



STAFF REPORT ACTION REQUIRED

Supplementary Information: Toronto Hydro Corporation – Annual General Meeting and 2014 Audited Financial Statements

Date:	May 19, 2015
To:	Executive Committee
From:	Acting City Manager Deputy City Manager & Chief Financial Officer
Wards:	City-wide
Reference Number	

SUMMARY

This report contains a recommendation for receipt of supplementary information at the Annual General Meeting of the Shareholder of Toronto Hydro Corporation ("THC"). The supplementary information was approved by the Board of Directors of THC after the deadline for submission by the City Manager of the report required for the Annual General Meeting of the Shareholder of THC, and pertains to THC's First Quarter Report March 31, 2015.

RECOMMENDATIONS

The Acting City Manager and the Deputy City Manager and Chief Financial Officer recommends that:

1. City Council receive the "Toronto Hydro Corporation First Quarter Report March 31, 2015", as attached to this report and forming Attachment 12 to the list of matters being considered at the Annual General Meeting of the Shareholder for Toronto Hydro Corporation.

Financial Impact

There are no financial impacts arising from the recommendation in this report.

ISSUE BACKGROUND

The supplementary information addressed in this report was approved by the Board of Directors of THC following the deadline for submission to the City Clerk by the City Manager of the report required for the Annual General Meeting of the Shareholder of THC. The supplementary information pertains to THC's First Quarter Report March 31, 2015, and is now available for consideration by City Council at the Annual General Meeting of the Shareholder of THC.

COMMENTS

Subsequent Events

On May 14, 2015, Toronto Hydro released its unaudited financial results for the first quarter of 2015 (Attachment 12). The Corporation has moved quickly to adopt new accounting standards for regulated companies, changing the way some items are reported. For the quarter ended March 31, 2015, the Corporation generated a consolidated net income of \$16.5 million, compared with \$21.6 million for the same period in 2014, as decrease of \$5.1 million.

The decline in first quarter Net Income comes despite higher distribution revenue (\$5.9m) and lower operating expenses (\$4.0m). Key contributors were the elimination of certain regulated capital recoveries (\$3.8m) which had elevated 2014 results, plus higher depreciation and financing costs (\$5.6m), and marginally lower consumption (\$1.3m).

Unaudited Consolidated Financial Results of Toronto Hydro Corporation			
(\$ millions)			
	Quarter ended March 31, 2015	Quarter ended March 31, 2014	Change
Revenues			
Energy Sales	703.6	742.1	(38.5)
Distribution Revenue	147.0	141.1	5.9
Other Revenue	13.5	13.9	(0.4)
Total Revenues	864.1	897.1	(33.0)
Less Expenses:			
Energy Purchases	687.2	708.6	21.4
Operating Expenses	70.3	74.3	(4.0)
Depreciation & Amortization	42.7	39.1	3.6
	800.2	822.0	21.8
Net Interest Expense	17.0	15.0	2.0
Gains on Disposal of PP&E	6.4	0.0	6.4
Income before Income Taxes	53.3	60.1	(6.8)
Income Tax Expense	5.3	5.5	(0.2)
Net Income for the period	48.0	54.6	(6.6)
Net Movements in Regulatory Balances, net of tax	(31.5)	(33.0)	1.5
Net Income after net movements in Regulatory Balance	16.5	21.6	(5.1)

CONTACT

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SIGNATURE

John Livey
Acting City Manager

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENT

Attachment 12 Toronto Hydro Corporation First Quarter Report March 31, 2015