



## **Bloor-Yonge Capacity Improvements – Procurement Authorization for Toronto Hydro Offer to Connect Agreement**

**Date:** November 22, 2023

**To:** TTC Board

**From:** Chief Capital Officer

### **Summary**

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Improving the capacity of Bloor-Yonge Station is a key pre-condition for further network expansion planned by Metrolinx, and has been identified as a priority project by the City of Toronto, Province of Ontario and Government of Canada. It is anticipated that without modifications to Bloor-Yonge Station, overcrowding will increase dwell times, create bottlenecks and reduce the level of service to customers at this critical interchange station as well as across Lines 1 and 2. In recognition of this priority, the project has secured funding from all three orders of government and approval of its business case.

Toronto Hydro Electrical System Limited (THESL) is the sole-source power provider in the City of Toronto. The purpose of this report is to obtain authorization to award a contract to THESL on a sole-source basis in the amount of \$5,666,370.79, including HST, to cover costs associated with the expansion deposit in support of the Bloor-Yonge Capacity Improvements (BYCI) project. It is referred to as a “deposit” since it may be recoverable, in part or in whole, if projected loads are realized within five years.

The scope of work includes providing a new electrical service connection from THESL to accommodate new additional electrical loads required for the BYCI project.

### **Recommendations**

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It is recommended that the TTC Board:

1. Authorize the TTC CEO or delegate to enter into an “Offer to Connect” (OTC) agreement and award of a contract to Toronto Hydro Electric System Limited on a sole-source basis in the amount of \$5,666,370.79, including HST, to cover the costs associated with the OTC expansion in support of the Bloor-Yonge Capacity Improvements project.

## **Financial Summary**

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Funds for this expenditure are included in the TTC's 2023-2032 Capital Budget and Plan, as approved by the TTC Board on January 9, 2023, and City Council on February 15, 2023, under Program 3.9 Buildings and Structures – Bloor-Yonge Capacity Improvements Project.

The total project budget for the BYCI project is \$1.514 billion, comprising of costs to the end of 2022 of \$60.075 million and cash flow funding of \$1.380 billion in the 2023-2032 Capital Budget and Plan and \$73.9 million post-2032. Of the approved funding in the 2023-2032 Capital Budget and Plan, approximately \$97 million has been committed to date.

The expansion deposit amount of \$5,666,370.79 (including \$651,883.37 HST) is payable at the time of the execution of the OTC agreement. The expansion deposit is required by THESL to initiate this work in time to meet project timelines for BYCI.

This authorization is being requested on a sole-source basis as THESL is the only entity that provides electrical distribution in the City of Toronto and therefore a competitive procurement process cannot take place.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **Equity/Accessibility Matters**

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A cornerstone of the TTC's current Corporate Plan is accessibility, and as a proud leader in providing accessible public transit to the residents in the city of Toronto and surrounding municipalities, the TTC is committed to ensuring reliable, safe, accessible, and inclusive transit services for all its customers.

The BYCI project is being designed to be accessible in accordance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA), the Integrated Accessibility Standards Regulation, O. Reg. 191/11 (IASR), and the Ontario Building Code. The design includes wayfinding signage, additional escalators, elevators, and barrier-free entrances for more station accessibility.

## **Decision History**

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On April 15, 2016, Contract S85-42, Bloor-Yonge Station Capacity Enhancement was awarded to AECOM Canada Ltd. to undertake an analysis of ridership and facilities at Bloor-Yonge Station, and development of a preferred concept design for the expansion of Bloor-Yonge Station.

In May 2017, City Council confirmed the expansion of the station as a priority project for Provincial and Federal funding, and requested the TTC to report on the status of the expansion of Bloor-Yonge Station.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.1>

On April 11, 2019, the Board approved “Line 1 Capacity Requirements – Status Update and Preliminary Implementation Strategy” in which the expansion of Bloor-Yonge Station was identified as a key component to address the capacity of the subway system.

[Line 1 Capacity Requirements – Status Update and Preliminary Implementation Strategy – April 11, 2019](#)

On April 16, 2019, City Council endorsed the BYCI project as a priority project under the City of Toronto’s funding allocation of the Investing in Canada Infrastructure Plan (ICIP), Public Transit Infrastructure Fund (PTIF). All three levels of government are expected to contribute \$0.5 billion towards the estimated \$1.5-billion project. City Council approved funding for the municipal share in the 2020 budget process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.1>

On February 25, 2020, the Board authorized a contract amendment to AECOM to advance the design to approximately 30% and prepare the Stage Gate 3 – Project Performance Baseline deliverables.

[Bloor-Yonge Station Capacity Improvements – Procurement Amendment – February 25, 2020](#)

On October 22, 2020, the Board authorized compensation, on a cost-recovery basis, to CreateTO for up to \$1.5 million from the approved BYCI project budget for their efforts to facilitate and project manage amendments to the existing ground lease at 2 Bloor St. E., as well as the acquisition of property requirements for the construction of the early works.

[Bloor-Yonge Capacity Improvements – Early Works – October 22, 2020](#)

On June 16, 2021, the Board authorized acquisition of property requirements for the main construction works of the BYCI project.

[Bloor-Yonge Capacity Improvements – Main Construction Property Acquisitions Authorization – June 16, 2021](#)

On December 8, 2021, the Board approved the Bloor-Yonge Capacity Improvements Project – Stage Gate 3, including project preliminary design baselines and project delivery strategy.

[Bloor-Yonge Station Capacity Improvement Project – Stage Gate 3 – December 8, 2021](#)

On May 19, 2022, the Board approved the award of Contract S85-45, Bloor-Yonge Capacity Improvements Owner’s Engineer Consultant Services, to AECOM Canada Ltd. to support the continued development and implementation of the BYCI project, including Bloor-Yonge Capacity Improvements – Procurement Authorization for Toronto Hydro Offer to Connect Agreement

the development of technical documents, contributing to the procurement process, training and technical review of submittals.

[Bloor-Yonge Station Capacity Improvements Project – Procurement Authorization for Bloor-Yonge Capacity Improvements Owner’s Engineer Consultant Services – May 19, 2022](#)

On July 12, 2023, the Board approved the award of Contract S40-14, Bloor-Yonge Capacity Improvements – Early Works – Utility Works, to Clearway Construction Inc. to carry out the construction of a 600mm concrete combined sewer, and the installation of new Toronto Hydro Electrical System Limited (THESL) infrastructure, including duct banks, cable chambers and conduits.

[Procurement Authorization for Bloor-Yonge Capacity Improvements – Early Works – Utility Works – July 12, 2023](#)

## **Issue Background**

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The BYCI project is a significant expansion of the Bloor-Yonge Station, which includes the addition of new and expanded subway platforms, an electrical substation and numerous systems that will add significant additional electrical loads beyond what is currently available at the station. These systems include additional fire ventilation fan plants, elevators, escalators, lighting, etc.

To accommodate these additional electrical loads, new electrical service connections will be required from THESL. THESL will expand their main distribution system to accommodate this service to the BYCI project.

THESL will only proceed with the design and construction of connection after an OTC agreement is executed.

## **Comments**

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The new electrical service connection by THESL is required to be installed and energized in advance of the opening of expanded station areas.

Expansion costs borne by THESL to provide the new electrical service connections are recovered through incremental revenues made possible by the project (i.e. more electrical consumption by the TTC at Bloor-Yonge Station). There is a risk that THESL will suffer a loss if the estimated incremental demand does not materialize. To mitigate this risk, THESL requires an expansion deposit from the TTC in the amount of the total expansion cost, plus HST.

If the incremental customer load identified in the OTC is reached within five years of energization, the full expansion deposit is returned to the customer (TTC). If the customer load is less than originally anticipated, a pro-rated deposit is returned to the TTC that is proportional to the percentage of the identified incremental load realized.

THESL's Offer to Connect policy dictates that the OTC process commences two years prior to the service-on date. Due to the sensitivity of the BYCI schedule, negotiations between the TTC's and THESL's senior management took place to initiate the OTC process at an earlier date.

## **Contact**

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Chris Duyvestyn, Project Director – Major Projects  
416-590-6881  
chris.duyvestyn@ttc.ca

## **Signature**

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Gary Downie  
Chief Capital Officer

## **Attachments**

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Attachment 1 – Offer to Connect Reference #: THO2022-00035C

71 Rexdale Blvd.  
Toronto, Ontario  
M9W 6Y2

Telephone: 416.542-3100 ext. 32061  
Facsimile 416.542.2630  
email: [htaki@torontohydro.com](mailto:htaki@torontohydro.com)  
[www.torontohydro.com](http://www.torontohydro.com)



## MEMO

Dated	March 22, 2023
Attention	Matthew Wong <a href="mailto:MatthewT.Wong@ttc.ca">MatthewT.Wong@ttc.ca</a>
Location	Toronto Transit Commission 5 Parkhome Drive Toronto, ON M2N 6L4
From	Falguni Shah Director, Customer Connections & Key Account Services
Telephone	(416) 542-3019
Re:	Toronto Hydro Offer to Connect to Toronto Transit Commission development of 81 Bloor Street East Toronto Hydro Customer Class 5 Toronto Hydro Project No. C-250002-X10501-HN001 Toronto Hydro Project WBS L4 No. C-250002-X10501-HN001-1 Job Quotation No. C-190057-X10501-HN128-1 Additional WBS No. C-190057-X10501-HN128-1 ("Project") Offer to Connect # THO2022-00035C

Attached please find the following pertaining to the above-noted Offer to Connect:

- 1) Offer to Connect Payment Instructions Form;
- 2) Instructions for Payment by Cheque, Wire Transfer/EFT and Online;
- 3) Gantt Chart (non-binding); and
- 4) Offer to Connect.

Please have the Offer to Connect signed and check the appropriate payment method on the Payment Instructions Form. Then return **via email** and mail one copy of each, with all payments and security required as follows:

Attention: Andrew Foster  
Toronto Hydro-Electric System Limited  
Legal Services Division  
14 Carlton Street  
Toronto, ON M5B 1K5

Telephone: (416) 903-4514  
E-Mail: [afoster@torontohydro.com](mailto:afoster@torontohydro.com)



**Offer to Connect Payment Instructions**

*Customer to complete Section 2 - 'Payment Details' and return with signed offer.*

**1) Project Details**

Offer to Connect #: THO2022-00035C Date: March 20, 2023  
 Project Name: Customer Connection: 81 Bloor St E Customer Name: TTC Bloor Yonge Capacity Improvement  
 Location of Work: 81 Bloor St E Billing Address: TTC Bloor Yonge Capacity Improvement , 5 Parkhome Dr. , Toronto , ON , M2N 6L4  
 Project WBS #: C-250002-X10501-HN001 Contact Person: Matthew Wong  
 Project WBS L4 #: C-250002-X10501-HN001-1 Telephone: 647-272-6573  
 Technologist: Kabir Basu Email: MatthewT.Wong@ttc.ca

**2) Payment Details**

**Select Project Type: Turnkey or Alternative Bid and specify payment option. (For Fee details please refer to the Offer to Connect)**

**Turnkey**

Fee Description	Work Order #	Sub-Total	HST (13%)	Total	Payment Options
Connection Fee Balance	C-190057-X10501-HN128-1	\$ 205,797.90	\$ 26,753.73	\$ 232,551.63	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Capital Contribution	C-190057-X10501-HN128-1	\$ -	\$ -	\$ -	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Recent Expansion Benefits	C-190057-X10501-HN128-1	\$ -	\$ -	\$ -	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Expansion Deposit	C-190057-X10501-HN128-1	N/A	N/A	\$ 5,666,370.79	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer <input type="checkbox"/> Letter of Credit
				<b>Total Payment</b>	<b>\$ 232,551.63</b>
				<b>Total Deposit</b>	<b>\$ 5,666,370.79</b>

**OR**

**Alternative Bid**

Fee Description	Work Order #	Sub-Total	HST (13%)	Total	Payment Options
Ineligible Connection Fee Balance	C-190057-X10501-HN128-1	N/A	N/A	N/A	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Additional Alternative Bid Cost	C-190057-X10501-HN128-1	N/A	N/A	N/A	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Recent Expansion Benefits	C-190057-X10501-HN128-1	N/A	N/A	N/A	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer
Expansion Deposit	C-190057-X10501-HN128-1	N/A	N/A	N/A	<input type="checkbox"/> Cheque <input type="checkbox"/> Wire Transfer <input type="checkbox"/> Letter of Credit
				<b>Total Payment</b>	<b>N/A</b>
				<b>Total Deposit</b>	<b>N/A</b>

**For Internal Office Use**

*Send to 500 Commissioners Street - Miscellaneous Accounts Receivable*

**Legal Office Use Only**

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Signature: \_\_\_\_\_

**AR Office Use Only**

	GL Number	WBS Numbers
Connection Fee:	<u>619000</u>	<u>C-250002-X10501-HN001-1</u>
Capital Contribution:	<u>619000</u>	<u>Kabir Basu</u>
Additional Alternative Bid Costs:	<u>619000</u>	<u>0</u>
Recent Expansion Benefits:	<u>619000</u>	<u>0</u>
Expansion Deposit:	<u>260102</u>	<u>0</u>



## **INSTRUCTIONS FOR PAYMENT**

### **Instructions for Online Payment (Recommended Option)**

In order to make a payment online, please use "Toronto Hydro Projects" as the payee and your Customer Account # (found on the invoice) as the payee account #.

### **Instructions for Payment by Wire Transfer/Electronic Funds Transfer (EFT)**

Please use the following banking information for making a payment to Toronto Hydro-Electric System Limited via wire transfer for the work performed at your service address:

*Payee Name:* Toronto Hydro-Electric System Limited  
*Address:* 500 Commissioners Street, Toronto, ON, M4M 3N7  
*Bank Name:* Royal Bank of Canada  
*Bank Address:* 200 Bay Street, Toronto, Ontario, M5J 2J5  
*Bank #:* 003  
*Transit #:* 00002  
*Bank Account #:* 1550573

### **Instructions for Payment by Cheque**

1. Please mail cheques to Toronto Hydro's office to the attention of Miscellaneous Accounts Receivable, 500 Commissioners Street, Toronto, ON, M4M 3N7, or deliver in person from 8:00 a.m. to 4:30 p.m., excluding week-ends and statutory holidays.
2. Please make cheques payable to Toronto Hydro-Electric System Limited and write the job quote or work order number in the memo field or attach a copy of the job quote to help ensure timely posting of the payment.



**GENERAL INSTRUCTIONS**

Please e-mail the payment details to Toronto Hydro at [projectpayments@torontohydro.com](mailto:projectpayments@torontohydro.com) within 24 hours of completing wire transfer/EFT or online payments. This will help ensure accurate and timely processing of your payment.

Payment details to be provided via attaching signed Job Quotation/Short Offer to Connect or Long Form Offer to Connect or by providing the following itemized details:

*Name of the Customer:* \_\_\_\_\_

*Address of the work location:* \_\_\_\_\_

*Customer telephone number:* \_\_\_\_\_

*Payment amount:* \_\_\_\_\_

*Toronto Hydro contact:* \_\_\_\_\_

*Job Quotation (JQ) #:* \_\_\_\_\_

**Please note:**

**Toronto Hydro is not responsible for any delays that may be caused by incorrect, incomplete or missing job quote information or by payments made in error.** Where a copy of the signed document or the itemized details above are not provided, Toronto Hydro will return the payment.

**DO NOT** use the above banking information to pay your Toronto Hydro electricity bills. Wire Transfer or on-line payments made as instructed above will not be posted to your electricity service account.



March 22, 2023

Offer to Connect Reference #: THO2022-00035C

Toronto Transit Commission  
5 Parkhome Drive  
Toronto, Ontario  
M2N 6L4

Attention: Matthew Wong

Dear Sir/Madam:

Re: OFFER TO CONNECT  
Toronto Transit Commission development 81 Bloor Street East  
as legally described in PIN 21108-0152 (LT) and 21108-0192 (LT) ("Property")  
Toronto Hydro Customer Class 5  
1 General Service Class 3A Connection and 1 General Service Class 5  
Toronto Hydro Project No. C-250002-X10501-HN001  
Toronto Hydro Project WBS L4 No. C-250002-X10501-HN001-1  
Job Quotation No. C-190057-X10501-HN128-1  
Additional WBS No. C-190057-X10501-HN128-1 ("Project")

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### **Customer's Request for Connection**

Toronto Hydro-Electric System Limited ("Toronto Hydro") has received Toronto Transit Commission's ("Customer") written request for connection of the Project to the Toronto Hydro main distribution system, as follows:

- 1 General Service Class 3A Connection and 1 General Service Class 5 will be constructed and connected to the Toronto Hydro main distribution system; AND
- the Estimated Incremental Demand load attributable to the Project will be 7900 kVA.

Toronto Hydro will provide service to the Customer based upon the Estimated Incremental Peak Demand attributable to the Project. At the conclusion of the customer connection horizon - Toronto Hydro reserves the right to examine the Customer's actual demand with a view to optimizing its feeder capacity. If the actual demand is lower than the Estimated Incremental Peak Demand, then Toronto Hydro will adjust downwards its internal demand forecast for the Customer, and may re-assign any unused capacity if it determines this is appropriate to meet other demand needs.

The Customer agrees that the demand load shall not be exceeded. If circumstances exist that the Customer must realize an increase in the contracted demand load, the Customer shall notify Toronto Hydro in writing of the intent to increase the demand load, and request Toronto Hydro's approval prior to affecting any such increases. Customer requests for increased demand load shall be processed through a new offer to connect.

In order to connect the Project, an expansion to the Toronto Hydro main distribution system will be needed.

### **Toronto Hydro's Offer to Connect**

Based on the plans dated January 11, 2023, Toronto Hydro has prepared this document. This document, including all Schedules attached, is Toronto Hydro's firm Offer to Connect as required by the Distribution System Code established by the Ontario Energy Board.

In addition to the obligations set forth in this Offer to Connect, the Customer shall be bound by and required to comply with all provisions of Toronto Hydro's Conditions of Service as amended from time to time. A copy of the Conditions of Service can be obtained at [www.torontohydro.com](http://www.torontohydro.com).

Pursuant to section 2.1.2.6 of Toronto Hydro's Conditions of Service and section 3.5 of the Ontario Energy Board's Distribution System Code, Toronto Hydro shall recover bypass compensation from Large Use customers (with a non-coincident peak demand of 5MW or greater) under certain conditions. These conditions are described in section 2.1.2.6 of Toronto Hydro's Conditions of Service. Toronto Hydro shall calculate bypass compensation, if applicable, using the methodology specified in section 3.5 of the Distribution System Code.

The *Electricity Act*, 1998 requires that all buildings receiving electricity from Toronto Hydro be directly connected to the distribution grid.

The following attached Schedules form a part of this Offer to Connect:

- SCHEDULE A – Definitions and Overview
- SCHEDULE B – Connection Work and Expansion Work
- SCHEDULE C – Connection Costs and Expansion Costs
- SCHEDULE D – Capital Contribution and Expansion Deposit
- SCHEDULE E – Future Rebates and Recent Expansions
- SCHEDULE F – Alternative Bid Process- Intentionally deleted
- SCHEDULE G – General Terms & Conditions
- SCHEDULE H – The Economic Evaluation
- SCHEDULE I – Letter of Consent

**Summary of Required Costs, Contributions, and Deposits**

<b>Connection Costs</b> (Balance Outstanding) (from Schedule C)	\$ 232,551.63
<b>Capital Contribution</b> (from Schedule D)	\$ -
<b>Expansion Deposit</b> (from Schedule D)	\$ 5,666,370.79
<b>Payment for Recent Expansion Benefits</b> (from Schedule E)	\$ -
<b>TOTAL PAYMENT REQUIRED</b>	<b>\$ 232,551.63</b> If negative, Toronto Hydro shall set-off this amount against any amounts due to Toronto Hydro and any remaining credit shall be refunded to the Customer after the Expansion Assets have been constructed and energized.
<b>TOTAL EXPANSION DEPOSIT REQUIRED</b>	<b>\$ 5,666,370.79</b>

NOTE: All amounts include HST.

Based on the plans and information provided to Toronto Hydro, as of the date of this Offer to Connect, an easement will not be required to connect the Project, but may be required if the information, plans or design of the Project changes. General easement requirements are set out under the heading "Easements" in SCHEDULE G, General Terms & Conditions.

If the terms and conditions of this Offer to Connect are acceptable to the Customer, a duly authorized officer of the Customer shall sign a duplicate copy and return it along with all payments and deposits to Toronto Hydro within 60 days of the date the Offer to Connect is issued to the Customer. If a signed copy of the Offer to Connect and all payments and deposits are not returned to Toronto Hydro within that time period, Toronto Hydro reserves the right to revoke this Offer to Connect without further notice to the Customer. The Customer is advised that under normal circumstances, Toronto Hydro requires a minimum of twenty-five (25) weeks, if not more lead time to complete the Project, after receiving the signed Offer to Connect and all payments and deposits from the Customer. The Customer should make arrangements to return the signed Offer to Connect and all payments and deposits early to accommodate the required lead time. As the COVID-19 pandemic continues to evolve, it may adversely impact our ability to complete the work scheduled under your Offer to Connect. Please be assured that if we foresee an impact to your scheduled work, we will contact you as soon as possible.

If the Expansion Work for this Project, as defined in Schedule B, has not commenced within one (1) year from the date set forth above, Toronto Hydro has the right to terminate this Offer to Connect in accordance with its rights of termination as set out herein.

If the Offer to Connect needs to be revised after it is issued to the Customer due to information provided by the Customer that is different from what the Customer initially provided to Toronto Hydro, the Customer shall pay a revision fee to Toronto Hydro to prepare and issue the revised Offer to Connect.

Any notice, communication and inquiry regarding this Offer to Connect must be directed as follows:

To: Toronto Hydro-Electric System Limited  
500 Commissioners Street  
Toronto, Ontario, M4M 3N7

Attention: Domenic Zurzolo

Telephone: Manager, Customer Connections Planning & Technical Analysis  
(416) 587-0113  
Email: [dzurzolo@torontohydro.com](mailto:dzurzolo@torontohydro.com)

To: The Customer at the address set forth below:

Toronto Transit Commission  
5 Parkhome Drive  
Toronto, Ontario  
M2N 6L4

Attention: Matthew Wong  
Telephone: (647) 272-6573  
Email: [MatthewT.Wong@ttc.ca](mailto:MatthewT.Wong@ttc.ca)

If you have any concerns with respect to this Project that requires supervisory attention, please contact the Manager, Design assigned to this Project at:

Attention: Kris Velss  
Manager, Design  
Telephone: (416) 903-8217  
Email: [kvelss@torontohydro.com](mailto:kvelss@torontohydro.com)

Unless otherwise noted in this Offer to Connect, all payments and security required are due and payable, or deliverable, upon acceptance of this Offer to Connect by the Customer.

**Please sign below and return one signed copy, together with all payments, deposits, and security as may be required, to:**

**To: Toronto Hydro-Electric System Limited  
Legal Services Division  
14 Carlton Street  
Toronto, Ontario, M5B 1K5  
Attention: Andrew Foster  
Telephone: (416) 903-4514**

Yours truly,

Toronto Hydro-Electric System Limited

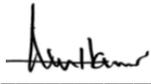


Per: \_\_\_\_\_

Name: Jim Trgachef

Title: Executive Vice-President, Capital Construction &  
Chief Transit Officer

I have authority to bind the Corporation.

Per: 

Name: Anthony Haines

Title: President and CEO

I have authority to bind the Corporation.

Customer acknowledges its understanding of, accepts, agrees to comply with, and be bound by, all of the terms and conditions of this Offer to Connect, which include the provisions set forth above and all of the Schedules attached. The Customer acknowledges that upon accepting this Offer to Connect, a binding and legally valid agreement is created that is enforceable at law in accordance with its terms.

Toronto Transit Commission

Per: \_\_\_\_\_

Date: \_\_\_\_\_

Name:

Title:

I have authority to bind the Corporation.

**Offer to Connect**  
**Toronto Transit Commission**  
**81 Bloor Street East**  
**March 22, 2023**

## SCHEDULE A DEFINITIONS and OVERVIEW

1. This Offer to Connect, including all of its schedules, was developed in accordance with the Ontario Energy Board's Distribution System Code and Toronto Hydro's Conditions of Service.
2. Terms used in this Offer to Connect have the meanings provided in the Distribution System Code and the Conditions of Service unless otherwise defined. Terms that are defined are to be interpreted expansively and in harmony with the Ontario Energy Board's Distribution System Code.
3. The following is a list of the most common terms found in this Offer to Connect together with their respective meanings. (Terms that are not as common are defined directly in the cover letter or schedule that they first appear in.)
  - (i) **Alternative Bid** – Not applicable
  - (ii) **Additional Alternative Bid Costs**- Not applicable
  - (iii) **Additional Alternative Bid Work**- Not applicable.
  - (iv) **Basic Connection Costs** are standard costs that are defined in Section 5 of Toronto Hydro's Conditions of Service.
  - (v) **Capital Contribution** is the difference between the present value of the **Expansion Costs, Basic Connection Costs, OM&A Costs**, including tax considerations, and the present value of the **Incremental Revenues**. The **Capital Contribution** is determined by Toronto Hydro using the economic evaluation contained in SCHEDULE H.
  - (vi) **Connection Assets** are the assets between the point of connection to the Toronto Hydro main distribution system and the ownership demarcation point as defined in Section 5 of Toronto Hydro's Conditions of Service.
  - (vii) **Connection Costs** are the total costs to provide the **Connection Assets** and complete the **Connection Work**. **Connection Costs** are made up of the sum of the **Basic Connection Costs** and the **Variable Connection Costs**.
  - (viii) **Connection Work** is the work required to construct the **Connection Assets**.
  - (ix) **Customer** means a person that has contracted for or intends to contract for connection of a building. This includes, but is not limited to, developers of residential or commercial sub-divisions.
  - (x) **Distribution System Code** means the code, approved by the Ontario Energy Board and in effect at the relevant time, which, among other things, establishes the obligations of a distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards of distribution systems.
  - (xi) **Distributor** means a person who owns or operates a distribution system.
  - (xii) **Eligible Alternative Bid Work**- Not applicable.
  - (xiii) **Estimated Incremental Demand** is the increased demand load attributable to the Project.

- (xiv) **Expansion** means a modification or addition to the main distribution system in response to one or more requests for one or more additional customer connections that otherwise could not be made, for example, by increasing the length of the main distribution system, and includes the modifications or additions to the main distribution system identified in section 3.2.30 of the Distribution System Code.
- (xv) **Expansion Assets** are the assets that will form the modifications and additions to Toronto Hydro's main distribution system when the **Expansion Work** is completed.
- (xvi) **Expansion Costs** are the costs to provide the **Expansion Assets** and to complete the **Expansion Work**.
- (xvii) **Expansion Deposit** is the difference between the total Ineligible and Eligible **Expansion Costs** and HST and the amount of the **Capital Contribution** and HST.
- (xviii) **Expansion Work** is the work required to modify or add to Toronto Hydro's main distribution system such that the Project can be connected and supplied with electricity.
- (xix) **Final Economic Evaluation**- Not applicable.
- (xx) **Future Customer** means any other customer that connects to the Toronto Hydro distribution system within five (5) years of the energization date of the **Expansion Assets**.
- (xxi) **Incremental Revenues** are the distribution revenues, attributable to the Project, which will be received by Toronto Hydro after the Project is connected.
- (xxii) **Initial Economic Evaluation** means the economic evaluation that Toronto Hydro performs pursuant to the Ontario Energy Board's Distribution System Code to determine the **Capital Contribution**.
- (xxiii) **Offer to Connect** is this agreement including all Schedules attached.
- (xxiv) **OM&A Costs** are the operating, maintenance and administration costs, including applicable taxes, associated with the **Expansion Assets**.
- (xxv) **Other Customer** means another customer.
- (xxvi) **Payment for Recent Expansion Benefits** is a payment made by the Customer to Toronto Hydro if the Customer is connecting to the Toronto Hydro distribution system and:
  - (a) The Customer will derive a benefit from assets that were constructed as part of **Recent Expansion Assets** to connect the **Other Customer**;
  - (b) The Customer's connection was not anticipated and was not considered as part of the economic evaluation that was conducted for the **Other Customer's** project; and
  - (c) The Customer will begin deriving a benefit within five (5) years of the energization date of the **Recent Expansion Assets**.
- (xxvii) **Project** is the development described in the Re: line on Page 1 of this Offer to Connect requiring an expansion to the Toronto Hydro main distribution system.

- (xxviii) **Qualified Contractor** is a contractor that has:
- (a) submitted a "Contractor Pre-Qualification Application" to Toronto Hydro in accordance with Toronto Hydro's Conditions of Service;
  - (b) demonstrated to Toronto Hydro the necessary minimum technical, financial and managerial competence to execute the work that is; and
  - (c) has been approved by Toronto Hydro to execute the work no less than 30 business days prior to being selected by the Customer to undertake work.
- (xxix) **Realization Period** for a Project means the period ending upon the first to occur of:
- (a) The materialization of the last forecasted demand, or
  - (b) Five (5) years after energization of the Expansion Assets.
- (xxx) **Recent Expansion Asset** means assets that were constructed as part of a recent expansion project.
- (xxxii) **Toronto Hydro** means Toronto Hydro-Electric System Limited.
- (xxxiii) **Transfer Price**- Not applicable.
- (xxxiiii) **Variable Connection Costs** are the difference between the **Connection Costs** and the **Basic Connection Costs**.
4. SCHEDULE B contains and divides the work that is required to connect the Project into (i) **Connection Work** and (ii) **Expansion Work**.
5. SCHEDULE C contains:
- (i) **Connection Costs** that the Customer shall pay to Toronto Hydro;
  - (ii) **Expansion Costs** that Toronto Hydro shall recover through the **Capital Contribution** and **Incremental Revenues**.
6. SCHEDULE D contains the **Capital Contribution** and the **Expansion Deposit** that the Customer shall provide to Toronto Hydro.
7. SCHEDULE E contains information about a rebate(s) to the **Capital Contribution** that the Customer may receive in the future and any payment that the Customer may need to make as consideration for benefits to be received from work that was recently undertaken as part of another customer's connection to the Toronto Hydro distribution system.
8. SCHEDULE F contains important information and obligations pertaining to **Alternative Bids**- Not applicable.
9. SCHEDULE G contains general terms and conditions that apply to this Offer to Connect.
10. SCHEDULE H contains the economic evaluation that was conducted to determine the **Capital Contribution**.
11. SCHEDULE I contains a letter of consent from the Property owner to the Customer entering into this Offer to Connect.

**SCHEDULE B  
CONNECTION WORK and EXPANSION WORK**

1. **Connection Work** and **Expansion Work** and **Additional Alternative Bid Work** that is required to connect and supply electricity to the Project are described in the table below.

Category of Work	Description of Work
<b>(i) Connection Work</b>	
(a) <u>Ineligible</u> for Alternative Bid	<ul style="list-style-type: none"> <li>• All necessary engineering, design, inspections, switching, isolations, (de)energizing; and</li> <li>• Supply and install 15KV/ 500 Cu TRXLPE TRIPLEX feeder cable from CC 5543 to Customer Owned Substation.</li> <li>• Supply and install metering.</li> <li>• Supply and install civil infrastructure from THESL cable chamber to customer's property line</li> <li>• Energize Customer owned substation upon ESA approval and Customer meeting Toronto Hydro High voltage design requirements.</li> </ul> <p><b>The Customer is responsible for:</b></p> <ul style="list-style-type: none"> <li>• Supplying and installing civil infrastructure on Customer property as per Toronto Hydro standards and pass all inspections by Toronto Hydro.</li> <li>• Supplying and installing High Voltage substation as per Toronto Hydro High voltage substation guidelines and Toronto Hydro's Conditions of Service.</li> <li>• Addressing all design deficiencies noted by Toronto Hydro and complying with Customer owned station guidelines and clearances required by Toronto Hydro standards.</li> <li>• Providing co-ordination study, reviewed and stamped by professional engineers in Ontario.</li> <li>• Obtaining ESA approval prior to energization.</li> </ul> <p>All equipment, material and underground plant (as applicable) of the Customer work must be installed to current Toronto Hydro requirements (specifications, standards and Toronto Hydro's Conditions of Service) and must be inspected and approved by Toronto Hydro's QAQC inspection contractor prior to connection to the Toronto Hydro distribution system.</p>
(b) Eligible for Alternative Bid	Not applicable for the Project.
<b>(ii) Expansion Work</b>	
(a) <u>Ineligible</u> for Alternative Bid	<ul style="list-style-type: none"> <li>• All necessary engineering, design, inspections, switching, isolations, (de)energizing;</li> <li>• Supply and install 2 new feeders (A79CS and A70CS) from Charles A3-4CS bus to the nearest chamber to 81 Bloor Street East (CC 5543).</li> <li>• Connect A79CS to cell 11B (b2b with A78CS) and A70CS to cell 8B (b2b with A76CS) on Charles A3-4CS.</li> <li>• Connect A79CS as normal supply feeder and A70CS as standby feeder.</li> <li>• Supply and install new civil duct structure including cable chamber rebuilds from Charles TS, west to Church Street, <del>then north to Bloor Street East to allow for new feeders.</del></li> </ul>

Then west on Hayden Street to allow for the connection to the south side of 40/42 Hayden Street for the new feeders.

Category of Work	Description of Work
	<ul style="list-style-type: none"> <li>• All cut restoration services required for new duct structure as well as cable chambers.</li> </ul> <p>All equipment, material and underground plant (as applicable) of the Customer work must be installed to current Toronto Hydro requirements (specifications, standards and Toronto Hydro's Conditions of Service) and must be inspected and approved by Toronto Hydro's QAQC inspection contractor prior to connection to the Toronto Hydro distribution system.</p>
(b) <u>Eligible</u> for Alternative Bid	Not applicable for the Project.

**SCHEDULE C  
CONNECTION COSTS and EXPANSION COSTS**

1. Toronto Hydro shall recover **Connection Costs** through:
  - (a) **Basic Connection Costs**, which are not collected directly from the Customer but are included in the economic evaluation contained in SCHEDULE H; and
  - (b) **Variable Connection Costs**, which are collected directly from the Customer.
2. Toronto Hydro shall recover **Expansion Costs** as outlined in SCHEDULE D.
3. **Connection Costs** and **Expansion Costs** for the Project are contained in the table below.

Description	
<b>(i) Connection Costs</b>	
Sub-Total	\$ 307,193.90
Less Basic Connection Cost (\$1,396 per meter connection)	\$ 1,396.00
<b>Variable Connection Cost</b>	<b>\$ 305,797.90</b>
HST (13%)	\$ 39,753.73
<b>TOTAL</b>	<b>\$ 345,551.63</b>
Less Design Pre-payment received	<b>\$ 113,000.00</b>
<b>BALANCE OUTSTANDING</b>	<b>\$ 232,551.63</b>
<b>(ii) Expansion Costs</b>	
Materials	\$ 1,520,298.98
Labour (Design, Eng., & Construction)	\$ 2,795,337.59
Equipment	\$ 310,593.07
Overhead (including Administration)	\$ 388,257.79
<b>SUB-TOTAL</b>	<b>\$ 5,014,487.43</b>
HST (13%)	\$ 651,883.37
<b>TOTAL</b>	<b>\$ 5,666,370.79</b>

**SCHEDULE D**  
**CAPITAL CONTRIBUTION and EXPANSION DEPOSIT**

1. Toronto Hydro shall recover any **Expansion Costs** and **OM&A Costs** by way of:
  - (i) a **Capital Contribution**, if applicable, paid by the Customer; and
  - (ii) **Incremental Revenues**.
2. A summary of the **Initial Economic Evaluation**, including the assumptions and inputs used, is contained in SCHEDULE H.
3. The Customer acknowledges that for the purposes of enabling Toronto Hydro to perform the **Initial Economic Evaluation** and any subsequent economic evaluations, the Customer has represented to Toronto Hydro that:
  - (i) 1 General Service Class 3A Connection and 1 General Service Class 5 will be constructed and connected to the Toronto Hydro main distribution system; AND
  - (ii) the Estimated Incremental Demand load attributable to the Project will be 7900 kVA.
4. Given that the **Capital Contribution** only covers a portion of the **Expansion Costs** and **OM&A Costs**, and that the remainder is to be covered by **Incremental Revenues** made possible by the **Project**, there is a risk that Toronto Hydro will suffer a loss if the **Estimated Incremental Demand** or the forecasted number of connections does not materialize. To mitigate this risk, Toronto Hydro may request an **Expansion Deposit** from the Customer in the amount of the difference between the **TOTAL Expansion Costs** and HST and the amount of the **Capital Contribution** and HST.
5. The **Expansion Deposit** shall be in the form of cash, or an irrevocable commercial letter of credit issued by a Schedule I bank as defined in the Bank Act, or a surety bond. The form of deposit must expressly provide for its use to cover the events and time period for which is held as a deposit. Any portion of the **Expansion Deposit** held as cash, which is returned to the Customer, shall include interest on the returned amount from the date of receipt of the full amount of the **Expansion Deposit**, at the Prime Business Rate set by the Bank of Canada less two (2) percent.
6. The **Expansion Deposit** is in addition to any other charges that may be payable to Toronto Hydro under this Offer to Connect, or the Conditions of Service, or otherwise.
7. After the **Expansion Assets** have been constructed and energized, Toronto Hydro shall reduce the **Expansion Deposit**, at the end of each 365-day period, by an amount calculated by multiplying the original **Expansion Deposit** by a percentage derived by dividing the actual demand materialized in that 365-day period, by the **Estimated Incremental Demand** contemplated in this Offer to Connect completed.

For information about reduction in the amount of the **Expansion Deposit** after each 365-day period, please forward inquiries to: [offertoconnect@torontohydro.com](mailto:offertoconnect@torontohydro.com).

8. If after five (5) years from the energization date of the **Expansion Assets**, the **Estimated Incremental Demand** contemplated by this Offer to Connect has not materialized, Toronto Hydro shall retain any cash held as an **Expansion Deposit**, or shall be entitled to realize on any letter of credit or bond held as an **Expansion Deposit** and retain any cash resulting therefrom, with no obligation to return any portion of such monies to the Customer at any time.

9. Toronto Hydro may at any time apply any cash held as an **Expansion Deposit**, or be entitled to realize on any letter of credit or bond held as an **Expansion Deposit** and apply any cash resulting therefrom, to offset any amount that the Customer is obligated to pay Toronto Hydro pursuant to this Offer to Connect.
10. The **Capital Contribution** and the **Expansion Deposit** that the Customer shall provide to Toronto Hydro are contained in the table below.

<b>Description</b>	
<b>Capital Contribution</b>	
<b>Capital Contribution</b>	\$ -
HST (13%)	\$ -
<b>Capital Contribution and HST</b>	<b>\$ -</b>
<b>Expansion Deposit Calculation</b>	
<b>Present Value of Costs (Schedule C)</b>	\$ 5,014,487.43
HST (13%)	\$ 651,883.37
<b>Present Value of Costs and HST</b>	<b>\$ 5,666,370.79</b>
Less <b>Capital Contribution</b> and HST	\$ -
<b>Expansion Deposit</b>	<b>\$ 5,666,370.79</b>

**SCHEDULE E  
FUTURE REBATES and RECENT EXPANSIONS**

1. Toronto Hydro shall rebate a portion of the **Capital Contribution** to the Customer if:
  - (a) a **Future Customer** connects to the Toronto Hydro distribution system;
  - (b) the **Future Customer** is a Class 3, 4, or 5 Customer as defined in Toronto Hydro's Conditions of Service;
  - (c) the **Future Customer** derives a benefit from the **Expansion Assets** that have been constructed as part of this Project; and
  - (d) the **Future Customer's** connection and load was not included in the economic evaluation that was conducted to calculate the **Capital Contribution**.
  
2. The portion of the **Capital Contribution** that Toronto Hydro shall rebate to the Customer will be determined by Toronto Hydro, in its sole discretion, by apportioning the overall benefits associated with the **Expansion Assets** to the customers benefiting from the **Expansion Assets**. If applicable, Toronto Hydro may consider any or all of the following factors when making its determination:
  - (a) the relative name-plate rated capacity of the customers' connections;
  - (b) the relative load level of the customers;
  - (c) the line length that Customer requires in comparison to the line length that the Future Customer requires in the context of the **Expansion Assets**;
  - (d) the proportion of the five (5) year period of time after the energization date of the **Expansion Assets** that the **Future Customer** will be connected to the Toronto Hydro distribution system.
  
3. The Customer shall not be entitled to any interest for any rebated portion of the Capital Contribution.
  
4. The Customer shall make a **Payment for Recent Expansion Benefits** to Toronto Hydro if the Customer is connecting to the Toronto Hydro distribution system and:
  - (a) the Customer will derive a benefit from assets that were constructed as part of a **Recent Expansion Asset** to connect the **Other Customer**;
  - (b) the Customer's connection was not anticipated and was not considered as part of the economic evaluation that was conducted for the **Other Customer's** project; and
  - (c) the Customer will begin deriving a benefit within five (5) years of the energization date of the **Recent Expansion Assets**.
  
5. For this Project, Toronto Hydro has determined that no **Payment for a Recent Expansion Benefit** is required.

**SCHEDULE F**  
**ALTERNATIVE BID PROCESS – Intentionally deleted**

**SCHEDULE G  
GENERAL TERMS & CONDITIONS**

**1. ASSIGNMENT**

**1.1** Neither party may assign this Offer to Connect without the prior written consent of the other party, such consent not to be unreasonably withheld.

**2. EASEMENTS**

**2.1** Promptly upon the request by Toronto Hydro, the Customer shall, at its own expense:

(i) secure and register a good and valid easement in perpetuity in the form and containing such terms as specified by Toronto Hydro, which easement shall be executed by the registered owner of the Property and, where Toronto Hydro considers it appropriate, a further easement shall be granted by any tenant holding a leasehold interest in the portion of the Property to be subject to the easement; and

(ii) provide a solicitor's opinion on title in a form and on terms acceptable to Toronto Hydro, within the time period specified by Toronto Hydro but, in any event, before the Connection Work will begin. Such easement(s) shall be subject only to those encumbrances permitted in writing by Toronto Hydro. Such easement(s) shall confer such rights in perpetuity as Toronto Hydro may request for the installation and continued existence of any electrical or telecommunication plants or access to same or as otherwise requested by Toronto Hydro to perform its responsibility as a distribution company.

**2.2** The Customer acknowledges that in order for the easement(s) to be registered, the Customer shall be required, at its expense, to arrange for and register any necessary documentation required by the appropriate Land Registry Office, including a Reference Plan, prepared by an Ontario Land Surveyor, describing the extent of the lands required for the easement, which reference plan (including the parts to be subject to the easement(s)), must be approved of by Toronto Hydro in writing and in advance.

**2.3** The Customer shall be entirely responsible to pay all costs and expenses related to registering such easement(s), including the cost to discharge or postpone any encumbrances as directed by Toronto Hydro.

**3. FORCE MAJEURE**

**3.1** Force Majeure means any act, event, cause or condition that is beyond Toronto Hydro's reasonable control, including wind, ice, lightning or other storms, earthquakes, landslides, floods, washouts, fires, explosions, contamination, breakage of equipment or machinery, delays in transportation, strikes,

lockouts or other labour disturbances, civil disobedience or disturbances, war, acts of sabotage, blockades, insurrections, vandals, riots, epidemics, or loss of any relevant license.

**3.2** If by reason of Force Majeure, Toronto Hydro is unable, wholly or partially, to perform or comply with any or all of its obligations under this Offer to Connect, it shall be relieved of such obligations, and any liability, including liability for any injury, damage or loss to the Customer caused by such event of Force Majeure, for failing to perform or comply with such obligations, during the continuance of Force Majeure.

**4. LIMITATION OF LIABILITY**

**4.1** Toronto Hydro shall not be responsible for the acts or omissions of the Customer or its employees, officers, directors, contractors, subcontractors or agents.

**4.2** Neither Toronto Hydro nor any of its employees, agents, officers, directors or other representatives ("Representatives") shall be liable for any loss, injury or damage to persons or property caused in whole or in part by negligence or fault of the Customer, or any of the Customer's Representatives, contractors or subcontractors.

**4.3** Notwithstanding any other provision in this Offer to Connect, or any applicable statutory provision, Toronto Hydro and its Representatives shall only be liable for any damages which arise directly out of the wilful misconduct or negligence of Toronto Hydro or its Representatives.

**4.4** Neither Toronto Hydro nor any of its Representatives shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, arising from any breach of this Offer to Connect, fundamental or otherwise, or from any tortious acts, including the negligence or wilful misconduct of it or its Representatives, however arising.

**4.5** No action arising out of this Offer to Connect, regardless of the form thereof, may be brought by either party more than two (2) years following the date the cause of action arose, provided however that, subject to any applicable law, Toronto Hydro may bring an action for non-payment of amounts, or non-delivery of deposits, required to be paid or delivered by the Customer under this Offer to Connect at any time.

**4.6** The Customer shall indemnify and save harmless Toronto Hydro and its Representatives from any

action, claim, penalty, damages, losses, judgements, settlements, costs and expenses or other remedy brought by any party or governmental authority, arising out of or resulting from any negligent act or failure to act or any willful misconduct by the Customer or any of its Representatives.

4.7 All of the provisions of Sections 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6 shall survive the termination of this Offer to Connect.

## 5. NOTICE

5.1 Any notice to be given under this Offer to Connect shall be in writing and delivered by prepaid registered mail, hand, courier or facsimile to the contact for the parties as set forth in the Offer to Connect.

5.2 Delivery by facsimile shall be deemed received on the day following transmittal provided the facsimile is received as confirmed by the issuance of a confirmation receipt at the point of transmission.

5.3 Delivery by hand or courier shall be deemed received on the date delivered.

5.4 Delivery by prepaid registered mail shall be deemed received on the 5<sup>th</sup> business day after mailing.

5.5 Either party may change its address for notice by providing written notice of that change to the other party.

## 6. REVISED PLANS

6.1 If the Customer submits revised plans or requires additional design work, Toronto Hydro may provide, at a cost, a new offer based on the revised plans or the additional design work.

## 7. SECURITY INTEREST

7.1 As security for its obligations under this Offer to Connect, the Customer grants to Toronto Hydro a present and continuing security interest in, and lien on (and right of set-off against), and assignment of all money, cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, delivered as a deposit or otherwise pursuant to the terms of this Offer to Connect, or for the benefit of Toronto Hydro.

7.2 The Customer agrees to take such action as Toronto Hydro reasonably requires in order to perfect Toronto Hydro's first-priority security interest in, and lien on (and right of set-off against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

7.3 Toronto Hydro shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Customer's obligations under this Offer to Connect (Customer remaining liable for any amounts owing to Toronto Hydro after such application), subject to Toronto Hydro's

obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

## 8. TAXES

8.1 Unless specified, none of the amounts payable or deliverable under the Offer to Connect include harmonized sales taxes or any other taxes that may be payable.

8.2 The Customer shall pay all such taxes in accordance with applicable laws.

## 9. TERMINATION

9.1 Each of the following shall constitute an event of default ("Event of Default"):

(i) the Customer fails to make any payment at the time specified for payment in this Offer to Connect and such failure has not been remedied within three (3) days notice of such failure;

(ii) the Customer fails to deliver any deposit, including additional deposits within the time period specified for delivery in this Offer to Connect;

(iii) the Customer fails to execute and deliver any agreement, or deliver any other document, within the time period specified for execution and/or delivery;

(iv) the Customer fails to make ready the Project site for Toronto Hydro to commence the Connection Work or the Expansion Work within 1 year from the date of this Offer to Connect;

(v) the Customer cancels the Project for any reason;

(vi) the Customer fails to comply with any other covenant or obligation in this Offer to Connect and such failure has not been remedied (where it is possible to remedy such failure) within 15 days of the initial failure to perform;

(vii) a resolution has passed, or documents filed at an office of public record, for the merger, amalgamation, dissolution, termination of existence, liquidation or winding-up of the Customer, unless the prior consent of Toronto Hydro has been obtained;

(viii) a receiver, manager, receiver-manager, liquidator, monitor or trustee in bankruptcy of the Customer or any of its property is appointed by any government authority, and such receiver, manager, receiver-manager, liquidator, monitor or trustee is not discharged within 30 days of appointment; or, if by decree of any government authority, the Customer is adjudicated bankrupt or insolvent, or any substantial part of its property is taken, and such decree is not discharged within 30 days

after the entry thereof; or, if a petition to declare bankruptcy or to reorganize such party pursuant to any applicable law is filed against the Customer and is not dismissed within 30 days of such filing;

- (ix) the Customer files, or consents to the filing of, a petition in bankruptcy or seeks, or consents to, an order or other protection under any provision of any legislation relating to insolvency or bankruptcy ("Insolvency Legislation"); or files, or consents to the filing of, a petition, application, answer or consent seeking relief or assistance in respect of itself under provision of any Insolvency Legislation; or files, consents to the filing of, an answer admitting the material allegations of a petition filed against it in any proceeding described herein; or makes an assignment for the benefit of its creditors; or admits in writing its inability to pay its debts generally as they become due; or consents to the appointment of a receiver, trustee, or liquidator over any, or all, of its property.

**9.2** Upon the occurrence of an Event of Default, Toronto Hydro may, at its sole discretion, do any one or more of the following:

- (i) exercise any of the rights and remedies of a secured party including any such rights and remedies under law then in effect;
- (ii) exercise its rights of set-off against any and all property, accounts and monies of the Customer in the possession of Toronto Hydro, whether arising under this Offer to Connect, another contract, applicable law or otherwise;
- (iii) declare the full amounts of any fees and costs that are unpaid and unrecovered as due and owing ("Accelerated Amounts");
- (iv) draw on any cash, or draw under any letter of credit, then held by or for the benefit of Toronto Hydro as a deposit or contribution or otherwise, free from any claim or right of any nature whatsoever of the Customer, including any equity or right of purchase or redemption by the Customer, to cover all costs incurred on, or prior to, the date of termination, including costs for materials ordered for the expansion, storage costs and facilities removal costs and any amounts owing under this Offer to Connect, including the Accelerated Amounts; and/or
- (v) terminate this Offer to Connect, provided that, any termination shall not affect any obligations incurred prior to the effective date of termination or any other rights that Toronto Hydro may have arising out of any rights or obligations that are expressed to survive termination of this Offer to Connect.

## **10. TITLE AND RISK OF LOSS**

**10.1** Notwithstanding that Toronto Hydro may install equipment and materials under this Offer to Connect to which title is intended to pass to the Customer, title to such equipment or materials shall transfer to the Customer, and risk of loss shall be assumed by the Customer, upon delivery to the Property.

**10.2** Toronto Hydro shall be entitled to receive reasonable compensation for storing any materials or equipment not delivered to the Customer due to a delay caused by the Customer and such equipment or materials shall be held at the Customer's risk.

## **11. WARRANTIES**

**11.1** Except as expressly set forth in this Offer to Connect, Toronto Hydro provides no warranties, for fitness, for purpose, or otherwise, whether statutory or otherwise, to the Customer.

## **12. MISCELLANEOUS**

**12.1** This Offer to Connect, including all attached Schedules, shall constitute the entire agreement between the parties, and there are no other agreements or understandings, either written or oral, to conflict with, alter or enlarge this Offer to Connect unless agreed to in writing between the parties subsequent to the effective date of this Offer to Connect.

**12.2** Failure or delay by Toronto Hydro in enforcing any right under, or provision of this Offer to Connect shall not be deemed a waiver of such provision or right with respect to the instant, or any previous, or subsequent, breach.

**12.3** This Offer to Connect shall be governed by the laws of the Province of Ontario and the laws of Canada as applicable.

**12.4** The parties irrevocably attorn to the jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.

**12.5** Toronto Hydro shall be entitled to access at all reasonable times to any of the Customer's properties to perform the services in this Offer to Connect.

**12.6** Interest on unpaid amounts shall bear interest at the rate of 1.5 percent calculated and compounded monthly (19.56 percent per annum) at and from the due date up to and including the date of payment in full of such amount, together with all interest accrued to the date of payment.

**12.7** Toronto Hydro and the Customer agree to execute and deliver such further documents as may be required for either party to fulfill its obligations and enforce its rights under this Offer to Connect.

**12.8** If any provision of this Offer to Connect is declared illegal, invalid or unenforceable for any reason whatsoever, to the extent permitted by law, such illegality, invalidity or unenforceability shall not affect

the legality, validity or enforceability of any of the other provisions.

- 12.9** This Offer to Connect and the obligations of the parties under it are subject to all applicable present and future laws, rules, regulations and orders of any regulatory or legislative body or other duly constituted authority having jurisdiction over Toronto Hydro or the Customer.
- 12.10** Time shall be of the essence.
- 12.11** If there is a conflict between this Offer to Connect and Toronto Hydro's Conditions of Service, this Offer to Connect shall govern.

**12.12** Any schedules, timelines or related Gantt charts (each a "Project Schedule") provided to the Customer in connection with this Offer to Connect is for discussion purposes only and the dates on such Project Schedules are subject to change. The Customer acknowledges that the Project Schedules do not create a legally binding obligation on Toronto Hydro and Toronto Hydro shall have no liability whatsoever for any damages if the dates on such Project Schedules are not met.

## SCHEDULE H THE ECONOMIC EVALUATION

1. In accordance with the requirements of the Ontario Energy Board's Distribution System Code, Toronto Hydro has performed an economic evaluation to determine the amount of the Capital Contribution that the Customer shall pay to Toronto Hydro. The economic evaluation, which arrived at the **Capital Contribution** contained in SCHEDULE D, and is referred to as the **Initial Economic Evaluation**, is appended to this schedule.
2. The **Initial Economic Evaluation** is based on a present value (i.e. discounted cash flow) methodology that determines the net present value ("**NPV**") of the Project over a period of twenty-five (25) years. The **Initial Economic Evaluation** includes cash flows for **Incremental Revenues**, **Expansion Costs**, other capital costs if applicable, **OM&A Costs**, and taxes. Any economic evaluations that may be required in the future will be based on the same methodology.
3. If the **NPV** of the Project is greater than zero, then the Project is financially viable and a **Capital Contribution** is not required. If the **NPV** of the Project is less than zero, the Project is not financially viable and a **Capital Contribution** is required to bring the NPV to zero (i.e. neutral).

**SCHEDULE I**  
**LETTER OF CONSENT**

March 10, 2023

To: Toronto Hydro

From: Patricia Palmieri

Subject: 81 Bloor St East and 40-42 Hayden Avenue

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We, the City of Toronto, as owner of the 81 Bloor St East and 40-42 Hayden Avenue (the "Property"), hereby provide our consent and approval to the Toronto Transit Commission entering into the Offer to Connect for the connection of the Property to Toronto Hydro-Electric System Limited's main distribution system.

If you have any questions or concerns please feel free to contact me at 416-392-4829.

Thank you,

*Patricia Palmieri*

Patricia Palmieri  
Senior Project Manager, Transaction Services  
Corporate Real Estate Management



NOTE: Revenue is based upon a fixed annual rate plus a variable distribution rate. The fixed annual rate is determined by applying OEB approved 30 days fixed rates corresponding to each Rate Class and multiplying by 12 months (i.e. the Annual Fixed Rate from Table 3.6), and by multiplying by the number for forecasted connections. The variable distribution rate is determined based on the rates per kWh for Rate Classes 1 and 2, and the rates per maximum peak KVa demand for Rate Classes 3, 4 and 5 (i.e. New Monthly Peak Demand (kVA) from Table 3.5 averaged to an equivalent annual demand).

- (d) The Ongoing Maintenance and Administration (OM&A) Rates in Table 3.7, which are based upon system averages, were used in the Operating & Maintenance Costs Cash Flow Category (iii) above to determine the OM&A costs of the expansion project over the "Customer Revenue Horizon". The OM&A costs are based on the number and class of forecasted connections and the forecasted incremental loads in the "Customer Connection Horizon", times the OM&A Rates.
- (e) The Income Tax Rate in Table 3.8 was utilized in the Taxes Cash Flow Category (iv) in Table 2 (above) to determine the tax implications over the "Customer Revenue Horizon".
- (f) The tax rates in Table 3.8 were utilized in the The CCA Tax Shield, Category (v) in Table 2 (above). The CCA Tax Shield is applicable to the capital investments made on Expansions and represents the tax benefits of the Expansion to the Project over the "Customer Revenue Horizon". The CCA Tax Shield is calculated by multiply the annual estimated "depreciation" for tax purposes (CCA)in each year by the tax rate to determine the estimated tax savings as a result of owning the assets.
- (g) The discount rate applied to all cash flows is contained in Table 3.8.
- (h) The Basic Connection Costs (Metered Connections) in Table 3.2 represents the Standard Allowance for Basic Connection which is not chargeable to the Customer, and has been factored into the model.

<b>TABLE 3.1: EXPANSION COSTS</b>	
Materials	\$ 1,520,298.98
Labour (Design, Engineering & Construction)	\$ 2,795,337.59
Equipment	\$ 310,593.07
Administrative/Overhead Cost	\$ 388,257.79
Transfer Price	\$ -
<b>TOTAL EXPANSION COSTS</b>	<b>\$ 5,014,487.43</b>

<b>TABLE 3.2: BASIC CONNECTION COSTS (Metered Connections)</b>	
Basic Connection Cost per Connection	\$ 1,396.00
Number of Connections	1
<b>TOTAL BASIC CONNECTION COST</b>	<b>\$ 1,396.00</b>

<b>TABLE 3.3: PROJECT LOADING DETAILS</b>	
Existing Load	0 kVA
Total Incremental Load (Demand) Requested	7900 kVA
<b>TOTAL LOAD</b>	<b>7900 kVA</b>

<b>TABLE 3.4:</b> <b>CUSTOMER CONNECTIONS SUMMARY (1)</b>	<b>CUSTOMER CONNECTION HORIZON</b>					<b>Totals</b>
	<b>Number of New Metered Connections Forecasted</b>					
<b>Customer Class</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
Class 1: Residential	-	-	-	-	-	-
Class 2: General Service (< 50 kW)	-	-	-	-	-	-
Class 3: General Service (50 - 999 kW)	1.00	-	-	-	-	1.00
Class 4: General Service (1000 - 4999 kW)	-	-	-	-	-	-
Class 5: Large User (5000+ kW)	1.00	-	-	-	-	1.00
Competitive Sector Multi-Unit Residential	-	-	-	-	-	-
Unmetered Scattered Loads	-	-	-	-	-	-
Unmetered Streetlighting	-	-	-	-	-	-
<b>TOTAL CONNECTIONS</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>

\* Can be based on Customer or Third Party Connections and is for Revenue Contribution Only at zero Capital Costs

<b>TABLE 3.5: INCREMENTAL LOAD CONNECTION</b>	<b>New Monthly Peak Demand (kVA)</b>					<b>Totals</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
Class 3: General Service (50 - 999 kW)	-	-	-	-	-	-
Class 4: General Service (1000 - 4999 kW)	-	-	-	-	-	-
Class 5: Large User (5000+ kW)	2,200.00	-	-	4,000.00	1,700.00	7,900.00
Streetlighting	-	-	-	-	-	-
<b>TOTAL INCREMENTAL LOAD (Demand) Requested</b>	<b>2,200.00</b>	<b>-</b>	<b>-</b>	<b>4,000.00</b>	<b>1,700.00</b>	<b>7,900.00</b>

**TABLE 3.6: CUSTOMER RATES (REVENUES)**

Customer Class	\$ Annual Fixed Rate*	\$ per kWh	Monthly \$ per kVA
Class 1: Residential	\$ 488.40000	\$ -	-
Class 2: General Service (< 50 kW)	\$ 471.12000	\$ 0.03631	-
Class 3: General Service (50 - 999 kW)	\$ 626.04000	\$ -	\$ 8.37750
Class 4: General Service (1000 - 4999 kW)	\$ 11,795.16000	\$ -	\$ 6.92290
Class 5: Large User (5000+ kW)	\$ 52,214.04000	\$ -	\$ 7.50100
Competitive Sector Multi-Unit Residential	\$ 400.68000	\$ -	-
Unmetered Scattered Loads	\$ 77.16000	\$ 0.08087	-
Streetlighting	\$ 19.80000	\$ -	\$ 36.93450

\* The Fixed Annual Rate is based upon applying OEB approved 30 days fixed rates corresponding to each Rate Class and multiplying by 12 months

**TABLE 3.7: ONGOING MAINTENANCE and ADMINISTRATION RATES (OM&A)**

Customer Class	\$ per kW per Month	\$ per kVA
Class 1: Residential	\$ 15.58257	
Class 2: General Service (< 50 kW)	\$ 53.93215	
Class 3: General Service (50 - 999 kW)		\$ 31.84681
Class 4: General Service (1000 - 4999 kW)		\$ 29.17180
Class 5: Large User (5000+ kW)		\$ 27.42400
Competitive Sector Multi-Unit Residential	\$ 10.57132	
Unmetered Scattered Loads	\$ 6.60817	
Streetlighting		\$ 142.98079

**TABLE 3.8: OTHER INPUTS**

Discount Rate (WACC)	5.59%
Income Tax Rate	26.50%
Engineering Administration Cost	8.39%

