

HIGHLY CONFIDENTIAL: This record has been prepared by and under the supervision of Toronto Hydro's board of directors and/or senior management team for the purposes of providing advice and recommendations to the institution. It contains legally privileged and/or sensitive commercial information regarding the administration of the institution that has not yet been put into operation or made public, the disclosure of which will result in the premature disclosure of a pending policy decision and will prejudice Toronto Hydro's economic interests, financial interests and competitive position.

EX15.7 - APPENDIX A - made public on June 28, 2024

•, 2024



Indicative Term Sheet for Proposed Incremental Capital Structure Equity Funding of Toronto Hydro Corporation with its sole shareholder, City of Toronto

Corporation:	Toronto Hydro Corporation (the "Corporation")
Shareholder:	City of Toronto (the "City")
Corporation Background:	The sole shareholder of the Corporation is the City. The Corporation, in turn, owns 100% of the shares of Toronto Hydro-Electric System Limited ("LDC") and Toronto Hydro Energy Services Inc. The principal business of the Toronto Hydro is the distribution of electricity by LDC to approximately 793,000 customers located in the City. Toronto Hydro Corporation, together with its subsidiaries is referred to throughout this document as "Toronto Hydro".
Transaction Structure:	Combination of one-time equity subscription, multi-tranche equity subscription, annual dividend reductions and dividend suspensions
Required Equity Contribution:	(i) a special equity subscription or subscriptions by the City on or before January 2, 2025 for common shares for total consideration of \$50M (the "Special Equity Contribution"); and (ii) an annual subscription by the City for common shares for consideration of \$25M to be completed on the first business day of each year during the period between January 1, 2025 and December 31, 2034 ("Annual Equity Contributions"). Total direct equity subscriptions from the City in Toronto Hydro under these terms equal \$300M.
Dividend Framework:	Subject to restrictions, duties and obligations under the law , the current dividend calculation guidance will be replaced as follows: (i) Targeted fixed dividends payable in the following amounts for each fiscal year (a) 2025 - \$60M (b) 2026 - \$40M (c) 2027 - \$20M (d) 2028 - \$0 (e) 2029 - \$75M (f) 2030 - \$0 (g) 2031 - \$0 (h) 2032 - \$0 (i) 2033 - \$75M (j) 2034 - \$75M
Use of Proceeds:	The projected net proceeds from the funding to December 31, 2034 (made up of the direct equity subscriptions and the incremental retained earnings arising from dividend adjustments) are expected to be used to finance Toronto Hydro's prudent regulated capital expenditure programs over time as set out in the business plans delivered to the City, and also to repay certain indebtedness of the Corporation.
Dividend Policy:	The parties commit to discussions to bring forward amendments to the Dividend

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Policy set out in the Shareholder Direction operationalizing the terms set out herein Such policy amendments to the declaration and calculation of dividends would include consideration of the desirability of: sufficient self-funding to remain available for Toronto Hydro to achieve long term financial sustainability and maintain investment capacity in line with its regulated utility structure; and long-term returns on equity to the shareholder to be optimized, in consideration of the foregoing principles.

Approvals:

Toronto Hydro Corporation Board of Directors
City Council