



EB-2008-0272

IN THE MATTER OF the *Ontario Energy Board Act 1998*,
S.O.1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by Hydro One
Networks Inc. for an Order under section 78 of the *Ontario
Energy Board Act, 1998*, seeking changes to the uniform
provincial transmission rates.

BEFORE: Cynthia Chaplin
Presiding Member

Paul Vlahos
Member

Ken Quesnelle
Member

**REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER ARISING FROM
THE EB-2008-0272 DECISION WITH REASONS**

Hydro One Networks Inc. (“Hydro One”) filed an application dated September 30, 2008 with the Ontario Energy Board (the “Board”) under section 78 of the *Ontario Energy Board Act, 1998*; S.O. c.15, (Sched. B) (the “Act”), for an order or orders approving the revenue requirements for the test years 2009 and 2010; customer rates for the transmission of electricity to be implemented on July 1, 2009; the inclusion into rate base of certain capital costs; and other matters related to the fixing of just and reasonable rates for the transmission of electricity. The Board assigned file number EB-2008-0272 to the application and issued a Notice of Application dated October 17, 2008. Updates to certain parts of the application were filed on February 13, 2009.

The Board's EB-2008-0272 Decision with Reasons (the "Decision") was issued on May 28, 2009. The Board directed Hydro One to file with the Board and all intervenors exhibits outlining draft final revenue requirements and charge determinants for 2009 and 2010, as well as the calculation of the Uniform Transmission Rates ("UTRs"), charge determinants and revenue shares resulting from the Decision.

Hydro One filed the required exhibit on June 11, 2009. One intervenor responded. The Vulnerable Energy Consumers Coalition suggested that Hydro One had not taken into account that annualized rates would result in less of a refund than is required because the rates were to be implemented at July 1, 2009. Hydro One responded in a letter of June 23, 2009 that the calculation did in fact take into account that the new UTRs would be in effect for only six months. Upon reviewing the letters, the Board is satisfied that VECC's concern has been addressed.

On June 15, 2009 the Board provided a Notice of Opportunity to Comment on Proposed Uniform Transmission Rates Effective July 1, 2009 to Canadian Niagara Power Inc., Great Lakes Power Limited ("GLPL") and Five Nations Energy Inc., the other transmitters in the Province that are included in the UTRs.

GLPL responded and provided an update to its annual charge determinants and submissions in support of a change to the Transformation Connection Pool charge. The Board has determined that the material is untested evidence and is out of scope for this proceeding on the implementation of Hydro One's revenue requirements.

Upon reviewing the materials, the Board finds it appropriate to issue a final order regarding Hydro One's 2009 Test Year revenue requirements and charge determinants for use in the implementation of the Ontario Uniform Transmission rates.

THEREFORE, THE BOARD ORDERS THAT:

1. The Hydro One Base Revenue Requirements for 2009 and 2010, \$1,179.0 million and \$1,242.2 million respectively, as shown in Exhibit 1.0 in Appendix A are approved for recovery through the Uniform Transmission Rates. The 2010 Base Revenue Requirement will be updated in future to include updated cost of capital numbers and possibly other matters that would be the subject of an application.

2. The allocation of the approved revenue requirements to the three transmission rate pools as shown in Exhibit 2.0 in Appendix A is approved.
3. The Hydro One charge determinants for each rate pool as shown in Exhibit 3.0 in Appendix A are approved.
4. The final revenue requirement by rate pool for determining Uniform Transmission rates for July 1, 2009 to December 31, 2009 as shown in Exhibit 4.0 is approved.
5. The Wholesale Meter Service and Exit Fee Schedule, attached as Exhibit 5.0 in Appendix A, is approved.

ISSUED at Toronto, June 30, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

**APPENDIX "A" TO
HYDRO ONE NETWORKS INC. TRANSMISSION REVENUE REQUIREMENT
AND CHARGE DETERMINANT ORDER
BOARD FILE NO. EB-2008-0272
DATED: June 30, 2009**

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Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Revenue Requirement Summary

(\$ millions)	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Decision Impact 2009	OEB Decision Impact 2010	OEB Approved 2009	OEB Approved 2010
OM&A	Exhibit 1.1	435.2	449.7	(20.2)	(23.5)	415.0	426.2
Depreciation	Exhibit 1.2	258.0	281.5	-	(1.8)	258.0	279.7
Capital Tax	Exhibit 1.5	16.4	6.0	-	(0.1)	16.4	5.9
Return on Debt	Exhibit 1.4	251.2	269.7	(11.6)	(16.3)	239.6	253.4
Return on Equity	Exhibit 1.4	240.0	286.1	(14.7)	(39.4)	225.3	246.7
Income Tax	Exhibit 1.6	31.9	48.0	(7.2)	(17.7)	24.7	30.3
Base Revenue Requirement		1,232.7	1,341.0	(53.7)	(98.8)	1,179.0	1,242.2
Deduct: External Revenue	Exhibit 1.7 & Note 1	18.6	18.0	-	-	18.6	18.0
Revenue Requirement less external revenues		1,214.1	1,323.0	(53.7)	(98.8)	1,160.4	1,224.2
Deduct: Export Revenue Credit	Note 1	(12.0)	(12.0)	-	-	(12.0)	(12.0)
Deduct: Other Cost Charges	Exhibit 1.8	(14.0)	(13.0)	(0.2)	(7.3)	(14.2)	(20.3)
Add: Low Voltage Switch Gear	Note 2	10.7	11.5	(0.4)	(0.5)	10.3	11.0
Rates Revenue Requirement		1,198.8	1,309.5	(54.3)	(106.6)	1,144.5	1,202.9

Note 1: Variance accounts will be established for export revenues, secondary land use and work for other parties to track changes from approved amounts.

Note 2: The value for 2010 LVSG is an estimate and will be revised once the 2010 Revenue Requirement is finalized in the fall of 2009

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

OM&A Details

<i>(\$ millions)</i>	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Decision Impact 2009	OEB Decision Impact 2010	OEB Approved 2009	OEB Approved 2010
OM&A	<i>See supporting details below</i>	435.2	449.7	(20.2)	(23.5)	415.0	426.2

OEB Decision Impact Supporting Details

		Reference		
Sustainment OM&A adjustment	OEB Decision pg. 21		(15.0)	(15.0)
Development OM&A adjustment	OEB Decision pg. 23			(3.2)
Compensation adjustment	OEB Decision pg. 31		(4.0)	(4.0)
Property Tax adjustment	OEB Decision pg. 33		(1.2)	(1.3)
			<u>(20.2)</u>	<u>(23.5)</u>

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Rate Base and Depreciation Details

(\$ millions)	Supporting Reference	Hydro One Proposed	Hydro One Proposed	OEB Decision Impact	OEB Decision Impact	OEB Approved	OEB Approved
		2009	2010	2009	2010	2009	2010
Rate Base	See supporting details below	7,033.8	7,650.5	(2.2)	(91.6)	7,031.6	7,558.9
Depreciation	See supporting details below	258.0	281.5	-	(1.8)	258.0	279.7

<i>OEB Decision Impact Supporting Details</i>							
	Reference	2009 Detailed Computation	2010 Detailed Computation	2009 Rate Base Impact	2010 Rate Base Impact	2009 Depreciation Impact	2010 Depreciation Impact
<u>Working Capital Adjustment</u>							
Rate Base Details							
	Pre-filed Evidence Exh D1-1-1						
	Utility plant (average)						
	Gross plant at cost	10,940.0	11,780.2				
	Less: Accumulated depreciation	(3,954.4)	(4,179.7)				
	Net utility plant	6,985.6	7,600.5				
Working capital							
	Cash working capital	11.6	11.2				
	Materials & supplies inventory	36.7	38.7				
	Total working capital	48.3	50.0				
	Total Rate Base	7,033.8	7,650.5				
	Working capital as % of OM&A	(a) 11.1%	11.1%				
	OM&A Reduction	Exhibit 1.1 (b) (20.2)	(23.5)				
	Working capital reduction	(c) = (a) x (b) (2.2)	(2.6)	(2.2)	(2.6)		
<u>Rate Base Adjustment</u>							
Development Capital							
	D7 - SVCs at Porcupine and Kirkland	-	108.6				
	D8 - Series Caps at Nobel SS	-	47.2				
	D9 - 100MVar Shunt Caps at Algoma	-	9.7				
	D10 - 2 75MVAR Shunt Caps at Mississagi	-	10.3				
	D28 - Glendale TS - increase capacity	-	3.2				
	D29 - Dunnville TS - increase capacity	-	0.8				
		-	179.8				
	Associated Depreciation	Note 1 -	1.8				(1.8)
	Development Capital Adjustment	Note 2 -	178.0		(89.0)		
	Reduction to proposed			(2.2)	(91.6)	-	(1.8)

Note 1: Assumed 50 year service life and half year depreciation
 Note 2: The 2010 net adjustment would be a half year impact on 2010 rate base

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Capital Expenditure Details

(\$ millions)	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Decision Impact 2009	OEB Decision Impact 2010	OEB Approved 2009	OEB Approved 2010
Capital expenditures	See supporting details below	944.0	1,074.1	(90.2)	(78.5)	853.8	995.6

OEB Decision Impact Supporting Details

Development Capital

D7 - SVCs at Porcupine and Kirkland	Pre-filed Evidence	48.5	54.8
D8 - Series Caps at Nobel SS	Exh D1-3-3	34.2	7.2
D9 - 100MVar Shunt Caps at Algoma		4.6	5.1
D10 - 2 75MVAR Shunt Caps at Mississagi		2.9	7.4
D28 - Glendale TS - increase capacity	Note 1	-	3.2
D29 - Dunnville TS - increase capacity	Note 1	-	0.8
		<u>90.2</u>	<u>78.5</u>

Note 1: Net of capital contributions

Note 2: 6 Development projects were removed from the revenue requirement calculation based on the OEB Decision. Hydro One will have the opportunity to submit additional evidence to justify the inclusion in rate base by the Board of 4 projects (D7, D8, D9 and D10) by November 30, 2009.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2008-0272

Capital Structure and Return on Capital Details

(\$ millions)	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Decision Impact 2009	OEB Decision Impact 2010	OEB Approved 2009	OEB Approved 2010
Return on Rate Base							
							<i>Note 3</i>
Rate Base	Exhibit 1.2	\$ 7,033.8	\$ 7,650.5	\$ (2.2)	\$ (91.6)	\$ 7,031.6	\$ 7,558.9
Capital Structure:							
Third-Party long-term debt	OEB Decision pg. 54	53.1%	56.0%	1.6%	2.0%	54.6%	58.0%
Deemed long-term debt	OEB Decision pg. 54	2.9%	0.0%	(1.6%)	(2.0%)	1.4%	-2.0%
Short-term debt		4.0%	4.0%	0.0%	0.0%	4.0%	4.0%
Common equity		40.0%	40.0%	0.0%	0.0%	40.0%	40.0%
Capital Structure:							
Third-Party long-term debt		3,733.2	4,284.0	108.9	99.6	3,842.0	4,383.6
Deemed long-term debt		205.8	0.3	(110.1)	(150.9)	95.7	(150.7)
Short-term debt		281.4	306.0	(0.1)	(3.7)	281.3	302.4
Common equity		2,813.5	3,060.2	(0.9)	(36.6)	2,812.6	3,023.6
		\$ 7,033.8	\$ 7,650.5	\$ (2.2)	\$ (91.6)	\$ 7,031.6	\$ 7,558.9
Allowed Return:							
Third-Party long-term debt	Exhibit 1.4.1 and 1.4.2	5.90%	5.80%	(0.06%)	(0.05%)	5.84%	5.76%
Deemed long-term debt	Exhibit 1.4.1 and 1.4.2	6.19%	7.29%	(0.35%)	(1.53%)	5.84%	5.76%
Short-term debt	<i>Note 1</i>	4.47%	4.75%	(3.14%)	(3.42%)	1.33%	1.33%
Common equity	<i>Note 1</i>	8.53%	9.35%	(0.52%)	(1.19%)	8.01%	8.16%
Return on Capital:							
Third-Party long-term debt	Prefiled Evidence	220.4	248.5	4.1	3.8	224.5	252.3
Deemed long-term debt	B2-1-1	12.7	0.0	(7.1)	(8.7)	5.6	(8.7)
Short-term debt		12.6	14.5	(8.8)	(10.5)	3.7	4.0
AFUDC return on Niagara Reinforcement Project	see below	5.5	6.6	0.3	(0.9)	5.8	5.7
Total return on debt		\$ 251.2	\$ 269.7	\$ (11.6)	\$ (16.3)	\$ 239.6	\$ 253.4
Common equity		\$ 240.0	\$ 286.1	\$ (14.7)	\$ (39.4)	\$ 225.3	\$ 246.7
AFUDC return on Niagara Reinforcement Project							
CWIP		99.1	99.1			99.1	99.1
AFUDC Rate	<i>Note 2</i>	5.6%	6.7%			5.84%	5.76%
		5.5	6.6			5.8	5.7

Note 1: per February 24, 2009 Cost of Capital Report

Note 2: used embedded cost of debt return for NRP

Note 3: the cost of capital parameters & impacts used for 2010 are illustrative. Hydro One will submit a 2010 draft rate order to the OEB reflecting the cost of capital parameters issued by the Board once the September 2009 consensus forecast becomes available. At that point we will apply these up-to-date cost of capital parameters.

HYDRO ONE NETWORKS INC.
TRANSMISSION
Cost of Long-Term Debt Capital
Test Year (2009) Updated for 2008 Actuals
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/08 (\$Millions)	at 12/31/09 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.150%	3-Jun-10	278.4	3.6	274.8	98.70	7.34%	278.4	278.4	278.4	20.4	
2	3-Jun-00	7.350%	3-Jun-30	278.4	4.5	273.9	98.37	7.49%	278.4	278.4	278.4	20.8	
3	22-Jun-01	6.400%	1-Dec-11	174.0	(0.5)	174.5	100.28	6.36%	174.0	174.0	174.0	11.1	
4	22-Jun-01	6.930%	1-Jun-32	109.3	1.0	108.2	99.05	7.01%	109.3	109.3	109.3	7.7	
5	17-Sep-02	5.770%	15-Nov-12	87.0	0.4	86.6	99.55	5.83%	87.0	87.0	87.0	5.1	
6	17-Sep-02	6.930%	1-Jun-32	58.0	(2.2)	60.2	103.71	6.64%	58.0	58.0	58.0	3.9	
7	31-Jan-03	5.770%	15-Nov-12	189.0	(0.9)	189.9	100.48	5.70%	189.0	189.0	189.0	10.8	
8	31-Jan-03	6.350%	31-Jan-34	126.0	1.0	125.0	99.21	6.41%	126.0	126.0	126.0	8.1	
9	22-Apr-03	6.590%	22-Apr-43	145.0	1.1	143.9	99.26	6.64%	145.0	145.0	145.0	9.6	
10	24-Feb-04	3.950%	24-Feb-09	162.5	0.7	161.8	99.55	4.05%	162.5	0.0	25.0	1.0	
11	25-Jun-04	6.350%	31-Jan-34	72.0	(0.2)	72.2	100.22	6.33%	72.0	72.0	72.0	4.6	
12	20-Aug-04	6.590%	22-Apr-43	39.0	(3.1)	42.1	107.89	6.06%	39.0	39.0	39.0	2.4	
13	24-Aug-04	6.350%	31-Jan-34	39.0	(1.4)	40.4	103.48	6.09%	39.0	39.0	39.0	2.4	
14	19-May-05	5.360%	20-May-36	228.9	8.2	220.7	96.44	5.60%	228.9	228.9	228.9	12.8	
15	19-May-05	3.950%	24-Feb-09	105.0	(0.9)	105.9	100.90	3.69%	105.0	0.0	16.2	0.6	
16	3-Mar-06	4.640%	3-Mar-16	210.0	1.0	209.0	99.52	4.70%	210.0	210.0	210.0	9.9	
17	24-Apr-06	5.360%	20-May-36	187.5	2.5	185.0	98.68	5.45%	187.5	187.5	187.5	10.2	
18	22-Aug-06	4.640%	3-Mar-16	60.0	0.8	59.2	98.75	4.80%	60.0	60.0	60.0	2.9	
19	19-Oct-06	5.000%	19-Oct-46	30.0	0.2	29.8	99.29	5.04%	30.0	30.0	30.0	1.5	
20	13-Mar-07	4.890%	13-Mar-37	240.0	1.3	238.7	99.45	4.93%	240.0	240.0	240.0	11.8	
21	18-Oct-07	5.180%	18-Oct-17	225.0	0.8	224.2	99.66	5.22%	225.0	225.0	225.0	11.8	
22	3-Mar-08	5.180%	18-Oct-17	180.0	(3.1)	183.1	101.73	4.95%	180.0	180.0	180.0	8.9	
23	10-Nov-08	5.000%	12-Nov-13	240.0	1.1	238.9	99.53	5.11%	240.0	240.0	240.0	12.3	
24	19-Nov-08	3.890%	19-Nov-10	60.0	0.1	59.9	99.78	4.01%	60.0	60.0	60.0	2.4	
25	15-Mar-09	5.770%	15-Mar-39	337.0	1.7	335.3	99.50	5.81%	0.0	337.0	259.2	15.0	
26	15-Jun-09	5.070%	15-Jun-19	337.0	1.7	335.3	99.50	5.13%	0.0	337.0	181.5	9.3	
27	15-Sep-09	4.380%	15-Sep-14	337.0	1.7	335.3	99.50	4.49%	0.0	337.0	103.7	4.7	
28		Subtotal							3524.0	4267.5	3842.0	221.8	
29		Treasury OM&A costs										1.9	
30		Other financing-related fees										0.8	
31		Total							<u>3524.0</u>	<u>4267.5</u>	<u>3842.0</u>	<u>224.5</u>	<u>5.8437%</u>

HYDRO ONE NETWORKS INC.
TRANSMISSION
Cost of Long-Term Debt Capital
Test Year (2010) Updated for 2008 Actuals
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates (m)
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/09 (\$Millions)	at 12/31/10 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.150%	3-Jun-10	278.4	3.6	274.8	98.70	7.34%	278.4	0.0	128.5	9.4	
2	3-Jun-00	7.350%	3-Jun-30	278.4	4.5	273.9	98.37	7.49%	278.4	278.4	278.4	20.8	
3	22-Jun-01	6.400%	1-Dec-11	174.0	(0.5)	174.5	100.28	6.36%	174.0	174.0	174.0	11.1	
4	22-Jun-01	6.930%	1-Jun-32	109.3	1.0	108.2	99.05	7.01%	109.3	109.3	109.3	7.7	
5	17-Sep-02	5.770%	15-Nov-12	87.0	0.4	86.6	99.55	5.83%	87.0	87.0	87.0	5.1	
6	17-Sep-02	6.930%	1-Jun-32	58.0	(2.2)	60.2	103.71	6.64%	58.0	58.0	58.0	3.9	
7	31-Jan-03	5.770%	15-Nov-12	189.0	(0.9)	189.9	100.48	5.70%	189.0	189.0	189.0	10.8	
8	31-Jan-03	6.350%	31-Jan-34	126.0	1.0	125.0	99.21	6.41%	126.0	126.0	126.0	8.1	
9	22-Apr-03	6.590%	22-Apr-43	145.0	1.1	143.9	99.26	6.64%	145.0	145.0	145.0	9.6	
10	25-Jun-04	6.350%	31-Jan-34	72.0	(0.2)	72.2	100.22	6.33%	72.0	72.0	72.0	4.6	
11	20-Aug-04	6.590%	22-Apr-43	39.0	(3.1)	42.1	107.89	6.06%	39.0	39.0	39.0	2.4	
12	24-Aug-04	6.350%	31-Jan-34	39.0	(1.4)	40.4	103.48	6.09%	39.0	39.0	39.0	2.4	
13	19-May-05	5.360%	20-May-36	228.9	8.2	220.7	96.44	5.60%	228.9	228.9	228.9	12.8	
14	3-Mar-06	4.640%	3-Mar-16	210.0	1.0	209.0	99.52	4.70%	210.0	210.0	210.0	9.9	
15	24-Apr-06	5.360%	20-May-36	187.5	2.5	185.0	98.68	5.45%	187.5	187.5	187.5	10.2	
16	22-Aug-06	4.640%	3-Mar-16	60.0	0.8	59.2	98.75	4.80%	60.0	60.0	60.0	2.9	
17	19-Oct-06	5.000%	19-Oct-46	30.0	0.2	29.8	99.29	5.04%	30.0	30.0	30.0	1.5	
18	13-Mar-07	4.890%	13-Mar-37	240.0	1.3	238.7	99.45	4.93%	240.0	240.0	240.0	11.8	
19	18-Oct-07	5.180%	18-Oct-17	225.0	0.8	224.2	99.66	5.22%	225.0	225.0	225.0	11.8	
20	3-Mar-08	5.180%	18-Oct-17	180.0	(3.1)	183.1	101.74	4.95%	180.0	180.0	180.0	8.9	
21	10-Nov-08	5.000%	12-Nov-13	240.0	1.1	238.9	99.53	5.11%	240.0	240.0	240.0	12.3	
22	19-Nov-08	3.890%	19-Nov-10	60.0	0.1	59.9	99.78	4.01%	60.0	0.0	50.8	2.0	
23	15-Mar-09	5.770%	15-Mar-39	337.0	1.7	335.3	99.50	5.81%	337.0	337.0	337.0	19.6	
24	15-Jun-09	5.070%	15-Jun-19	337.0	1.7	335.3	99.50	5.13%	337.0	337.0	337.0	17.3	
25	15-Sep-09	4.380%	15-Sep-14	337.0	1.7	335.3	99.50	4.49%	337.0	337.0	337.0	15.1	
26	15-Mar-10	6.870%	15-Mar-40	170.4	0.9	169.6	99.50	6.91%	0.0	170.4	131.1	9.1	
27	15-Jun-10	6.170%	15-Jun-20	170.4	0.9	169.6	99.50	6.24%	0.0	170.4	91.8	5.7	
28	15-Sep-10	5.480%	15-Sep-15	170.4	0.9	169.6	99.50	5.60%	0.0	170.4	52.4	2.9	
29		Subtotal							4267.5	4440.3	4383.6	249.5	
30		Treasury OM&A costs										2.0	
31		Other financing-related fees										0.8	
32		Total							<u>4267.5</u>	<u>4440.3</u>	<u>4383.6</u>	<u>252.3</u>	<u>5.7556%</u>

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Capital Tax Summary

(\$ millions)	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Approved 2009	OEB Approved 2010	OEB Decision Impact 2009	OEB Decision Impact 2010
Capital Taxes	See supporting details below	16.4	6.0	16.4	5.9	-	(0.1)

Capital Tax Supporting Details

(\$ millions)

	Reference		
	Pre-filed Evidence Exh		
Net Taxable Capital as filed	C2/T4/S1	7,298.1	7,985.8 (a)
Capital Tax rate		0.225%	0.075% (b)
Capital Tax as filed		<u>16.4</u>	6.0 (c) = (a) * (b)
2010 in-service additions	Exhibit 1.2	-	179.8
Associated depreciation	Exhibit 1.2	-	<u>(1.8)</u>
Total net taxable capital adjustments		<u>-</u>	178.0 (d)
Revised Taxable Capital		<u>7,298.1</u>	<u>7,807.8</u> (e) = (a) - (d)
Revised Capital Taxes		<u>16.4</u>	<u>5.9</u> (f) = (e) x (b)

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2008-0272

Income Tax Summary

(\$ millions)	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Approved 2009	OEB Approved 2010	OEB Decision Impact 2009	OEB Decision Impact 2010
Income Taxes	<i>See supporting details below</i>	31.9	48.0	24.7	30.3	(7.2)	(17.7)

Income Tax Supporting Details

Rate Base	Exhibit 1.2	a	\$ 7,033.8	\$ 7,650.5	\$ 7,031.6	\$ 7,558.9		
Common Equity Capital Structure		b	40.0%	40.0%	40.0%	40.0%		
Return on Equity	Exhibit 1.4	c	8.53%	9.35%	8.01%	8.16%		
Return on Equity		d = a x b x c	240.0	286.1	225.3	246.7		
Regulatory Income Tax		e = l	31.9	48.0	24.7	30.4		
Regulatory Net Income (before tax)		f = d + e	271.9	334.1	250.0	277.2	(21.9)	(57.0)
Timing Differences (Note 1)		g	(174.0)	(182.9)	(174.0)	(181.1)	-	1.8
Taxable Income		h = f + g	97.9	151.2	76.0	96.1	(21.9)	(55.2)
Tax Rate	Prefiled Evidence	i	33.0%	32.0%	33.0%	32.0%		
Income Tax	C2-6-1	j = h x i	32.3	48.4	25.1	30.7		
less: Income Tax Credits		k	(0.4)	(0.4)	(0.4)	(0.4)		
Regulatory Income Tax		l = j + k	31.9	48.0	24.7	30.3	(7.2)	(17.7)

Note 1. Book to Tax Timing Differences are detailed in EB-2008-0272 C2-6-1. The adjustment above to timing differences reflect the change between capital cost allowance and depreciation as a result of the change in rate base as directed in section 6.5 of the OEB decision.

Timing difference adjustments

less: lower depreciation related to development project adjustment	(1.8)
add: lower CCA claim related to development project adjustment	3.6
Net timing difference adjustment	1.8

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

External Revenue Details

(\$ millions)

	Supporting Reference	Hydro One Proposed 2009	Hydro One Proposed 2010	OEB Decision Impact 2009	OEB Decision Impact 2010	OEB Approved 2009	OEB Approved 2010
External Revenue	Pre-filed Evidence Exh E3/T1/S1 & Note 1	18.6	18.0	-	-	18.6	18.0

Note 1: Variance accounts will be established for export revenues, secondary land use and work for other parties to track changes from approved amounts.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2008-0272

Deferral Account Recovery Details

(\$ millions)

Supporting Reference	EB-2006-0501 Approved for 2009&2010	Hydro One Proposed Jun 30, 2009	Total Deferral Account Recovery		OEB Decision 2009	OEB Decision 2010
Requested Deferral Account Recovery						
Tax Changes Account	<i>Note 1</i>	(13.9)	(13.9)		(4.6)	(9.3)
OEB Costs Account	Pre-filed	(4.2)	(4.2)		(1.4)	(2.8)
Pension Account	Evidence Exh F1/T1/S1	(0.2)	(0.2)		(0.1)	(0.1)
Total Requested Deferral Account Recovery	-	(18.3)	(18.3)		(6.1)	(12.2)
Add:						
Existing Deferral Account Recovery						
MRP costs	EB-2006-0501	8.2	8.2		4.1	4.1
Export revenue	Board Order	(24.4)	(24.4)		(12.2)	(12.2)
Total Existing Deferral Account Recovery		(16.2)	-	(16.2)	(8.1)	(8.1)
Total Deferral Account Recovery		(16.2)	(18.3)	(34.5)	(14.2)	(20.3)

Note 1: 2009 requested deferral account recovery for 6 months only; 2010 amount is for 12 months

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2008-0272

Final 2009 Revenue Requirement by Rate Pool

	Supporting Exhibit	2009 Rate Pool Revenue Requirement (\$ Million)					
		Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	1.0	194.5	39.5	110.2	344.3	1.0	345.3
Other Taxes (Grants-in-Lieu)	1.0	41.8	11.3	16.5	69.6	0.0	69.7
Depreciation of Fixed Assets	1.0	142.6	36.0	71.5	250.1	0.1	250.2
Capitalized Depreciation	Note 1	(7.2)	(2.0)	(3.0)	(12.2)	(0.0)	(12.2)
Asset Removal Costs	Note 1	10.5	2.9	4.4	17.8	0.0	17.8
OPEB Amortization	Note 1	0.0	0.0	0.0	0.0	0.0	0.0
Other Amortization	Note 1	1.3	0.3	0.5	2.1	0.0	2.1
Return on Debt	1.0	143.7	38.9	56.9	239.5	0.1	239.6
Return on Equity	1.0	135.1	36.6	53.5	225.2	0.1	225.3
Income Tax	1.0	14.8	4.0	5.9	24.7	0.0	24.7
Capital Tax	1.0	9.9	2.7	3.9	16.4	0.0	16.4
Base Revenue Requirement	1.0	687.0	170.3	320.3	1177.5	1.4	1179.0
Less Regulatory Asset Credit	1.8	-8.3	-2.1	-3.9	-14.2	0.0	-14.2
Total Revenue Requirement	1.0	678.7	168.2	316.4	1163.3	1.4	1164.7
Less Non-Rate Revenues	Note 1	(10.8)	(2.7)	(5.0)	(18.6)	(0.0)	(18.6)
Less Export Revenues	Note 1	(12.0)			(12.0)		(12.0)
Plus LVSG Credit	6.0			10.3	10.3		10.3
Revenue Requirement by Pool		655.9	165.6	321.7	1143.1	1.4	1144.5
Full year impact of Requested Deferral Accounts		(3.5)	(0.9)	(1.7)	(6.1)	0.0	(6.1)
Revenue Requirement for UTR	Note 2	652.4	164.7	319.9	1136.9		1138.4
Hydro One Proposed Pool Revenue Requirement	Note 1	688.0	173.4	336.4	1197.8	1.5	1199.3

Note 1: See EB-2008-0272 Exhibit G2, Tab 5, Schedule 1, Page 1.

Note 2: Hydro One Networks (H1N) 2009 Revenue Requirement adjusted for the annual equivalent of the OEB directed refund of requested Deferral Accounts as per Exhibit 1.8 as follows: Network \$(3.50) million, Line Connection \$(0.89) million and Transformation Connection \$(1.72) million. This was done in order to ensure customers receive the full refund of \$6.1 million applicable for 2009

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2008-0272

June 11, 2009
EB-2008-0272
Exhibit 3.0
Page 1 of 1

Summary Final Charge Determinants
(for Setting Uniform Transmission Rates for July 1, 2009 to December 31, 2009)

	Total MW
Network	250,101
Line Connection	241,201
Transformation Connection	208,518

2009 charge determinants per Exhibit H1, Tab 3, Schedule 1, Table 1, multiplied by 12.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Summary Uniform Transmission Rates and Revenue Disbursement Factors
 (for Period July 1, 2009 to December 31, 2009)

Transmitter	Revenue Requirement (\$) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$2,971,016	\$749,913	\$1,457,071	\$5,178,000
CNPI	\$2,646,512	\$668,006	\$1,297,925	\$4,612,443
GLPL	\$19,959,065	\$5,037,863	\$9,788,494	\$34,785,422
H1N (Note 1)	\$652,352,000	\$164,660,000	\$319,932,000	\$1,136,944,000
All Transmitters	\$677,928,594	\$171,115,781	\$332,475,490	\$1,181,519,865

Transmitter	Total Annual Charge Determinants (MW) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	
FNEI	44.915	44.915	44.915	
CNPI	583.420	668.600	668.600	
GLPL	4,150.498	2,847.032	2,777.933	
H1N (Note 2)	250,100.712	241,200.708	208,517.964	
All Transmitters	254,879.545	244,761.255	212,009.412	

Transmitter	Uniform Rates and Revenue Allocators (Note 4)			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	2.66	0.70	1.57	
	↓	↓	↓	
FNEI Allocation Factor	0.00438	0.00438	0.00438	
CNPI Allocation Factor	0.00390	0.00390	0.00390	
GLPL Allocation Factor	0.02944	0.02944	0.02944	
H1N Allocation Factor	0.96228	0.96228	0.96228	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Networks (H1N) 2009 Revenue Requirement per Exhibit 2.0

Note 2: Hydro One Networks (H1N) Charge Determinant per Exhibit 3.0

Note 3: Data for Other Transmitters per Exhibit 4.1.

Note 4: Calculated data in shaded cells.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Revenue Requirement and Charge Determinant Assumptions for Other Transmitters

Table 1
Approved Annual Revenue Requirement and Charge Determinants

Transmitter	Annual Revenue Requirement (\$)	Annual Charge Determinants (MW)			Approval Reference
		Network	Line Connection	Transformation Connection	
Five Nations Energy (FNEI)	5,178,000	44.915	44.915	44.915	<i>Note 1</i>
Canadian Niagara Power (CNPI)	4,612,443	583.420	668.600	668.600	<i>Note 2</i>
Great Lakes Power (GLPL)	34,785,422	4,150.498	2,847.032	2,777.933	<i>Note 3</i>

Note 1: Board Decision on RP-2001-0036 dated April 24, 2002, pages 23 and 26.

Note 2: Board Decision on RP-2001-0034 dated December 11, 2001, pages 8 and 10.

Note 3: Revenue Requirement per Settlement Agreement on EB-2005-0241, Appendix B, page 5 of 5, approved by the Board September 15, 2005. Charge Determinants per Board Decision on RP-2001-0035 dated December 11, 2001, page 11.

HYDRO ONE NETWORKS INC.
Ontario, Canada

WHOLESALE METER SERVICE
And
EXIT FEE SCHEDULE

Rate Schedule: HON-MET
Issued: Date To Come
Ontario Energy Board

APPLICABILITY:

This rate schedule is applicable to the *metered market participants** that are transmission customers of Hydro One Networks (“Networks”) and to *metered market participants* that are customers of a Local Distribution Company (“LDC”) that is connected to the transmission system owned by Networks.

* The terms and acronyms that are italicized in this schedule have the meanings ascribed thereto in Chapter 11 of the Market Rules for the Ontario Electricity Market.

(a) Wholesale Meter Service

The *metered market participant* in respect of a *load facility* (including customers of an LDC) shall be required to pay an annual rate of \$ 7,300 for each *meter point* that is under the transitional arrangement for a *metering installation* in accordance with Section 3.2 of Chapter 6 of the Market Rules for the Ontario Electricity Market.

The Wholesale Meter Service rate covered by this schedule shall remain in place until such time as the rate is revised by Order of the Ontario Energy Board.

(b) Fee for Exit from Transitional Arrangement

The *metered market participant* in respect of a *load facility* (including customers of an LDC) or a *generation facility* may exit from the transitional arrangement for a *metering installation* upon payment of a one-time exit fee of \$ 5,200 per *meter point*.

<p>EFFECTIVE DATE: Date To Come (Date of Issue of Rate Order by Ontario Energy Board)</p>	<p>REPLACING RATE: (HON-MET Schedule for Wholesale Meter Service with respect to Hydro One Networks Inc.)</p>	<p>BOARD ORDER: EB-2008-0272</p>	<p>Page 2 of 2 Wholesale Meter Service Rate & Exit Fee Schedule for Hydro One Networks Inc.</p>
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Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Wholesale Meter Rate Calculations

	Charge Determinant (Avg # of Meter Points)	Revenue Requirement (\$ Million)	OEB Approved Rate * (\$/Meter Point/Year)	Hydro One Proposed Rate * (\$/Meter Point/Year)
	<i>Note 1</i>	<i>Note 2</i>		
	(A)	(B)	(B) / (A)	
2009	188	1.4	7,300	7,300

* Rate is rounded down to the nearest \$100

Note 1: Per EB-2008-0272, Exhibit H1, Tab 4, Schedule 1, Table 1.

Note 2: Per Exhibit 2.1

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2008-0272

Low Voltage Switchgear (LVSG) Credit
 Effective July 1, 2009

Charge Determinant (MW) <i>(Note 1)</i>	Transformation Pool Revenue Requirement Before LVSG Credit (\$M) <i>(Note 2)</i>	Rate Before LVSG Credit (\$/kw/month)	Average Monthly NCP Demand for Toronto Hydro and Hydro Ottawa (MW) <i>(Note 3)</i>	LVS Proportion (%) <i>(Note 4)</i>	Final LSVG Credit (\$M)
(A)	(B)	(C) = (B)/(A)	(D)	(E)	(F) = (C)x(D)x(E)
208,518	311.4	1.493	3018	19.0%	10.27

Note 1: Per Exhibit 3.0

Note 2: Equals Total Revenue Requirement for Transformation Connection Pool less Non-Rate Revenues allocated to Transformation Connection Pool, as per information in Exhibit 2.1.

Note 3: Per Exhibit G1, Tab 4, Schedule 1, Table 1

Note 4: See EB-2006-0501 Exhibit G1, Tab 4, Schedule 1, page 2.

The LVSG Credit effective July 1, 2009 is \$10.27 million or \$856,000 per month.