

- Collaborating with the Ontario Power Authority (OPA), Independent Electricity System Operator and Hydro One Networks on the Toronto Regional Plan.
- Partnering with the province of Ontario on the launch of the Ontario Green Button Initiative.
- Continuing to support the Ministry of Energy’s policies and initiatives. As a leader in conservation efforts, Toronto Hydro collaborated with the OPA to provide constructive input and advice to enhance and launch new innovative conservation initiatives.
- Conducting outreach with Toronto-area Members of Provincial Parliament (MPPs) on riding-specific projects.
- Continuing longstanding membership of the Provincial Labour Management Safety Committee.
- Participating in the Ontario Distribution Sector Review.
- Participating in the Electric Vehicle Charging Infrastructure pilot.
Industry Associations

Toronto Hydro takes an active role in a number of recognized industry associations and coalitions to help ensure that the best interests of Toronto Hydro and our customers are advanced to government, consumers groups and other interested parties. Our executives participate on the boards of directors and various committees of these industry associations. We are members of the following associations:

• Northeast Power Coordinating Council Inc.
• Coalition of Large Distributors — Toronto Hydro is a founding member.
• Canadian Electricity Association (CEA) — Our President and CEO was recently appointed Chair and our Vice President of Organizational Effectiveness, Environment, Health and Safety was appointed Chair of the Human Resources Committee.
• Electricity Distributors Association (EDA) — Our Vice President of Marketing, Communications & Public Affairs is a member of the Board of Directors.
• Ontario Energy Network (OEN) — Our Vice President of Marketing, Communications & Public Affairs is a member of the Board of Directors.
• Energy Policy Institute of Canada
• Association of Electrical Utility Safety Professionals
• Infrastructure Health and Safety Association’s Safety Group
• Board of Canadian Registered Safety Professionals
Through their active role in the daily work of our Association, Toronto Hydro contributes to improving the electricity industry in Canada. As of January 2013, we are pleased to welcome Mr. Anthony Haines as Chair of our Association.

Jim R. Burpee  
President & Chief Executive Officer  
— Canadian Electricity Association
Non-Government, Not-for-Profit and Community Organizations

We work with non-government, not-for-profit, and community organizations to help raise awareness about energy conservation, and to help strengthen the communities we serve. In 2012, we supported the following organizations:

- United Way Toronto — We raised approximately $335,000 for United Way Toronto to support the disadvantaged in our community.
- Greater Toronto Civic Action Alliance — We participated in energy conservation programs and workshops.
- LEAF — Local Enhancement & Appreciation of Forests and the City of Toronto — We planted approximately 200 trees at Centennial Park.
- Ontario Forestry Association’s Annual Tree Bee Competition — We sponsored this event for Toronto elementary schools.
- Pollution Probe — We participated in the Clean Air Commute™ which saved approximately seven tonnes of pollutants from entering the environment.
- The Learning Partnership — We hosted 85 grade nine students for the annual Take Our Kids to Work day.
- Movember Canada — We organized our first ever Movember campaign at Toronto Hydro and raised over $23,000 for men’s mental health and prostate cancer.
- Ontario Restaurant, Hotel, Motel Association — We promoted conservation programs to its members.
- Greater Toronto Airport Alliance Partners in Project Green — We participated in this initiative to help local businesses create an internationally recognized eco-business zone around Toronto Pearson Airport.
- Fatal Light Awareness Program (FLAP) — We sponsored this organization to help educate Torontonians about birds that collide with towers.
- Windshare Cooperative — We supported our wind turbine, a joint venture at the Exhibition Place.
- Canadian Centre for Ethics & Corporate Policy through membership.
- Toronto Human Society — Launched annual Pet Safety Week to promote electrical hazards for household pets.
Regulator

Toronto Hydro’s rates and services are regulated by the Ontario Energy Board (OEB), an independent provincial government agency. At any time, we may have applications under review, and may be participating in other OEB sponsored proceedings.

• In May of 2011, we filed a comprehensive application under a new OEB regulatory framework for rates and capital projects for 2012 through 2014. The application was a first in the sector that covered a multi-year period and contained unprecedented detail on hundreds of proposed capital projects addressing essential work to maintain the adequacy, reliability and safety of our electricity distribution system.

• Together with a group of leading electricity and gas distributors, we have been participating actively in the OEB consultation on its Renewed Regulatory Framework for Electricity, which concerned virtually all major aspects of the regulation of electricity distributors in Ontario. The focus of our contributions included the appropriate treatment of capital investment in electricity systems so that those systems can be renewed as required.
Shareholder

We have a strong relationship with our Corporation's sole shareholder, the City of Toronto. We interact with the City through a variety of channels, which include face-to-face briefings with the Mayor, City Councillors and staff, and our participation in committee meetings.

Our key shareholder engagement initiatives in 2012 included:

- Participating in monthly meetings with the City of Toronto’s Executive Environment Team to align Toronto Hydro initiatives with the City’s Climate Change, Clean Air and Sustainable Energy Action Plan.
- Membership on the City’s Corporate Energy Management Committee and attending quarterly meetings.
- Coordinating more than 75 face-to-face meetings with elected representatives and staff to discuss our business operations.
- Publishing eight issues of CityWise, an e-newsletter to keep City Councillors and staff informed about our latest initiatives and corporate news.
- Collaborating with the City on energy conservation program initiatives.
- Reducing our greenhouse gases by approximately 30 per cent since 2007.
2012 Performance Indicators

We track our sustainability footprint through the following performance indicators. In previous years, these outputs have undergone assurance from a third party, and we are confident in our internal data collection procedures. In an effort to promote transparency and accountability to our stakeholders, we have committed to seek formal assurance of select indicators periodically.
2012 Performance Indicators

ECONOMIC
1) **Net Revenues**
   Revenue minus the cost of purchased power, as reported in Toronto Hydro Corporation’s Audited Consolidated Financial Statements.

2) **Operating Expenses**
   Operating expenses, as reported in Toronto Hydro Corporation’s Audited Consolidated Financial Statements.

ENVIRONMENTAL
1) **Conservation and Demand Management (CDM)**
   Total kilowatt-hours and kilowatts saved by customers as a result of CDM programs implemented by Toronto Hydro.

2) **Energy Consumption**
   Includes electricity and natural gas consumed by Toronto Hydro facilities (stations excluded), fuels consumed by our utility vehicles and equipment (such as generators and cable trailers) and line losses per year. It does not include propane use or electricity generated from onsite sources such as solar panels.

3) **Greenhouse Gas Emissions**
   Greenhouse gas emissions from Scope 1 and Scope 2 definitions outlined by the Greenhouse Gas Protocol. Emissions are measured in tonnes of carbon dioxide equivalent (CO₂e).

4) **Reportable Environmental Spills**
   Number of reportable spills that Toronto Hydro discharged into the environment as defined by Environment Canada, the Ministry of Environment provincial regulations and City of Toronto municipal by-laws.

SOCIAL
1) **Community Involvement Expenditures**
   Expenditures made by Toronto Hydro and our affiliates to community-based organizations. This indicator does not include in-kind contributions. It does include support activities.

2) **System Average Interruption Duration Index (SAIDI)**
   A measure (in hours) of the annual system average interruption duration for customers served, not including major event days, as defined by the Institute of Electrical and Electronic Engineers Inc. SAIDI represents the quotient obtained by dividing the total customer hours of interruptions longer than one minute by the number of customers served.

3) **System Average Interruption Frequency Index (SAIFI)**
   A measure of the frequency of service interruptions for customers served, not including major event days. SAIFI represents the quotient obtained by dividing the total number of customer interruptions longer than one minute by the number of customers served.
Our Corporate Responsibility Philosophy

Our world. Our city. Our responsibility. We believe that it’s our utility’s responsibility to do its part to build a cleaner, greener and brighter city. We set out to achieve this by providing safe and reliable service in a cost-effective and environmentally responsible way.
After successfully completing Stage 1 and 2 audits in 2012, we recently received certification for our integrated environmental and occupational health and safety management system to ISO 14001 and OHSAS 18001. Our environment, health and safety management system will add rigour around our goal setting and tracking processes.
About This Report

We have self assessed our 2012 Corporate Responsibility Report to be at a level B under the Global Reporting Initiative (GRI) Index.

This report was prepared in accordance with the Sustainability Reporting Guidelines developed by GRI, and includes additional disclosures required by the Electric Utilities Sector Supplement. This standard is internationally recognized as the best practice in sustainability reporting.

We are committed to increasing the rigour and transparency around our reporting. In addition to GRI, we use the following key international protocols and standards to guide our activities:

• **ISO Standard 26000: 2010, Guidance for social responsibility**
  — We use this as a guide to integrate social responsibility in our values and practices.

• **ISO 31000: 2009 — Risk Management**
  — We use this as a guide to mitigate organizational risks.

This report is available in a full-length PDF and a condensed highlights brochure. Both versions can be downloaded from our website at [torontohydro.com/responsibility](http://torontohydro.com/responsibility).
Material Information

Toronto Hydro also uses the disclosure topics outlined in GRI, as a basis for the selection of content included in this report. Materiality of this report is also determined in part by the information, programs and initiatives that support our Shareholder Direction, which states, among other things, to:

• Conduct our affairs in a financially, socially and environmentally responsible manner;
• Attract employees from the diverse communities we serve;
• Promote energy conservation and protect the City’s urban forest; and
• Work with the City to achieve its climate change objectives.

Accountability of the Report

Accountability for the production of the Corporate Responsibility Report is shared by Communications and Public Affairs, Strategy and Enterprise Risk Management and Environment, Health and Safety. Information provided to Strategy and Enterprise Risk Management by internal subject matter experts is also reviewed by Toronto Hydro’s Continuous Disclosure Committee. The performance indicators in this report have been reviewed and assured internally by our Strategy and Enterprise Risk Management team.

In addition to the Corporate Responsibility Report, Toronto Hydro files an Annual Report, which provides an update on our consolidated financial performance. More information about our business operations can be found in the Corporation’s Annual Information Form. Both reports can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) website.

We welcome input from the public about this report. Please send feedback to sustainability@torontohydro.com

Inquiries can also be directed to:  Vice-President
Marketing, Communications and Public Affairs
Toronto Hydro
14 Carlton Street
Toronto, ON M5B 1K5
OUR SERVICES

We know that our customers rely on electricity at work and at home, and we’re committed to delivering reliable service in a safe and efficient manner. In 2012, we delivered our third largest capital construction program on record to renew aging infrastructure across the city.
Our Reliability Record

Toronto Hydro evaluates service reliability through two main measures: System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). SAIDI is a measure of the annual average duration of outages for customers (in hours). SAIFI is a measure of the frequency of interruptions.

In 2012, we saw a significant reduction in the average duration and frequency of outages. We exceeded both our targets for the year, achieving 1.03 hours SAIDI and 1.40 SAIFI respectively. This improvement is largely attributed to a reduction in inclement weather and the impact of our capital construction program. It can also be explained by the reduction in planned construction work last year, which often requires crews to interrupt power during work.

“Major events” are not included in SAIDI and SAIFI calculations. Usually brought on by severe storms, major events are considered stresses that exceed the reasonable design and operational limits of the distribution system, and as a result, are analyzed separately in the industry. In 2012, Hurricane Sandy qualified as a major event and the storm’s impact resulted in two major event days.
## Average Length of Outages

<table>
<thead>
<tr>
<th>Year</th>
<th>SAIDI</th>
<th>Target</th>
<th>Actual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.4</td>
<td>(85 minutes)</td>
<td>1.24 (74.5 minutes)</td>
</tr>
<tr>
<td>2009</td>
<td>1.4</td>
<td>(84.01 minutes)</td>
<td>1.38 (82.57 minutes)</td>
</tr>
<tr>
<td>2010</td>
<td>1.33</td>
<td>(80 minutes)</td>
<td>1.29 (77.6 minutes)</td>
</tr>
<tr>
<td>2011</td>
<td>1.37</td>
<td>(82.01 minutes)</td>
<td>1.43 (85.76 minutes)</td>
</tr>
<tr>
<td>2012</td>
<td>1.56</td>
<td>(93.7 minutes)</td>
<td>1.03 (61.67 minutes)</td>
</tr>
</tbody>
</table>

## Average Number of Outages

<table>
<thead>
<tr>
<th>Year</th>
<th>SAIFI</th>
<th>Target</th>
<th>Actual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.3</td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>2009</td>
<td>2.10</td>
<td></td>
<td>1.64</td>
</tr>
<tr>
<td>2010</td>
<td>1.62</td>
<td></td>
<td>1.77</td>
</tr>
<tr>
<td>2011</td>
<td>1.66</td>
<td></td>
<td>1.62</td>
</tr>
<tr>
<td>2012</td>
<td>1.76</td>
<td></td>
<td>1.4</td>
</tr>
</tbody>
</table>
Hurricane Sandy was the largest storm event since 2000 and enabled staff to show how well they operate in an emergency. The use of new emergency management processes and tools enable the planning and priorities of work, helping to improve restoration times to customers. These new processes and tools also allow for day-to-day improvements, as it helps us better understand system conditions, and observe the resources able to respond in the control centre.

Lucas Millmore
Director — Distribution Grid Operations
The System Control Room

Staff in the control room maintain a watchful eye over the grid 24 hours a day, 365 days a year. They are trained to react quickly to outages that occur, and most importantly, keep our crews and the public safe. On any given day, our power system controllers are dispatching crews and managing the electrical load to keep the power flowing to Toronto.

2012 Highlights:

• We responded to 1,202 police, fire and ambulance calls.
• We handled more than 61,500 power outage calls.

Emergency Preparedness Planning

Preparing for an emergency requires significant coordination. At Toronto Hydro, we take measures to help ensure we are adequately equipped to respond to emergencies. In 2012, we launched the Corporate Disaster Preparedness Program to build on our emergency planning. We conducted a gap analysis to measure our readiness against industry best practices and are moving to an integrated emergency management and all hazard approach business continuity plan. We have finished the preparation work and are well on our way to completing formal adoption over the next few years.

Hurricane Sandy provided us with an opportunity to test aspects of the Corporate Disaster Preparedness Program and we successfully validated the effectiveness of our new Crisis Management Plan.
The frequency and severity of disasters is increasing annually and Toronto Hydro is taking this threat seriously by committing resources to the Corporate Disaster Preparedness program. Disaster Preparedness is a relatively new field and I am grateful to be working with a company where my input is valued and serves the greater good for the community. Although Toronto has been largely spared in comparison to the U.S. (Hurricane Sandy, New York, 2012) and Japan (Fukushima, 2011), it is no longer a question of if a large scale disaster will hit Toronto Hydro — it is a matter of when. Toronto Hydro’s Disaster Preparedness is yet another example of how we put our customers first.

Ben Pantin
Business Continuity Management Consultant
— Strategy and Enterprise Risk Management
Cleaning Up Hurricane Sandy

Hurricane Sandy swept through Toronto in late October and was one of the worst storms on record. The high winds and extreme weather made emergency response efforts difficult. In spite of this, it was one of the fastest restoration times in our history.

Sandy’s Impact

- 25 millimetres of rain in Toronto
- 218,000 customers lost power and 65,000 experienced sustained outages
- 17,000 calls into our Interactive Voice Response system
- 28 feeder lockouts (outages) occurred on the distribution grid
- 147 circuit breaker operations, causing outages across 90 feeders, performed by crews
- 28.19 SAIDI impact
Sixty-four Toronto Hydro Employees Helped with Restoration Efforts in the United States

While Sandy wreaked havoc in Toronto, the damage it caused in the United States was significantly worse. Hundreds of thousands of people went without power for days.

Toronto Hydro was proud to send 64 of our electrical trades staff and support personnel to assist our southern neighbours. They were greeted with warm welcomes and heartfelt thanks and spent 13 days working to restore power in the New York City area. For their efforts, our employees were formally recognized by the City of Toronto.

WeatherWise Partnership

Climate change and adaptation is an important focus at the City of Toronto and Toronto Hydro is pleased to be a member of the WeatherWise Partnership. Weather conditions in Ontario are becoming increasingly unpredictable, and this group brings together more than 50 government, private and not-for-profit organizations to discuss risks and develop plans to address them. Assembled by the City of Toronto and CivicAction, the group has identified the electricity grid as its first priority study area.

For more information, please visit toronto.ca/teo/adaptation/resilience
Protecting the Public

Public safety is an important focus at Toronto Hydro. In 2012, we continued with our sidewalk handwell remediation program to help prevent the occurrence of contact voltage, informed customers about electrical hazards inside and outside of the home, and launched an annual pet safety campaign highlighting common electrical dangers for cats and dogs.
Contact Voltage Incidents in Decline

Although contact voltage incidents have decreased, we continue to use a mobile voltage tracker to conduct frequent scans on streets across Toronto. We have also continued with Toronto Hydro’s handwell replacement program. Handwells are electrical connection boxes that are generally located below the sidewalk, with their covers installed at grade.

2012 Handwell Remediation Program Highlights:

• We replaced approximately 1,911 handwells bringing the total to 7,502 since the program began.
• We have approximately 4,200 remaining handwells and we plan to have them replaced by 2015.
• We replaced more than 43 kilometres of underground cable bringing the total amount to more than 146 kilometres since 2010.
Quality and Standards

We established a new Compliance and Quality team to identify the root causes of equipment failures and quality issues, to prevent recurrences, improve system reliability, enhance public and occupational safety and manage the various risks inherent with equipment defects. In 2012, Toronto Hydro developed a Supplier Quality Manual that outlines our expectations of suppliers’ qualifications, non-conformance reporting and record retention. These expectations will form an integral part of our quality improvement culture by aligning our requirements with suppliers and drive positive impacts on public and occupational safety.

Pet Safety Week

Every year, pets suffer preventable injuries from electrical hazards and other dangers outdoors and around the home. In an effort to educate pet owners about common risks that are not always common knowledge, we teamed up with the Toronto Humane Society to create an annual safety campaign for pets during the third week of October, in advance of wet autumn and winter weather.
Achieving a high level of quality with both materials and construction is imperative in ensuring the distribution system is safe and reliable. Since 2010, Toronto Hydro has made great strides in improving quality through the implementation of key initiatives like the Equipment Failure Analysis Program and the Toronto Hydro Supplier Quality Manual. The entire organization remains committed to quality and it is rewarding to implement initiatives within this area to improve results.

Stephen Sheehy
Manager — Investment Planning Quality and Maintenance
Construction and Maintenance Work

When our utility was founded in 1911, Toronto’s population was 376,471. Today, approximately 2.8 million call Toronto home, and several hundred thousand more commute into our city to work every day. We’re working to build a reliable distribution system that meets the needs of our growing city today, tomorrow and beyond.
Construction and Maintenance Work

Since 2006, Toronto Hydro has invested approximately $2 billion to modernize our distribution assets. In 2012, we completed the third largest capital plan in our history, and invested approximately $289.7 million primarily in infrastructure upgrades.

Amount of Capital Investment in Million ($)

To keep our customers informed about construction work around their neighbourhoods, we sent more than 73,000 pieces of communications materials about our projects.

We replaced approximately:

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<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overhead cable (km)</td>
<td>800</td>
<td>700</td>
<td>300</td>
</tr>
<tr>
<td>Underground cable (km)</td>
<td>2,400</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Poles</td>
<td>11,300</td>
<td>4,000</td>
<td>2,100</td>
</tr>
<tr>
<td>Transformers</td>
<td>9,000</td>
<td>3,200</td>
<td>2,000</td>
</tr>
</tbody>
</table>
Construction and Maintenance Work (continued)

In 2012, we completed:

- **22 Feeder Reliability projects** to proactively target main feeder lines experiencing a higher than average number of outages.
- **14 Secondary Upgrades projects** to install, repair and upgrade distribution equipment.
- **16 Underground Direct Buried Distribution projects** to replace direct buried unjacketed cable impacting reliability outside of the downtown core.
- **43 Underground Distribution System Rehabilitation projects** to replace aging underground cable in the downtown core.
- **6 Standardization projects** to replace legacy assets that are no longer current, and to standardize designs and equipment remaining from amalgamation.
- **17 Transformer Station Renewal projects** to upgrade aging transformer stations with newer equipment.
- **20 Overhead System Rebuild projects** to modernize and upgrade existing overhead system to help improve reliability and reduce maintenance costs.

For more information about our construction projects, please visit poweruptoronto.ca
The Cost of a Reliable Distribution Grid

Replacing our aging distribution equipment is a costly endeavour. Toronto Hydro needs to invest approximately $3.2 Billion to replace assets past their expected useful life. We have developed a long-term capital plan to address this and will continue to submit rate applications to the Ontario Energy Board (OEB) to secure the funding to complete these upgrades. We are working to balance the need for investment with prudent costs.
Intensification and Load Growth in the Downtown Core

Toronto was recently named the fourth largest city in North America. The boom continues with more than 50,000 condominium units under construction. The development is concentrated in the downtown core and along the waterfront. According to the City of Toronto’s report, *How Does the City Grow?*, Toronto’s population is expected to swell to 3.08 million by 2031.

Here are some highlights from the report:

- **62,437** new residential units were constructed in Toronto between 2007 and 2011.
- **45** per cent of the residential units and **31** per cent of the non-residential gross floor area proposed are slated for construction in the downtown and central waterfront area.
- **106,000** units and 2.51 million square metres of non-residential floor space proposed between January 1, 2007 and December 31, 2011 are under review or have been approved but have not yet been built.

This construction does not take into account the additional capacity requirements for the Pan/Parapan American Games or transit expansion.

Alleviating Capacity Constraints in the Downtown Core

Toronto Hydro recently received approval from the OEB to construct a new transformer station adjacent to the Roundhouse building at Bremner Boulevard and Rees Street. The station will help increase reliability and supply of electricity to the financial district and downtown core. Please visit [torontohydro.com/transformerstation](http://torontohydro.com/transformerstation) for more information.
Putting Customers First

Our customers want service at their fingertips, 24/7, and we’re committed to making it easy to do business with us. Last year, we launched a new customer self-service portal and increased customer engagement online.
My TorontoHydro™

We launched the customer self-service portal in August to simplify our most frequent transactions for customers doing business with us. Customer transactions that required a call to a Toronto Hydro customer service representative can now be completed conveniently online. At the end of 2012, we had more than 17,800 customer registrations, achieving 10 per cent above our target.

The portal allows customers to:
• View bill and payment history
• Register for pre-authorized payments
• Perform move-in/move-out notifications
• Pull consumption data for landlords seeking new tenants

Online Engagements

• In 2012, we saw substantial growth in our social media channels: Facebook by 5 per cent, Twitter by 345 per cent and YouTube by 550 per cent.
• We resolved approximately 500 customer inquiries through social media channels.
• We also created the Toronto Hydro Talks site to inform customers about regulatory affairs, industry news and the state of Toronto Hydro’s grid. Visit torontohydro.com/learnmore for more information.

Communication — The Key to Strong Relationships

• Last year, we developed a new Key Account strategy for our large customers to improve the overall customer experience. Our Key Account representatives provide a single point of contact to help them with service coordination. This program offers customized electricity distribution and conservation and demand management solutions as well as access to 24/7 power outage information and updates.
• To better serve our small and medium customers, we have now implemented a segmentation strategy, which offers this base access to call centre specialists trained to handle their unique business needs.
The vision of our Customer Experience program is to create a customer-centric organization that provides consistency across all channels. By demonstrating to our customers and stakeholders that our focus is to improve service. We will drive operational efficiency, productivity and optimize customer satisfaction.

Marina Tomasone
Customer Experience & Marketing Communications
Consultant — Customer Care
Customer Care Transactions

**Call Volume**
- 2012: 617,302
- 2011: 635,586
- 2010: 636,942
- 2009: 612,167
- 2008: 574,243

**Written Correspondence**
- 2012: 81,364
- 2011: 103,564
- 2010: 93,831
- 2009: 68,469
- 2008: 36,412

**Emails**
- 2012: 19,199
- 2011: 15,453
- 2010: 14,328
- 2009: 13,099
- 2008: 11,216

**Online Moves**
- 2012: 14,906
- 2011: 12,280
- 2010: 9,987
- 2009: 2,092
- 2008: 0
Social Media Growth

Customer Service Inquiries Resolved through Social Media
Getting it right on the first try

In 2013, we are focusing our efforts on getting it right the first time. Our customer care team is reevaluating our internal processes to identify gaps to improve our first call resolution numbers.