



Toronto Hydro Corporation
14 Carlton Street
Toronto, Ontario M5B 1K5

May 11, 2017

Chair and Members
Budget Committee
10th Floor, West Tower, City Hall
100 Queen St. West
Toronto ON M5H 2N2

Dear Budget Chair and Committee Members,

RE: BU32.6 Application Fee for Short Stream Utility Permits

On behalf of Toronto Hydro, I would like to explain our position with respect to the proposed Application Fee for Short Stream Utility Permits, item BU32.6, and our request to defer implementation until January 1, 2018. This request is based on the financial impact to Toronto Hydro and our position that the implementation timeline does not allow for this unexpected cost to be properly budgeted and part of business planning.

The Short Stream Utility Permit fee is expected to increase the cost of Toronto Hydro's capital program by approximately \$800,000 per year. This capital program is vital to addressing aging infrastructure, improving reliability, safeguarding against the impact of severe weather events and powering growth in the city of Toronto.

Our main issue centres on the implementation date of June 1, 2017. The proposed implementation date does not provide sufficient time for Toronto Hydro to incorporate these substantial, additional costs into our annual budgeting processes. Toronto Hydro's budget for the 2017 calendar year has long since been set and cannot absorb the proposed fees.

In fact, the Summary of BU32.6 characterizes the process undertaken for this proposal: The possibility of a fee for Short Stream Applications was first indicated at the end of 2016 during the Dec. 7th Toronto Public Utilities Coordinating Committee (TPUCC) meeting. This was significantly after our 2017 budget and capital program had been designed and approved and we did not have the benefit of detailed analysis nor was there an extensive consultation. The final proposal was presented at the March 1st, 2017, TPUCC meeting.

With respect, while Toronto Hydro will need to account for this significant cost and absorb its effect until 2020, we request that the implementation date is deferred to January 1, 2018, to avoid an unexpected burden in 2017 and allow Toronto Hydro and other utilities an appropriate timeline to properly plan and budget for this new cost.

Sincerely,

Ashley Collier
Director, Enterprise Project Management and Development