



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 OF DECEMBER 16, 2009**

On September 30, 2008, Hydro One Networks Inc. ("Hydro One") filed an application with the Ontario Energy Board (the "Board") under section 78 of *Ontario Energy Board Act, 1998*. The application sought approval for changes to the uniform provincial transmission rates that Hydro One charges for electricity transmission to be effective and implemented on July 1, 2009. The Board assigned the application file number EB-2008-0272.

The Board issued its Decision with Reasons on May 28, 2008. In its decision the Board did not approve four of the Network Capital Projects (labeled in the application as D7, D8, D9 and D10). However, the Board indicated that it would leave this part of the

application open to provide Hydro One with the opportunity to file supplemental evidence on the projects.

On September 4, 2009 Hydro One filed supplementary evidence with the Board on projects D7 and D8, both of which have planned in-service dates in 2010. Hydro One advised that projects D9 and D10 would not be in-service in 2010, and therefore were not included in the supplementary material. Approval of projects D7 and D8 would increase the previously approved capital program by \$82.7 million to a total of \$936.5 million in 2009 and by \$62.0 million to a total of \$1,057.6 million in 2010. The resulting impact on the 2010 revenue requirement was estimated to be \$7.1 million.

The Board issued its Decision with Reasons on the Supplementary Application on December 16, 2009, approving the projects and ordering that Hydro One's 2010 revenue requirement be adjusted accordingly and increased by \$7.1 million. The Board further ordered Hydro One to file with the Board and all intervenors:

- a draft exhibit showing the final revenue requirements to reflect the Board's finding and the cost of capital parameter values contained in the Board's letter of November 5, 2009;
- an exhibit showing the calculation of the uniform transmission rates and revenue shares reflecting the revenue requirement from above; and
- a draft Uniform Transmission Rate ("UTR").

On December 21, 2009 Hydro One filed the material but did not use the cost of capital parameters contained in the Board's letter of November 5, 2009. In response to a Board letter of December 22, 2009 Hydro One submitted revised material on January 5, 2010. On January 8, 2010 the Board provided a Notice of Opportunity to Comment on Proposed Uniform Transmission Rates Effective January 1, 2010 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 UTR.

No party objected to the draft UTR and the Board finds it appropriate to issue a final order regarding Hydro One's 2010 Test Year revenue requirements and charge determinants for use in the implementation of the Ontario Uniform Transmission rates. This order does not take into account any changes to the revenue requirement and resulting rates that may occur as a result of a motion filed on January 5, 2010 by Hydro One.

THEREFORE, THE BOARD ORDERS THAT:

1. The Hydro One Base Revenue Requirement for 2010, \$1,257.3 million as shown in Exhibit 1.0 in Appendix A, is approved for recovery through the Uniform Transmission Rates.
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 effective January 1, 2010 as shown in Exhibit 4.0 is approved.
5. The Uniform Transmission Rates and Revenue Allocators for rates effective January 1, 2010, as shown in Appendix C, are approved.
6. The Wholesale Meter Service and Exit Fee Schedule, attached as Exhibit 5.0 in Appendix A, is approved.

ISSUED at Toronto, January 21, 2010

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: January 21, 2010

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

<u>EXHIBIT</u>	<u>TITLE</u>
1.0	Final 2010 Revenue Requirement Summary
1.1	OM&A Details
1.2	Rate Base and Depreciation Details
1.3	Capital Expenditures Details [Note: includes both 2009 and 2010]
1.4	Capital Structure and Return on Capital Details
1.4.1	Impact of Cost of Capital Update
1.5	Capital Tax Summary
1.6	Income Tax Summary
1.7	External Revenue Details
1.8	Deferral Account Recovery Details
1.9	2010 Revenue Requirement Continuity Schedule
2.0	Final 2010 Revenue Requirement By Rate Pool
3.0	Summary Final Charge Determinants for Setting UTR's for 2010
4.0	Summary Uniform Transmission Rates and Revenue Disbursement Factors for 2010
4.1	Revenue Requirement and Charge Determinant Assumptions for Other Transmitters
5.0	Wholesale Meter Service And Exit Fee Schedule
5.1	Wholesale Meter Rate Calculations for 2010
6.0	Low Voltage Switchgear (LVSG) Credit Calculation Effective 2010
Appendix B	Ontario Transmission Rate Schedules
Appendix C	to Ontario Uniform Rate Order

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

Revenue Requirement Summary

<i>(\$ millions)</i>	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

<i>(\$ millions)</i>	Supporting Reference	Hydro One Proposed 2010	Cumulative Updates 2010	Draft Rate Order 2010
OM&A	<i>See supporting details below</i>	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)
		<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 2010	Cumulative Updates 2010	Draft Rate Order 2010
Rate Base	<i>See supporting details below</i>	7,650.5	(14.5)	7,636.0
Depreciation	<i>See supporting details below</i>	281.5	(0.2)	281.3

OEB Decision Impact Supporting Details

	Reference	2010 Detailed Computation	2010 Rate Base Impact	2010 Depreciation Impact
<u>Working Capital Adjustment</u>				
Rate Base Details				
Utility plant (average)	Pre-filed Evidence Exh D1-1-1			
Gross plant at cost		11,780.2		
Less: Accumulated depreciation		<u>(4,179.7)</u>		
Net utility plant		7,600.5		
Working capital				
Cash working capital		11.2		
Materials & supplies inventory		<u>38.7</u>		
Total working capital		50.0		
Total Rate Base		<u>7,650.5</u>		
Working capital as % of OM&A	(a)	11.1%		
OM&A Reduction	Exhibit 1.1 (b)	<u>(23.5)</u>		
Working capital reduction	(c) = (a) x (b)	<u>(2.6)</u>	(2.6)	
<u>Rate Base Adjustment</u>				
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		<u>0.8</u>		
		24.0		
Associated Depreciation	Note 1	0.2		(0.2)
Development Capital Adjustment	Note 2	<u>23.8</u>	(11.9)	
Reduction to proposed			<u>(14.5)</u>	<u>(0.2)</u>

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	<i>Note 2</i>	-	3.2
D29 - Dunnville TS - increase capacity	<i>Note 2</i>	-	0.8
		<u>7.5</u>	<u>16.5</u>

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
<u>Return on Rate Base</u>				
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%
		<u>6.6</u>		<u>5.7</u>

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		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (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							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	<i>See supporting details below</i>	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		<u>6.0</u>
2010 in-service additions	Exhibit 1.2	24.0
Associated depreciation	Exhibit 1.2	(0.2)
Total net taxable capital adjustments		<u>23.8</u>
Revised Taxable Capital		<u>7,962.0</u>
Revised Capital Taxes		<u><u>6.0</u></u>

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	<i>See supporting details below</i>	48.0	34.0	(13.9)

Income Tax Supporting Details

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	<u>334.1</u>	<u>290.3</u>	<u>(43.8)</u>
Timing Differences (Note 1)		g	(182.9)	(182.7)	0.2
Taxable Income		h = f + g	<u>151.2</u>	<u>107.6</u>	<u>(43.6)</u>
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	<u>48.0</u>	<u>34.0</u>	<u>(13.9)</u>

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		<u>0.5</u>
Net timing difference adjustment		<u>0.2</u>

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	<i>Note 1</i>	
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 Requirement less external revenues	Exhibit 1.7 & Note 1	18.0	-	-	-	-	-	-	-	18.0
		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

January 5, 2010
EB-2008-0272
Exhibit 3.0
Page 1 of 1

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 Allocation 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	<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: January 21, 2010
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*.

EFFECTIVE DATE: January 01, 2010	REPLACING RATE: EB-2008-0272 July 3, 2009	BOARD ORDER: EB-2008-0272	Page 2 of 2 Wholesale Meter Service Rate & Exit Fee Schedule for Hydro One Networks Inc.
--	--	--	--

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)	
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) <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)
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 January 01, 2010

Issued: January 21, 2010
Ontario Energy Board

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:
January 01, 2010

BOARD ORDER:
EB-2008-0272

REPLACING BOARD ORDER:
EB-2008-0272
July 3, 2009

Page 2 of 6 Ontario Uniform
Transmission Rate Schedule

TRANSMISSION RATE SCHEDULES

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

EFFECTIVE DATE: January 01, 2010	BOARD ORDER: EB-2008-0272	REPLACING BOARD ORDER: EB-2008-0272 July 3, 2009	Page 3 of 6 Ontario Uniform Transmission Rate Schedule
--	-------------------------------------	---	---

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:

January 01, 2010

BOARD ORDER:

EB-2008-0272

REPLACING BOARD ORDER:

EB-2008-0272
July 3, 2009

Page 4 of 6 Ontario Uniform
Transmission Rate Schedule

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.

	<u>Monthly Rate (\$ per kW)</u>
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.

EFFECTIVE DATE: January 01, 2010	BOARD ORDER: EB-2008-0272	REPLACING BOARD ORDER: EB-2008-0272 July 3, 2009	Page 5 of 6 Ontario Uniform Transmission 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.

Export Transmission Service Rate (ETS):	<u>Hourly Rate</u> \$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.

EFFECTIVE DATE: January 01, 2010	BOARD ORDER: EB-2008-0272	REPLACING BOARD ORDER: EB-2008-0272 July 3, 2009	Page 6 of 6 Ontario Uniform Transmission Rate Schedule
--	-------------------------------------	---	--

Appendix C

ONTARIO UNIFORM RATE ORDER

EB-2008-0272

January 5, 2010

**ONTARIO UNIFORM RATE ORDER
REVENUE ALLOCATORS
Effective January 01, 2010**

Transmitter	Network	Line Connection	Transformation Connection
Uniform Transmission Rates (\$/kW-Month)	2.97	0.73	1.71
	↓	↓	↓
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