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January 30, 2012

Ms. Kristen Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB 2011-0428 – Revision of Accounting Procedures Handbook for Electricity Distributors – Toronto Hydro-Electric System Limited’s Comments

Toronto Hydro-Electric System Limited (“THESL”) appreciates the opportunity to provide its comments in response to the Ontario Energy Board’s (the “Board”) revised *Accounting Procedures Handbook for Electricity Distributors* (the “APH”) as issued on December 21, 2011.

As previously communicated to the Board on August 19, 2011, THESL intends to adopt United States Generally Accepted Accounting Principles (“U.S. GAAP”) for financial reporting and regulatory accounting purposes, effective January 1, 2012 (with comparatives as at January 1, 2011).

THESL has participated in the development of the joint comment letter on the revised APH submitted by the Coalition of Large Distributors (“CLD”) which was filed on January 30, 2012, and thus is in full support of the views outlined in the joint comment letter.

In addition, THESL has a general comment with respect to the Uniform System of Accounts (“USoA”).

Article 100 of the revised APH states that for ratemaking under an alternative accounting framework, distributors will be required to report using the alternative accounting standard but to include the accounting procedures or requirements that the Board has stipulated. THESL interprets the guidance in Article 100 of the APH as requiring the application of best judgment in reporting on the Uniform System of Accounts (“USoA”) basis. Though effort will be made to comply with Modified International Financial Reporting Standards (“MIFRS”) requirements where possible, there are accounting areas where MIFRS accounting treatment will not be reflective of the U.S. GAAP accounting or financial statement presentation requirements (e.g. the classification of capital contributions, measurement of allowance for funds used during construction etc.). Therefore, it may not be practicable or appropriate to comply with the USoA requirements within the MIFRS

APH. THESL will inform the Board of any significant differences in the USoA classification at the time of making its US GAAP regulatory annual filing.

Should you have any questions or require any additional information about our comments, please contact myself at (416) 542-3166.

Yours truly,

A handwritten signature in black ink, appearing to be 'JS Couillard', written in a cursive style.

JS Couillard

Chief Financial Officer

jcouillard@torontohydro.com