Hydro One Networks Inc.
8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Susan Frank
Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

January 5, 2010

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli

EB-2008-0272 – Hydro One Networks' 2009-2010 Electricity Transmission Revenue Requirements – Final Draft Revenue Requirements & Charge Determinants in Accordance with Decision for the 2010 Test Year Incorporating Cost of Capital Parameters per the Board's Letter of November 5, 2009

Per the Board's Letter of December 22, 2009, Hydro One has revised the attached draft exhibits to incorporate the Cost of Capital parameters for return on equity and the cost of short-term debt as provided by the Board in its letter of November 5, 2009.

The attached draft exhibits outline the final revenue requirement as well as the calculation of the 2010 UTR's, charge determinants and revenue shares resulting from the Board's findings in this decision with respect to the approval of Projects D7 and D8.

In summary, Hydro One has:

- Added the capital expenditures in 2009 and 2010 to reflect the Board's approval of Development projects D7 and D8. As these two projects are forecast to come into service in 2010, the 2010 Revenue Requirement has been adjusted upward by $7.1 million.
- Applied the cost of capital parameters based on the Board's letter of November 5, 2009.
- Increased its Low Voltage Switchgear Credit due to the change in the transformation pool revenue requirement for 2010.
- Lowered the 2010 Wholesale Meter Rate to reflect the estimated lower number of meters.

Hydro One has filed the requested attached documents due to the urgency of the timing to ensure new transmission rates can be in place effective January 1, 2010. However, Hydro One is of the belief that the draft rates filed on December 21, 2009 reflecting the mechanistic update of the cost of capital parameters based on the formula applicable for the 2010 test year per the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084) released on December 11, 2009 are the appropriate rates to be used for the 2010 test year.

Hydro One will be filing a motion to vary the Board's Decision dated December 16, 2009 in the EB-2008-0272 proceeding respecting the appropriate cost of capital parameters to be used in the determination of the 2010 revenue requirement for Hydro One under separate cover in due course.

Hydro One requests that the 2010 Uniform Transmission Rates be declared interim effective January 1, 2010 until the cost of capital issue is resolved.

If you have any questions regarding this submission please contact Anne-Marie Reilly at 416 345-6482.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

c. EB-2008-0272 Intervenors (electronic)

TABLE OF CONTENTS
EB-2008-0272 BOARD DECISION WITH REASONS
FINAL 2010 REVENUE REQUIREMENT AND CHARGE DETERMINANTS

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

Revenue Requirement Summary

($ millions)	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
OM&A	Exhibit 1.1	449.7	(23.5)	426.2
Depreciation	Exhibit 1.2	281.5	(0.2)	281.3
Capital Tax	Exhibit 1.5	6.0	(0.0)	6.0
Return on Debt	Exhibit 1.4	269.7	(16.2)	253.5
Return on Equity	Exhibit 1.4	286.1	(29.9)	256.3
Income Tax	Exhibit 1.6	48.0	(13.9)	34.0
Base Revenue Requirement		**1,341.0**	**(83.8)**	**1,257.3**
Deduct: External Revenue	Exhibit 1.7 & Note 1	18.0	-	18.0
Revenue Requirement less external revenues		**1,323.0**	**(83.8)**	**1,239.3**
Deduct: Export Revenue Credit	Note 1	(12.0)	-	(12.0)
Deduct: Other Cost Charges	Exhibit 1.8	(13.0)	(7.3)	(20.3)
Add: Low Voltage Switch Gear		11.5	(0.8)	10.8
Rates Revenue Requirement		**1,309.5**	**(91.8)**	**1,217.7**

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

OM&A Details

($ millions)	**Supporting Reference**	**Hydro One Proposed 2010**	**Cumulative Updates 2010**	**Draft Rate Order 2010**
OM&A	*See supporting details below*	449.7	(23.5)	426.2

OEB Decision Impact Supporting Details

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

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2008-0272

Rate Base and Depreciation Details

($ millions)	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
Rate Base	*See supporting details below*	7,650.5	(14.5)	7,636.0
Depreciation	*See supporting details below*	281.5	(0.2)	281.3

OEB Decision Impact Supporting Details	**Reference**	**2010 Detailed Computation**	**2010 Rate Base Impact**	**2010 Depreciation Impact**
Working Capital Adjustment				
Rate Base Details	Pre-filed Evidence Exh			
Utility plant (average)	D1-1-1			
Gross plant at cost		11,780.2		
Less: Accumulated depreciation		(4,179.7)		
Net utility plant		7,600.5		
Working capital				
Cash working capital		11.2		
Materials & supplies inventory		38.7		
Total working capital		50.0		
Total Rate Base		7,650.5		
Working capital as % of OM&A	(a)	11.1%		
OM&A Reduction	Exhibit 1.1 (b)	(23.5)		
Working capital reduction	(c) = (a) x (b)	(2.6)	(2.6)	
Rate Base Adjustment				
Development Capital (removal of projects)				
D9 - 100MVar Shunt Caps at Algoma	Prefiled Evidence	9.7		
D10 - 2 75MVAR Shunt Caps at Mississagi	D1-3-3	10.3		
D28 - Glendale TS - increase capacity		3.2		
D29 - Dunnville TS - increase capacity		0.8		
		24.0		
Associated Depreciation	*Note 1*	0.2		(0.2)
Development Capital Adjustment	*Note 2*	23.8	(11.9)	
Reduction to proposed			(14.5)	(0.2)

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**	**Cumulative Updates 2009**	**Cumulative Updates 2010**	**OEB Approved 2009**	**Draft Rate Order 2010**
Capital expenditures	*See supporting details below*	944.0	1,074.1	(7.5)	(16.5)	**936.5**	**1,057.6**

OEB Decision Impact Supporting Details

Development Capital (removal or projects) *Note 1*			
D9 - 100MVar Shunt Caps at Algoma	Pre-filed Evidence	4.6	5.1
D10 - 2 75MVAR Shunt Caps at Mississagi	Exh D1-3-3	2.9	7.4
D28 - Glendale TS - increase capacity	*Note 2*	-	3.2
D29 - Dunnville TS - increase capacity	*Note 2*	-	0.8
		7.5	16.5

Note 1: 4 Development projects were removed from the revenue requirement calculation based on the OEB Decision.
Note 2: Net of capital contributions

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 2010**	**Cumulative Updates 2010**	**Draft Rate Order 2010**
Return on Rate Base				
Rate Base	Exhibit 1.2	$ 7,650.5	$ (14.5)	$ 7,636.0
Capital Structure:				
Third-Party long-term debt	OEB Decision pg. 54	56.0%	1.4%	57.4%
Deemed long-term debt	OEB Decision pg. 54	0.0%	(1.4%)	-1.4%
Short-term debt		4.0%	0.0%	4.0%
Common equity		40.0%	0.0%	40.0%
Capital Structure:				
Third-Party long-term debt		4,284.0	99.6	4,383.6
Deemed long-term debt		0.3	(107.7)	(107.5)
Short-term debt		306.0	(0.6)	305.4
Common equity		3,060.2	(5.8)	3,054.4
		$ 7,650.5	**$ (14.5)**	**$ 7,636.0**
Allowed Return:				
Third-Party long-term debt	Exhibit 1.4.1	5.80%	(0.05%)	5.76%
Deemed long-term debt	Exhibit 1.4.1	7.29%	(1.53%)	5.76%
Short-term debt	*Note 1*	4.75%	(4.20%)	0.55%
Common equity	*Note 1*	9.35%	(0.96%)	8.39%
Return on Capital:				
Third-Party long-term debt	Prefiled Evidence	248.5	3.8	252.3
Deemed long-term debt	B2-1-1	0.0	(6.2)	(6.2)
Short-term debt		14.5	(12.9)	1.7
AFUDC return on Niagara Reinforcement Project	see below	6.6	(0.9)	5.7
Total return on debt		**$ 269.7**	**$ (16.2)**	**$ 253.5**
Common equity		**$ 286.1**	**$ (29.9)**	**$ 256.3**
AFUDC return on Niagara Reinforcement Project				
CWIP		99.1		99.1
AFUDC Rate	*Note 2*	6.7%		5.76%
		6.6		5.7

Note 1: Used Cost of Capital Letter dated November 5, 2009

Note 2: Used embedded cost of debt return for NRP

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 Total Amount ($Millions)	Net Capital Employed Per $100 Principal Amount (Dollars)	Effective Cost Rate	Total Amount Outstanding at 12/31/09 ($Millions)	Total Amount Outstanding at 12/31/10 ($Millions)	Avg. Monthly Averages ($Millions)	Carrying Cost ($Millions)	Projected Average Embedded Cost Rates
	(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**							4267.5	4440.3	4383.6	252.3	5.7556%

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2008-0272

Capital Tax Summary

($ millions)	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
Capital Taxes	*See supporting details below*	6.0	6.0	(0.0)

Capital Tax Supporting Details

($ millions)	**Reference**	
Net Taxable Capital as filed	Pre-filed Evidence Exh C2/T4/S1	7,985.8
Capital Tax rate		0.075%
Capital Tax as filed		6.0
2010 in-service additions	Exhibit 1.2	24.0
Associated depreciation	Exhibit 1.2	(0.2)
Total net taxable capital adjustments		23.8
Revised Taxable Capital		7,962.0
Revised Capital Taxes		6.0

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2008-0272

Income Tax Summary

($ millions)	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
Income Taxes	*See supporting details below*	48.0	34.0	(13.9)

Income Tax Supporting Details

			Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
Rate Base	Exhibit 1.2	a	$ 7,650.5	$ 7,636.0	
Common Equity Capital Structure		b	40.0%	40.0%	
Return on Equity	Exhibit 1.4	c	9.35%	8.39%	
Return on Equity		d = a x b x c	286.1	256.3	
Regulatory Income Tax		e = l	48.0	34.0	
Regulatory Net Income (before tax)		f = d + e	334.1	290.3	(43.8)
Timing Differences *(Note 1)*		g	(182.9)	(182.7)	0.2
Taxable Income		h = f + g	151.2	107.6	(43.6)
Tax Rate	Prefiled Evidence	i	32.0%	32.0%	
Income Tax	C2-6-1	j = h x i	48.4	34.4	
less: Income Tax Credits		k	(0.4)	(0.4)	
Regulatory Income Tax		l = j + k	48.0	34.0	(13.9)

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	(0.2)
add: lower CCA claim related to development project adjustment	0.5
Net timing difference adjustment	0.2

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2008-0272

External Revenue Details

($ millions)	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
External Revenue	Pre-filed Evidence Exh E3/T1/S1 & Note 1	18.0	-	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**		**Draft Rate Order 2010**
Requested Deferral Account Recovery	*Note 1*		
Tax Changes Account	Pre-filed		(9.3)
OEB Costs Account	Evidence Exh		(2.8)
Pension Account	F1/T1/S1		(0.1)
Total Requested Deferral Account Recovery			**(12.2)**
Add:			
Existing Deferral Account Recovery			
MRP costs	EB-2006-0501		4.1
Export revenue	Board Order		(12.2)
Total Existing Deferral Account Recovery			**(8.1)**
Total Deferral Account Recovery			**(20.3)**

Note 1: 2010 amount is for 12 months

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2008-0272

2010 Revenue Requirement Continuity Schedule

($ millions)	**Supporting Reference**	**Hydro One Proposed 2010**	**Deferral Account 2010**	**Update LVSG 2010**	**Update OM&A 2010**	**Disallowed Projects 2010**	**Update STD 2010**	**Update LTD 2010**	**Update ROE 2010**	**Draft Rate Order 2010**
OM&A	Exhibit 1.1	449.7	-	-	(23.5)	-	-	-	-	426.2
Depreciation	Exhibit 1.2	281.5	-	-	-	(0.2)	-	-	-	281.3
Capital Tax	Exhibit 1.5	6.0	-	-	-	(0.0)	-	-	-	6.0
Return on Debt	Exhibit 1.4	269.7	-	-	-	(0.6)	(12.8)	(2.8)	-	253.5
Return on Equity	Exhibit 1.4	286.1	-	-	-	(0.5)	-	-	(29.3)	256.3
Income Tax	Exhibit 1.6	48.0	-	-	-	(0.1)			(13.8)	34.0
Base Revenue Requirement		**1,341.0**	**-**	**-**	**(23.5)**	**(1.5)**	**(12.8)**	**(2.8)**	**(43.1)**	**1,257.3**
Deduct: External Revenue	Exhibit 1.7 & Note 1	18.0	-	-	-	-	-	-	-	18.0
Revenue Requirement less external revenues		**1,323.0**	**-**	**-**	**(23.5)**	**(1.5)**	**(12.8)**	**(2.8)**	**(43.1)**	**1,239.3**
Deduct: Export Revenue Credit	Note 1	(12.0)	-	-	-	-	-	-		(12.0)
Deduct: Other Cost Charges	Exhibit 1.8	(13.0)	(7.3)	-	-	-	-	-		(20.3)
Add: Low Voltage Switch Gear		11.5	-	(0.8)	-	-	-	-		10.8
Rates Revenue Requirement		**1,309.5**	**(7.3)**	**(0.8)**	**(23.5)**	**(1.5)**	**(12.8)**	**(2.8)**	**(43.1)**	**1,217.7**

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

Final 2010 Revenue Requirement by Rate Pool

	Supporting Exhibit	2010 Rate Pool Revenue Requirement ($ Million)					
		Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	*1.0*	198.6	38.2	113.5	350.3	0.8	351.1
Other Taxes (Grants-in-Lieu)	*1.0*	45.6	11.6	17.9	75.1	0.0	75.1
Depreciation of Fixed Assets	*1.0*	160.3	37.6	76.6	274.5	0.1	274.6
Capitalized Depreciation	*1.0*	(7.8)	(2.0)	(3.2)	(13.0)	(0.0)	(13.0)
Asset Removal Costs	*1.0*	10.8	2.8	4.4	17.9	0.0	17.9
OPEB Amortization	*Note 1*	0.0	0.0	0.0	0.0	0.0	0.0
Other Amortization	*1.0*	1.1	0.3	0.4	1.7	0.0	1.7
Return on Debt	*1.0*	154.0	39.0	60.4	253.4	0.1	253.5
Return on Equity	*1.0*	155.6	39.5	61.0	256.2	0.1	256.3
Income Tax	*1.0*	20.7	5.2	8.1	34.0	0.0	34.0
Capital Tax	*1.0*	3.6	0.9	1.4	6.0	0.0	6.0
Base Revenue Requirement	*1.0*	**742.5**	**173.1**	**340.6**	**1256.1**	**1.2**	**1257.3**
Less Regulatory Asset Credit	*1.8*	-12.0	-2.8	-5.5	-20.3	0.0	-20.3
Total Revenue Requirement	1.0	**730.5**	**170.3**	**335.1**	**1235.9**	**1.1**	**1237.0**
Less Non-Rate Revenues	*Note 1*	(10.6)	(2.5)	(4.9)	(18.0)	(0.0)	(18.0)
Less Export Revenues	*Note 1*	(12.0)			(12.0)		(12.0)
Plus LVSG Credit	*6.0*			10.8	10.8		10.8
Revenue Requirement by Pool		**707.9**	**167.8**	**340.9**	**1216.6**	**1.1**	**1217.7**
Revenue Requirement for UTR		**707.9**	**167.8**	**340.9**	**1216.6**		**1217.7**
Hydro One Proposed Pool Revenue Requirement	*Note 1*	762.1	180.5	365.6	1308.2	1.2	1309.4

Note 1: See EB-2008-0272 Exhibit G2, Tab 5, Schedule 1, Page 2.

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

Summary Final Charge Determinants
(for Setting Uniform Transmission Rates for January 1, 2010 to December 31, 2010)

	Total MW
Network	242,388
Line Connection	234,657
Transformation Connection	202,860

2010 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 Rates Effective January 1, 2010

Transmitter	Revenue Requirement ($) *(Note 3, Note 4)*			
	Network	**Line Connection**	**Transformation Connection**	**Total**
FNEI	$3,012,819	$714,093	$1,451,088	$5,178,000
CNPI	$2,683,749	$636,098	$1,292,596	$4,612,443
GLPL	$20,239,894	$4,797,224	$9,748,304	$34,785,422
H1N *(Note 1)*	$707,878,000	$167,780,000	$340,941,000	$1,216,599,000
All Transmitters	$733,814,462	$173,927,415	$353,432,988	$1,261,174,865

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)*	242,387.818	234,657.008	202,860.490	
All Transmitters	247,166.651	238,217.555	206,351.938	

Transmitter	Uniform Rates and Revenue Allocators *(Note 4)*			
	Network	**Line Connection**	**Transformation Connection**	
Uniform Transmission Rates ($/kW-Month)	**2.97**	**0.73**	**1.71**	
	↓	↓	↓	
FNEI Allocation Factor	**0.00411**	**0.00411**	**0.00411**	
CNPI Allocation Factor	**0.00366**	**0.00366**	**0.00366**	
GLPL Allocation Factor	**0.02758**	**0.02758**	**0.02758**	
H1N Alocation Factor	**0.96465**	**0.96465**	**0.96465**	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Networks (H1N) 2010 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	*Note 1*
Canadian Niagara Power (CNPI)	4,612,443	583.420	668.600	668.600	*Note 2*
Great Lakes Power (GLPL)	34,785,422	4,150.498	2,847.032	2,777.933	*Note 3*

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 $ 6,900 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*.

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)
	Note 1	*Note 2*		
	(A)	(B)	(B) / (A)	
2010	163	1.1	6,900	6,900

* 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 2.0

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

Low Voltage Switchgear (LVSG) Credit
Effective January 1, 2010

Charge Determinant (MW) *(Note 1)*	**Transformation Pool Revenue Requirement Before LVSG Credit ($M)** *(Note 2)*	**Rate Before LVSG Credit ($/kw/month)**	**Average Monthly NCP Demand for Toronto Hydro and Hydro Ottawa (MW)** *(Note 3)*	**LVS Proportion (%)** *(Note 4)*	**Final LSVG Credit ($M)**
(A)	(B)	(C) = (B)/(A)	(D)	(E)	(F) = (C)x(D)x(E)
202,860	330.2	1.628	2901	19.0%	10.75

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 2.0.

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 January 1, 2010 is $10.75 million or $895,833 per month.

APPENDIX B

ONTARIO TRANSMISSION RATE SCHEDULES

EB-2008-0272

January 5, 2010

The rate schedules contained herein shall be effective Date to Come

Issued: Date to Come
Ontario Energy Board

TERMS AND CONDITIONS **(A) APPLICABILITY** The rate schedules contained herein pertain to the transmission service applicable to: •The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario. •The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario. **(B) TRANSMISSION SYSTEM CODE** The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter. **(C) TRANSMISSION DELIVERY POINT** The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV. **(D) TRANSMISSION SERVICE POOLS** The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS.

The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns, or has fully contributed toward the costs of, all transformation connection assets associated with that transmission delivery point. The PTS customers that utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns, or has fully contributed toward the costs of, all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station. **(E) MARKET RULES** The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein. **(F) METERING REQUIREMENTS** In accordance with the Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licenced Transmission Company that connects the customer to the IESO-Controlled Grid. (**G) EMBEDDED GENERATION** The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including

Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generation are obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO-administered energy markets. **(H) EMBEDDED CONNECTION POINT** In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a distribution feeder to the Transmission Delivery Point. In above situations: •The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO-administered market. •The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

APPLICABILITY:

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	Monthly Rate ($ per kW)
Network Service Rate (PTS-N): $ Per kW of Network Billing Demand[1,2]	**2.97**
Line Connection Service Rate (PTS-L): $ Per kW of Line Connection Billing Demand[1,3]	**0.73**
Transformation Connection Service Rate (PTS-T): $ Per kW of Transformation Connection Billing Demand[1,3,4]	**1.71**

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:
1 The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.
2. The Network Service Billing Demand is defined as the higher of (a) customer coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter
(i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IMO settlement systems.
3 The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by embedded generation for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.
4 The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

RATE SCHEDULE: ETS	EXPORT TRANSMISSION SERVICE

APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

	Hourly Rate
Export Transmission Service Rate (ETS):	$1.00 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

Appendix C

ONTARIO UNIFORM RATE ORDER

EB-2008-0272

January 5, 2010

ONTARIO UNIFORM RATE ORDER

REVENUE ALLOCATORS

Effective Date to Come

Transmitter	Network	Line Connection	Transformation Connection
Five Nations Energy Inc.	0.00411	0.00411	0.00411
Canadian Niagara Power Inc.	0.00366	0.00366	0.00366
Great Lakes Power Ltd.	0.02758	0.02758	0.02758
Hydro One Networks Inc.	0.96465	0.96465	0.96465
Total	**1.00000**	**1.00000**	**1.00000**