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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



March 4, 2010

BY COURIER

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

Dear Ms. Walli:

EB-2009-0326 – OEB Consultation on Recovery of Costs Associated with the MicroFIT Program – Hydro One Networks' Response to Board Direction

Please find attached two (2) hard copies and an electronic copy of Hydro One Networks' value of each of the cost elements as outlined in Appendix D of the Board's Decision dated February 23, 2010.

The cost elements are based on Hydro One Networks' Cost Allocation Study filed in Proceeding EB-2009-0096 as Exhibit G2, Tab 1, Schedule 1, Attachment 1, updated to be consistent with Hydro One's Distribution Revenue Requirement that reflects the Board's updated Cost of capital parameters applicable to distributors, issued in December 2009.

We have filed the data adding up the three residential year-round customer classes that have been approved for Hydro One: 1) UR- Urban High Density Residential, 2) R1 - Medium Density Residential, and 3) R2 - Low Density residential, as per discussion with Board staff.

If you have any questions, please contact Michael Roger, Manager Pricing at (416) 345-5876.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

	Name of Distributor	Hydro One Networks
#	Year of Cost Allocation Study	2010

	Cost Element	USoA Number	Sheet Number	Row Number (OEB Model)	Row Number (H1 Model)	Column Name	Data Input (A) *	Data Input (B)**
1	Customer Premises - Operation Labour	5070	O2	111	113	Residential	\$ 17,047,904	\$ 17,805,752
2	Customer Premises - Materials and Expenses	5075	O2	112	114	Residential	\$ 2,501,972	\$ 2,613,194
3	Meter Expense	5065	O2	110	112	Residential	\$ 2,667,922	\$ 2,786,522
4	Maintenance of Meters	5175	O2	117	119	Residential	\$ 1,482,646	\$ 1,548,556
5	Meter Reading Expense	5310	O2	120	122	Residential	\$ 18,701,421	\$ 19,532,774
6	Customer Billing	5315	O2	121	123	Residential	\$ 31,009,302	\$ 32,387,789
7	Amortization Expense - General Plant assigned to Meters		O2	130	132	Residential	\$ 1,708,510	\$ 1,784,460
8	Admin and General		O2	131	133	Residential	\$ 18,754,428	\$ 19,588,137
9	Allocated PILs		O2	132	134	Residential	\$ 404,064	\$ 422,026
10	Allocated PILs (Avoided Costs)		O2	81	82	Residential	\$ 367,264	\$ 383,590
11	Total Number of Customers		I6	38	38	Residential	920,102	920,102

* Data Input (A) from Proceeding EB-2009-0096, Exhibit G2, Tab 1, Schedule 1, Attachment 1, Pages 37 - 40

** Data Input (B) is scaled by a factor of 1.044454 to match updated information filed in Exhibit K9.1, Attachment 2.