



## STAFF REPORT ACTION REQUIRED

### Toronto Hydro Corporation – Unaudited 1<sup>st</sup> Quarter 2008 Financial Results

<b>Date:</b>	May 22, 2008
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2008\Internal Services\Cf\Ec08018Cf – et (AFS #7835)

#### **SUMMARY**

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This report summarizes unaudited financial results for Toronto Hydro Corporation for the period ended March 31, 2008 and recommends receipt of the Financial Statements, released May 21, 2008. These documents are filed with the City Clerk's office and are posted on the internet on the Toronto Hydro Corporation website ([www.torontohydro.com](http://www.torontohydro.com)) and via the SEDAR website ([www.sedar.com](http://www.sedar.com)) for Canadian public securities documents.

#### **RECOMMENDATION**

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The Deputy City Manager and Chief Financial Officer recommends receipt of Toronto Hydro Corporation's unaudited Financial Statements for the period ended March 31, 2008.

#### **Financial Impact**

There are no financial implications from this report.

#### **DECISION HISTORY**

The 2007 Audited Statements for Toronto Hydro Corporation are the subject of a City Managers Report titled "Toronto Hydro Corporation - 2007 Annual General Meeting and Annual Audited Financial Statements" to be considered by Executive Committee at its meeting of June 3, 2008.

On May 21, 2008, subsequent to the above-mentioned report being submitted for consideration to the Executive Committee, Toronto Hydro released its unaudited financial results for the period ended March 31, 2008.

## Financial Results

For the fiscal quarter ended March 31, 2008, the Corporation generated a consolidated net income of \$22.5 million, compared with \$37.7 million for the same period in 2007.

Contributing to the \$15.2 million lower net income were:

<b>Unaudited Consolidated Financial Results of Toronto Hydro Corporation</b>			
(\$ millions)			
	Quarter ended March 31, 2008	Quarter ended March 31, 2007	Change
Net Revenue	124.5	126.1	(1.6)
Income from Discontinued Operations <sup>(1)</sup>	-	24.6	(24.6)
Less Expenses:			
Operating Expenses	55.0	54.2	(0.7)
Depreciation & Amortization	41.3	36.0	(5.2)
Net Interest Expense	16.1	14.4	(1.7)
Impairment of Investments held to Maturity <sup>(2)</sup>	9.4	-	(9.4)
Provisions for PIL's <sup>(3)</sup>	(19.7)	8.4	28.1
Net Income	22.4	37.6	(15.2)

1. Sale of Water Heater business in 2007.
2. Increased impairment provision on non-bank-sponsored Asset Backed Commercial Paper notes.
3. Recovery pursuant to the settlement of a tax audit for the years 2001 & 2002.

## CONTACT

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## SIGNATURE

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Joseph P. Pennachetti  
 Deputy City Manager and Chief Financial Officer