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May 25, 2017

Christopher Tyrell, Clerk
Rm 1405, Whitney Block
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Re: Bill 132, Fair Hydro Act, 2017

With respect to the Standing Committee on Justice Policy's consideration of Bill 132, below is Toronto Hydro's position, which reflects the deputation of our President and CEO Anthony Haines on May 24, 2017.

Toronto Hydro serves more than 3 million people. On average, we interact with our customers about 3,500 times a day: over telephone, e-services, social media and at community events. Many of our comments today are shaped by their feedback.

Electricity is a complex industry. It brings comfort to our lives and drives our economy. For our workers, working around old equipment can be deadly. Therefore, the safety of our employees and customers will always be our number one priority. On this point we are proud of our safety record.

Our second priority is balancing our company's infrastructure investment needs and our customers' ability to pay. Our diverse customer mix makes finding a balance extraordinarily difficult, and there is no simple solution. Jurisdictions around the world share this same challenge.

Early this year, the Premier and Minister of Energy personally engaged industry leaders to ask for our thoughts on striking the balance between infrastructure investment and affordability. We thank the Premier and the Minister for this collaborative approach.

Our message was simple: if you are going to provide additional financial relief, (1) do it in a way that allows us to continue investing in infrastructure in order to keep the lights on and meet the growing needs of our community; and, (2) provide that additional relief to those who need it most. Those conversations were frank and spirited. In the end we believe the Fair Hydro Plan achieves both objectives.

For Toronto Hydro, delivering electricity means so much more than just keeping the lights on. In Toronto today, electricity is everywhere – it powered the alarm clock that work you up this morning, the coffee maker that brewed your coffee, the subway you took to work, the elevator that got you to your office.

For Toronto Hydro, making this happen has never been more difficult because of the compounding effects of several challenges. First, our assets are aging. Approximately one-third are past or nearly passed their expected life and could fail at any time. Second, our city is growing. There are over 130 buildings that range from 40 to 100 stories in height under construction in Toronto. Connecting these vertical communities is unprecedented. Third, our future low-carbon economy will increasingly rely on electricity.

We are already balancing investment needs and costs. Today, we are midway through a $2 billion, 5-year capital plan. However, even this level will not sustain our distribution system. Our long-term plan has identified $10 billion in additional investment needed to sustain our grid into the future.

Conservation programs have been successful. They enable our customers to reduce their usage, keeping their bills lower. Conservation also helps the utility respond to growing demand, extending the life of its grid and deferring investment needs. For every 70-story condominium we add to our grid, we take the equivalent of one off the grid through our conservation programs.

When we engage our customers, they accept that maintaining the grid comes at a cost. But increasingly, many of our customers tell us that rising bills are becoming difficult to absorb. For our roughly 100,000 customers who receive social assistance, the bill has become unaffordable.

In conclusion, Toronto Hydro supports the Ontario Fair Hydro Plan because it:

- Lowers bills now and slows the pace of increases in a way that allows us to continue to invest in critical infrastructure;
- Provides additional relief to those who need it most; and,
- Moves social program costs to the tax base where they more appropriately belong.

We look forward to continuing our open and constructive dialogue as we implement this legislation.

Please do not hesitate to contact me if you have any questions.

Yours truly,

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