

Canadian Manufactures & Exporters (CME) INTERROGATORY #1 List 1

Interrogatory

Issue 1.2

References: Exhibit A, Tab 12, Schedule 1, page 2

As in prior cases, please produce, in confidence, the complete packages of materials presented to Hydro One's Board of Directors for approval on each of the following key dates in the 2010 to 2014 planning cycle referred to at Exhibit A, Tab 12, Schedule 1, page 2:

- June 2009;
- November 2009;
- February 2010.

Response

Hydro One believes the material relevant to the Board is that presented to the Hydro One Board of Directors on May 13, 2010, as provided in Attachment 1. This letter, which the Company is filing un-redacted, highlights the changes made to the application between the intended March 2010 filing date and the May 19, 2010 actual filing date.

In support of Hydro One's decision not to provide all the Board Memos requested in confidence, the Company relies on the Ontario Energy Board's Decision in Proceeding EB-2008-0187 dated May 13, 2009, where the Board stated:

"While the genesis of an application is of general interest to the Board, it is not determinative of the substantive aspects of the application. Once filed in accordance with the provisions of the legislation, applications are reviewed on their merit. The particulars surrounding the levels of approvals before a distributor makes an application, is a matter that is internal to the company itself."

The Company believes the material requested by CME falls into the category of information which the Board felt was internal to the company itself and not determinative of the substantive aspects of the application.

Hydro One Inc.
Submission to the Board of Directors



Date: May 13, 2010


Subject: Hydro One Revised Application for the 2011 – 2012 Transmission Rates

Submitted by:



Peter Gregg
Senior Vice President
Corporate and Regulatory Affairs

Approved for Submission to the Board by:



Laura Formosa
President and Chief Executive Officer

RECOMMENDATION

THAT the Board of Directors of Hydro One Inc. approve Hydro One's Revised 2011 – 2012 Transmission Revenue Requirement and Rate Application for submission to the Ontario Energy Board on or about May14, 2010.

KEY HIGHLIGHTS

- After careful review of the transmission costs and given the customer impact of rate increases, Hydro One has revised its 2011 – 2012 Application. The Transmission Business Revenue Requirement for 2011 has been reduced by \$57 million is now \$1,445 million and 2012 has been reduced by \$65 million and is now \$1,547 million.
- The resulting increase in transmission rates is now 15.7% versus 21.5% in 2011 and 9.8% in 2012 versus 9.1%. This represents an estimated increase on total customer bills of 1.2% in 2011 and 0.7% in 2012. The average residential customer's bill will increase by about \$1.40 per month in 2011 and by approximately \$0.95 per month in 2012.
- The major factors contributing to the rate increase continue to be the addition of in-service transmission investments in the asset base for expansion of our infrastructure and to sustain our current system.
- The filing includes Hydro One's Green Energy transmission plan (GEP) in response to the Green Energy and Green Economy Act, 2009. Accelerated cost recovery (Construction Work in Progress in rate base) will still be sought for the Bruce to Milton project.

EXECUTIVE SUMMARY

1. Strategic Significance

Hydro One plans to file an application with the Ontario Energy Board on or about May 14, 2010, for new transmission rates effective January 1, 2011 and January 1, 2012, consistent with the Company's strategy of building and maintaining a reliable, cost effective transmission system and supporting the facilitation of the Government's green energy initiatives. The Regulatory and Environment Committee has guided the development of the 2011 – 2012 Transmission Rate Application since August 2009.

2. Purpose

To obtain Hydro One Board approval to file an Application for the Transmission Business Revenue Requirement for 2011 and 2012 at \$1,445 million and \$1,547 million respectively. The Revenue Requirement is composed of annual OM&A as well as the carrying costs for assets in-service including the depreciation of the assets, CWIP in rate base for the Bruce to Milton project, taxes, and cost of capital (interest payments and return on equity). The requested level of funding balances system requirements and concern for customer rate increases given the current economic climate and recent concerns communicated by the government. Table 1 provides a summary of the revenue requirement which will be requested compared to the original March 31 submission values.

Table 1

	Revenue Requirement (M\$)				
	OEB Approved 2010	2011 Original	2011 Proposed	2012 Original	2012 Proposed
OM&A	426	456	436	470	450
Carrying Costs of Assets					
Depreciation	281	314	303	346	335
Cost of Capital	550	732	706	797	762
Total Revenue Requirement	1,257	1,502	1,445	1,613	1,547
Capital Expenditures	1,058	1,263	1,152	1,264	1,008
Rate Base	7,636	8,783	8,379	9,637	9,135

3. Regulatory

In 2011, the 15.7% increase is mainly attributed to the growth in asset base (and the related carrying costs), the inclusion of CWIP in rate base for the Bruce to Milton project and OM&A increases to support the ongoing business and improve system reliability. In 2012, the 9.8% increase is mainly attributed to an even further growth in asset base.

The main changes that have been reflected in the revised Application are a reduction or deferral of \$19 million of OM&A expenditures in 2011 and \$20 million in 2012 including reductions in transmission sustainment activities, real estate, corporate services and a freeze on compensation increases for management staff. These reductions account for about 1.6% of the decrease in 2011.

Similarly, a review of Hydro One's capital expenditure projects and programs and anticipated in-service dates for other projects has resulted in a significant reduction in rate base for the two test years. Rate base for 2011 is now forecast at \$8,378 million down \$404 million and down \$502 million to \$9,134 million for 2012. These reductions account for approximately 3% of the decrease in 2011.

The load forecast has also been revised upward to reflect a revised OPA forecast for conservation and demand management targeted for 2011 while still achieving the OPA's original IPSP forecast target by the end of 2012. This adjustment accounts for 1.2% of the decrease in 2011.

In total the revenue requirement increase for 2011 has dropped by 5.8% to 15.7% as a result of the 3 factors identified above. For 2012 the revenue requirement increase has grown by 0.7% to 9.8% as a result of the anticipated increase in conservation and demand management in 2012.

4. Risk Analysis

Hydro One's revised application reflects a reduction in rate base from levels initially proposed for both 2011 and 2012; however, the nature of the reductions or deferrals does not materially increase the risk to the Company. These reductions largely reflect Green Energy Project deferrals pending confirmation by the OPA that there is sufficient demand to proceed with the projects or deferrals as a result of delays in customer requests. Reductions in Transportation and Work Equipment and delays in bringing on additional resources are a direct result of these project delays. Nevertheless, Hydro One is still requesting a \$700 million increase in rate base for 2011 and an additional \$800 million increase for 2012.

Anticipated intervenor concerns regarding the appropriateness of this level of work will be addressed with extensive evidence on capital projects and programs. The evidence will reinforce the fact that the increases are largely the result of previous Decisions which come into service in the test year (e.g. Bruce to Milton project) and government direction on the need to expand the transmission system to accommodate renewable generation. Hydro One's request to include CWIP in rate base for the Bruce to Milton project will also be challenged.

Approximately \$12 million of the OM&A reductions relate to project and program deferrals. A risk-based assessment of the Transmission system at this reduced OM&A sustainment funding levels was carried out. This assessment, took into account the following;

- asset condition
- safety
- performance
- system function
- customer impact, and
- statutory requirements.

It was concluded that while individual assets may face increased risks in the short term, the overall system impact is minimal with safety and reliability remaining at current levels.

1 **Canadian Manufactures & Exporters (CME) INTERROGATORY #2 List 1**

2
3 **Interrogatory**

4
5 Issue 1.2

6
7 References: Exhibit A, Tab 12, Schedule 1, page 2

8
9 Please produce, in confidence, the materials presented to Hydro One's Board of
10 Directors for approval in April or May 2010 that led to the filing of this application that
11 reduced, by about 25%, the Revenue Requirement that Hydro One was requesting in
12 the application materials that it initially intended to file on or about April 1 , 2010.

13
14
15 **Response**

16
17 Please refer to Exhibit I, Tab 3, Schedule 1.

1 **Canadian Manufactures & Exporters (CME) INTERROGATORY #3 List 1**

2
3 **Interrogatory**

4
5 Issue 1.3

6
7 References: Exhibit A, Tab 2, Schedule 1, paragraph 3
8 Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
9 Exhibit A, Tab 7, Schedule 1, pages 6 and 7

10
11 Please provide a detailed schedule that shows how the total bill impacts of 1.2% in 2011
12 and 0.7% in 2012 were derived.

13
14
15 **Response**

16
17 See Exhibit I, Tab 1, Schedule 18.

Canadian Manufactures & Exporters (CME) INTERROGATORY #4 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

Many factors influence the total bill for electricity that consumers pay. CME is interested in obtaining the information that Hydro One, as a government-owned entity, is aware of and can provide in order to help consumers better understand the likely impacts on the total electricity bill charged to each typical or average residential, general service and large volume electricity consumer over the five-year period 2010 to 2014 of Hydro One's spending plans and the concurrent spending plans of other government-owned entities. In the context of this preamble, please provide the following information:

- (a) Please describe the extent to which Hydro One works with the Minister of Energy and Infrastructure (UMEI") and other government-owned entities, including the Ontario Power Authority (UOPA"), the Independent Electricity System Operator (UIESO"), Ontario Power Generation Inc. ("OPG") and other large government owned distributors such as those owned by the cities of Toronto, Ottawa and other large centres in Ontario when developing its ongoing five-year business plans.
- (b) Does Hydro One monitor the applications made by the parties to which it is related, namely the OPA, IESO and OPG. In particular, is Hydro One aware of the contents of OPG's recent application including the forecasts of the Global Adjustment Mechanism (uGAM") that OPG prepares?
- (c) Is Hydro One aware of any estimates developed by the MEI, OPA, IESO, OPG and any other municipal government-owned entities that show the year-by-year impacts that their combined activities are likely to have on the total electricity price paid by each of the following types of customer:
 - i) a typical or average residential consumer;
 - ii) a typical or average general service consumer; and
 - iii) a typical or average large volume consumer.
- (d) If the answer to the previous question is uyes", then please describe these materials and either produce copies or direct us to an information source where we can obtain copies of these estimates.

1 **Response**

2
3 (a) Hydro One provides the Ministries of Energy and Infrastructure and Finance its
4 multi-year and annual business planning information and provides advice on issues
5 that may materially impact the business and financial performance of Hydro One.
6 The business plan reflects government policy and Hydro One's response to direction
7 or requests from the Minister, including for example the Minister's letters to Hydro
8 One of September 21, 2009 and May 5, 2010. Once the business plan is approved by
9 Hydro One's Board of Directors, the plan is submitted to the Minister of Energy and
10 the Minister of Finance.

11
12 Hydro One does work with other agencies in the electricity sector on an ongoing basis
13 to coordinate activities and the outcome of these discussions influences Hydro One's
14 business plan.

15
16 (b) Hydro One does monitor applications made by the OPA, the IESO or OPG.

17
18 (c) No, Hydro One is not aware of any such estimates from these organizations.

19
20 (d) As per answer above, this does not apply.

Canadian Manufactures & Exporters (CME) INTERROGATORY #5 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

In a speech delivered on May 6, 2010, the OEB Vice-Chair, Cynthia Chaplin, indicated that the Board is aware of total bill impacts on electricity consumers.

- (a) Is Hydro One aware of any estimates having been done by the Ontario Energy Board (UOEB") of the total electricity price being paid by either one or more of a typical or average residential, general service, or large volume consumer. If so, then please describe the analysis and produce copies or direct us to an information source where we can obtain copies of these estimates.

Response

- (a) Hydro One is aware of estimates done by the OEB of the total electricity price being paid by residential customers. Please see the links below to the OEB website for this information.

<http://www.oeb.gov.on.ca/OEB/Consumers/Electricity/Your+Electricity+Utility/All+Electricity+Utility+Bills>

http://www.oeb.gov.on.ca/OEB/Documents/2010EDR/bill_impacts_2010.pdf

Canadian Manufactures & Exporters (CME) INTERROGATORY #6 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

In its capacity as a regulated distribution utility, Hydro One will be aware of the total amounts currently being paid by the electricity consumers that it serves.

(a) Please provide Hydro One's estimate, in dollars per MWh, the average total "all in" electricity price that is currently being paid by each of the following:

- i) a typical or average residential electricity consumer;
- ii) a typical or average general service electricity consumer; and
- iii) a typical or average large volume electricity consumer.

and explain how the amount has been derived in each case.

(b) Bills to electricity consumers are divided into different categories. For example, residential electricity bills are divided into the following five categories of charges, namely:

- i) Electricity;
- ii) Delivery;
- iii) Regulatory;
- iv) Debt Retirement Charge; and
- v) Taxes.

Please provide samples of the forms of bills that are rendered by Hydro One's distribution utility to each of the following types of consumers:

- i) residential consumers;
- ii) general service consumers; and
- iii) large volume consumers

and indicate how charges in each of the bills to general service and large volume consumers are categorized.

(c) CME understands that the "Electricity" line in the bill that a residential consumer receives includes a number of items including, for example, LDC conservation

costs; hydroelectricity costs; costs associated with wind and solar projects, including renewable energy standard offer program ("RESOP") contracts and wind and hydro negotiated contracts; Fee in Tariff ("FIT") contracts; and the costs for electricity generated by Nuclear, gas-combined heat and power, and gas combined cycle facilities. CME understands that the "Delivery" line in the bill includes transmission and distribution charges. CME understands that "Regulatory" costs include a number of items, and "Taxes" include GST, prior to July 1, 2010, and HST, after July 1, 2010.

i) Please provide a complete list of all items included in the electricity bills to consumers for each of the five categories of charges cited above, namely "Electricity", "Delivery", "Regulatory", "Debt Retirement" and "Taxes".

(d) Please describe the GAM and provide a complete list of its component parts.

(e) Please indicate where, within the five categories of costs described above, namely, Electricity, Delivery, Regulatory, Debt Retirement and Taxes, the components of the GAM are to be found, and indicate whether the format of bills charged to general service and large volume customers displays the components of GAM in a manner that is different from its presentation in the bills to residential consumers.

Response

(a) Attachment 1 demonstrates the total bill calculation and \$/MWh for the customers types listed below.

i) Residential electricity customer:

\$174.42 per MWh (or 17.4 ¢ per kWh) based on an average customer classified as a High Density Residential (R1) customer, using 1000 kWh per month.

ii) General service electricity customer

\$176.16 per MWh (or 17.6 ¢ per kWh) based on a General Service Energy Billed (GSe) customer, using 2000 kWh per month.

iii) Large volume electricity customer

\$139.41 per MWh (or 13.9 ¢ per kWh) based on a General Service Demand Billed (GSd) customer, using 35,957 kWh per month and with a monthly peak of 117 kW.

(b) Sample bills are attached for each of the three customers groups requested. Detailed explanation for each type of customer bill can be found on the Hydro One website at the following links:

- 1 • Residential consumers (Attachment 2)
2 <http://www.hydroone.com/MyHome/MyAccount/MyBill/Pages/default.aspx>
- 3 • General service consumers (Attachment 3)
4 <http://www.hydroone.com/MyBusiness/MyAccount/MyBillExplained/Pages/Default.aspx>
- 5
6 • Large Volume consumers (Attachment 4).
7 <http://www.hydroone.com/MyBusiness/MyAccount/MyBillExplained/Pages/kWhandkW.aspx>
- 8
9

10 The electricity bill for these customers are categorized into five types of charges:

11
12 i) Electricity:

13 This is cost of electricity supplied during the billing period. The charge, based on
14 a customer's usage adjusted for line losses, is collected by Hydro and passed
15 directly to the electricity suppliers.

16
17 Residential and general service energy customers will be on the Regulated Price
18 Plan and pay the electricity charge set by the Ontario Energy Board every six
19 months, unless they opt out. Further details on RPP can be found on the OEB
20 website at:

21 <http://www.oeb.gov.on.ca/OEB/Consumers/Electricity/Electricity+Prices>

22
23 If a customer is retailer enrolled, the customer will pay their contracted price of
24 electricity.

25
26 Customers not part of the RPP or retailer enrolled will pay the spot price if they
27 are interval metered customers. Otherwise, the customer pays the Weighted
28 Average Hourly Spot Price (WAHSP) calculated in accordance with the Retail
29 Settlement Code.

30
31 Customers who pay the spot market price or have signed a contract with a
32 licensed electricity retailer will see a separate line on their bill for Provincial
33 Benefit. Provincial Benefit is rate that accounts for differences between the spot
34 market price and the rates paid to regulated and contracted generators. As a result,
35 its value may be positive or negative, depending on the fluctuation of prices in the
36 spot market. For customers who pay the Regulated Price Plan, it is factored into
37 the rate set by the Ontario Energy Board, and does not appear as a separate line
38 item. Further details can be found on the IESO website at
39 http://www.ieso.ca/imoweb/siteShared/electricity_bill.asp?sid=bi

40
41 ii) Delivery:

42 This is the cost of delivering electricity from generating stations across the
43 Province to Hydro One and to the customer. Delivery includes both Transmission
44 and Distribution charges. The current transmission and distribution costs

recovered through rates were approved by the OEB in the Hydro One 2010 Distribution Rate Hearing and 2009 Transmission Rate Hearing.

iii) Regulatory:

The regulatory charge comprises of the Wholesale Market Services Charge and the Standard Supply Service Charge, both of which are approved by the OEB.

The Wholesale Market Services Charge represents the cost to administer the wholesale electricity system, operate the electricity market, and maintain the reliability of the provincial grid. These costs include the IESO Administration Service fee, OPA Administration Fee and Rural and Remote Electricity Rate Protection. Further details can be found on the IESO website at http://www.ieso.ca/imoweb/siteShared/other_charges_on_your_bill.asp?sid=ic

The Standard Supply Service Charge is designed to cover the distributor's administrative costs to provide electricity to customers who buy their electricity from them, instead of a licensed electricity retailer. These rates are set by the OEB.

This category also includes the Special Purpose Charge, which enables the recovery of the expenses made by the Ministry of Energy and Infrastructure in respect of its energy conservation or renewable programs.

iv) Debt Retirement Charge: The debt retirement charge pays down the debt of the former Ontario Hydro.

v) Taxes: The cost of the HST.

(c) Please see response to part b) and Attachment 1 for details on the component parts.

(d) Information on the Global Adjustment is provided by the IESO on their website at the links below:

http://www.ieso.ca/imoweb/siteShared/electricity_bill.asp?sid=bi
http://www.ieso.ca/imoweb/b100/b100_GA.asp

Per the information provided by the IESO at the links above, the global adjustment reflects the difference between the spot market price and:

- The regulated rate paid to Ontario Power Generation's baseload generating stations;
- Payments made to suppliers that have been awarded contracts through the Ontario Power Authority. These include new gas-fired facilities, renewable facilities (like wind farms) and demand response programs; and
- Contracted rates paid to Non-Utility Generators. Below

1
2 (e) As noted in part c) the Global Adjustment (also know as Provincial Benefit) is
3 included in the Electricity component of the bill. The Global Adjustment is displayed
4 in the same manner for residential, general service and large volume customers.
5

Residential Customer Bill: Threshold of 600 kWhs

Rate Class			Distribution Charges						RTSR Charges		Delivery Charge	Regulatory Charges				DRC		Electricity			Total Bill	Total Bill With Taxes	\$/MWh
	<u>kWh</u>		SrChg [\$/cust]	Fixed Riders [\$/cust]	Base [c/kWh]	Volumetric Rider [c/kWh]	VarChg [c/kWh]	Total [\$/month]	RTSR c/kWh	[\$/month]	Total [\$/month]	WMSC + SPC c/kWh	SSS [\$/month]	TLF	Total [\$/month]	c/kWh	Total [\$/month]	Band 1 kWhs	Band 2 kWhs	Total \$	[\$/month]	[\$/month]	
R1	1,000		20.20	0.99	3.253	(0.083)	3.170	52.89	1.05	11.38	64.27	0.69	0.25	1.085	7.71	0.70	7.00	600	400	75.38	\$ 154.35	\$ 174.42	\$ 174.42

General Service Energy Customer Bill: Threshold of 600 kWhs

Rate Class			Distribution Charges						RTSR Charges		Delivery Charge	Regulatory Charges				DRC		Commodity Bands			Total Bill	Total Bill With Taxes	\$/MWh
	<u>kWh</u>		SrChg [\$/cust]	Fixed Riders [\$/cust]	Base [c/kWh]	Volumetric Riders [c/kWh]	VarChg [c/kWh]	Total [\$/month]	RTSR c/kWh	[\$/month]	Total [\$/month]	WMSC + SPC c/kWh	SSS [\$/month]	TLF	Total [\$/month]	c/kWh	Total [\$/month]	Band 1 kWhs	Band 2 kWhs	Total \$	[\$/month]	[\$/month]	
GSe	2,000		35.27	0.76	3.769	(0.164)	3.605	108.13	0.76	16.60	124.73	0.69	0.25	1.092	15.26	0.70	14.00	600	1,400	157.80	\$ 311.79	\$ 352.32	\$ 176.16

General Service Demand Customer Bill: Threshold of 35,957 kWhs and 117 kW

Rate Class				Distribution Charges						RTSR Charges		Delivery Charge	Regulatory Charges				DRC		Commodity Bands			Total Bill	Total Bill With Taxes	\$/MWh
	<u>kWh</u>	<u>kW</u>	<u>LF</u>	SrChg [\$/cust]	Fixed Riders [\$/cust]	Base [\$/kW]	Volumetric Riders [c/kWh]	VarChg [\$/kW]	Total [\$/month]	RTSR [\$/kW]	[\$/month]	[\$/month]	WMSC + SPC c/kWh	SSS [\$/month]	TLF	Total [\$/month]	c/kWh	Total [\$/month]	Band 1 kWhs	Band 2 kWhs	Total \$	[\$/month]	[\$/month]	
GSd	35,957	117	43%	47.03	0.94	9.922	(0.595)	9.327	1,139.23	2.44	302.89	1442.12	0.69	0.25	1.061	262.46	0.70	251.70	-	35,957	2,480	\$ 4,436.05	\$ 5,012.74	\$ 139.41



Service address:

1 CUSTOMER NAME
CUSTOMER NAME 2
ADDRESS FIELD, ADDRESS NOTES

Your account number:

12345-67890 Bill Group 3

Billing date:

2 August 20, 2010

Filed: August 16, 2010
EB-2010-0002
Exhibit I-3-6
Attachment 2
Page 1 of 2

Page 1 of 2

3 Customer service

Hydro One Networks Inc.
PO Box 5700
Markham, Ontario L3R 1C8

www.HydroOne.com

For billing and service
inquiries, call
1-888-664-9376
Monday to Friday
7:30 am - 8:00 pm
Eastern Time

7 For 24 hour power
outages or emergency
service, call
1-800-434-1235

8 Standard Service supplied
by Hydro One

4 Here's what you owe

Balance forward \$0.00
Your Budget Billing Plan reconciliation amount \$170.00

Total amount you owe \$170.00

5 **After September 10, 2010**, a late payment charge of 1.5% monthly (19.56% per annum)
will be applied.

6 For energy efficiency tips to manage your bill visit www.PowerSaver.ca.

9 Compare the electricity you are using

	Number of days	Average electricity you used per day (kWh)	Type of read
Jul 2, 2010 - Aug 3, 2010	32	34	Estimate
Jun 3, 2010 - Jul 2, 2010	29	32	Actual
May 3, 2010 - Jun 3, 2010	31	35	Estimate
Apr 2, 2010 - May 3, 2010	31	34	Estimate
Mar 1, 2010 - Apr 2, 2010	32	40	Actual
Feb 1, 2010 - Mar 1, 2010	28	42	Estimate
Jul 2, 2009 - Aug 4, 2009	33	35	Actual



Please return this slip with your payment.

Your account number: **12345-67890****10****Total amount you owe \$170.00**

Amount enclosed

\$

T1 (D)
XX 3J0

MR JOHN DOE
2050 WILDFLOWER ROAD
MARKHAM ON X1Y 2Z3

HYDRO ONE NETWORKS INC.
PO BOX 4102 STN A
TORONTO ON M5W 3L3

Residential - Monthly
07/01/2010

How we calculated your charges

Balance forward	Amount of your last bill	\$115.00
11	Amount we received on July 30, 2010 - thank you	\$115.00 CR
Balance forward		\$ 0.00

Your new charges

Your service type is Residential - High Density **12**

13 Electricity used this billing period

We estimated your meter J254247 on August 3, 2010 002970
We read your meter on July 2, 2010 - 002870
Difference in meter readings 000100

14 Metered usage in kilowatt-hours (100 x 10) = 1,000 kWh
Adjusted usage in kilowatt-hours (1,000 x 1.085*) = 1,085 kWh

15 Electricity: 600 kWh @ 6.5000 ¢ \$39.00
485 kWh @ 7.5000 ¢ \$36.38

16 Delivery \$64.27
17 Regulatory Charges \$7.71


18 Debt Retirement Charge \$7.00
HST (87086-5821-RT0001) \$20.07

Total of your electricity charges \$174.43

19 Your Budget Billing Plan amount \$170.00

Your plan summary Total of your actual charges billed to date (including this bill) \$525.70
Total of your Budget Billing Plan amounts billed (including this bill) - \$510.00
Balance remaining in your plan after you have paid this bill \$15.70

Adjustments **20** Account set up charge \$00.00
HST (87086-5821-RT0001) \$00.00
Total adjustments \$00.00

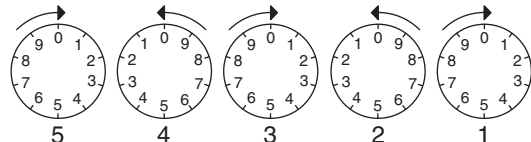
21  Your meter number

--	--	--	--	--	--	--	--

Your meter reading

--	--	--	--	--

5 4 3 2 1



22 Electricity: This is the cost of the electricity supplied to you during this billing period and is the part of the bill that is subject to competition. The electricity consumed is multiplied by the adjustment factor*. Hydro One collects this money and pays this amount directly to our suppliers.

*When electricity is delivered over a power line, it is normal for a small amount of power to be consumed or lost as heat. Equipment, such as wires and transformers, consumes power before it gets to your home or business. The adjustment factor accounts for these losses.

Delivery: These are the costs of delivering electricity from generating stations across the Province to Hydro One than to your home or business. This includes the costs to build and maintain the transmission and distribution lines, towers and poles and operate provincial and local electricity systems. A portion of these charges are fixed and do not change from month to month. The rest are variable and increase or decrease depending on the amount of electricity that you use.

Regulatory Charges: Regulatory charges are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid.

Debt Retirement Charge: The debt retirement charge pays down the debt of the former Ontario Hydro.

NOTE: For a detailed explanation of electricity terms, please visit www.HydroOneNetworks.com or www.oeb.gov.on.ca.



Service address:

1 CUSTOMER NAME
CUSTOMER NAME 2
ADDRESS FIELD, ADDRESS NOTES

Your account number:

12345-67890 Bill Group 3

Billing date:

2 August 20, 2010

Filed: August 16, 2010
EB-2010-0002
Exhibit I-3-6
Attachment 3
Page 1 of 2

Page 1 of 2

3 Customer service

Hydro One Networks Inc.
PO Box 5700
Markham, Ontario L3R 1C8

www.HydroOne.com

For billing and service
inquiries, call
1-888-664-9376
Monday to Friday
7:30 am - 8:00 pm
Eastern Time

7 For 24 hour power
outages or emergency
service, call
1-800-434-1235

8 Standard Service supplied
by Hydro One

4 Here's what you owe

Balance forward \$0.00
Your new charges \$350.63

**Total amount you owe \$350.63**

5 **After September 10, 2010**, a late payment charge of 1.5% monthly (19.56% per annum)
will be applied.



6 For energy efficiency tips to manage your bill visit www.PowerSaver.ca.

9 Compare the electricity you are using

	Number of days	Average electricity you used per day (kWh)	Type of read
Jul 2, 2010 - Aug 3, 2010	32	68	Estimate
Jun 3, 2010 - Jul 2, 2010	29	67	Actual
May 3, 2010 - Jun 3, 2010	31	67	Estimate
Apr 1, 2010 - May 3, 2010	32	71	Estimate
Mar 1, 2010 - Apr 1, 2010	31	75	Actual
Feb 1, 2010 - Mar 1, 2010	28	72	Estimate
Jul 2, 2009 - Aug 4, 2009	33	35	Estimate



Please return this slip with your payment.

Your account number: **12345-67890****Total amount you owe \$350.63**

Amount enclosed

\$

T1 (D)
XX 3J0

MR JOHN DOE
2050 WILDFLOWER ROAD
MARKHAM ON X1Y 2Z3

HYDRO ONE NETWORKS INC.
PO BOX 4102 STN A
TORONTO ON M5W 3L3

How we calculated your charges

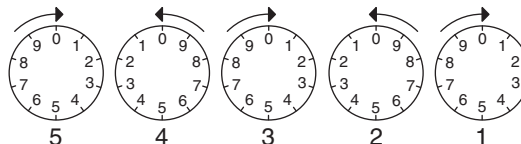
Balance forward	Amount of your last bill	\$410.28
11	Amount we received on July 30, 2010 - thank you	\$410.28 CR
	Balance forward	\$ 0.00
Your new charges	Your service type is General - Single Phase 12	
13	Electricity used this billing period	
	We estimated your meter J254247 on August 3, 2010	009990
	We read your meter on July 2, 2010	- 009790
	Difference in meter readings	000200
14	Metered usage in kilowatt-hours (200 x 10) = 2,000 kWh	
	Adjusted usage in kilowatt-hours (2,000 x 1.092*) = 2,184 kWh	
15	Electricity: 750 kWh @ 6.5000 ¢	\$48.75
	1,434 kWh @ 7.5000 ¢	\$107.55
16	Delivery	\$124.73
	Regulatory Charges 17	\$15.26
18	Debt Retirement Charge	\$14.00
	HST (87086-5821-RT0001)	\$40.34
	Total of your electricity charges	\$350.63
Adjustments	19 Account set up charge	\$00.00
	HST (87086-5821-RT0001)	\$00.00
	Total adjustments	\$00.00

20 Your meter number

Your meter reading

--	--	--	--	--	--	--	--	--	--

5	4	3	2	1



21 Electricity: This is the cost of the electricity supplied to you during this billing period and is the part of the bill that is subject to competition. The electricity consumed is multiplied by the adjustment factor*. Hydro One collects this money and pays this amount directly to our suppliers.

*When electricity is delivered over a power line, it is normal for a small amount of power to be consumed or lost as heat. Equipment, such as wires and transformers, consumes power before it gets to your home or business. The adjustment factor accounts for these losses.

Delivery: These are the costs of delivering electricity from generating stations across the Province to Hydro One than to your home or business. this includes the costs to build and maintain the transmission and distribution lines, towers and poles and operate provincial and local electricity systems. A portion of these charges are fixed and do not change from month to month. The rest are variable and increase or decrease depending on the amount of electricity that you use.

Regulatory Charges: Regulatory charges are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid.

Debt Retirement Charge: The debt retirement charge pays down the debt of the former Ontario Hydro.

NOTE: For a detailed explanation of electricity terms, please visit www.HydroOneNetworks.com or www.oeb.gov.on.ca.

Service address:

Your account number: Bill Group 03

Billing date: July 20, 2010

Page 1 of 2

Customer service

Hydro One Networks Inc.
PO Box 5700
Markham, Ontario L3R 1C8

www.HydroOneNetworks.com

For billing and service
inquiries, call
1-877-447-4412
Monday to Friday
8:30 am - 5:00 pm

For 24 hour power
outages or emergency
service, call
1-800-434-1235

Standard Service supplied
by Hydro One

Here's what you owe

Balance forward	\$0.00
Your new charges	\$755.46
Total amount you owe	\$755.46

The total amount you owe is due on the billing date. **After August 10, 2010**, a late payment charge of 1.5% compounded monthly (19.56% per year), will be calculated from the billing date and applied to your next bill.

NOTICE: We're updating our Conditions of Service, which describe how we do business with our customers. Go to www.HydroOne.com/COS to review the proposed changes. You can provide your comments until August 31, 2010.

For energy efficiency tips to manage your bill visit www.PowerSaver.ca.

Compare the electricity you are using

	Number of days	Average electricity you used per day (kWh)	Type of read
Jun 1, 2010 - Jun 30, 2010	29	190	Actual
Apr 29, 2010 - Jun 1, 2010	33	177	Actual
Mar 29, 2010 - Apr 29, 2010	31	159	Actual
Mar 1, 2010 - Mar 29, 2010	28	167	Actual
Jan 28, 2010 - Mar 1, 2010	32	180	Actual
Dec 29, 2009 - Jan 28, 2010	30	167	Actual
Jun 3, 2009 - Jul 3, 2009	30	215	Actual



Please return this slip with your payment.

Your account number:

Total amount you owe \$755.46

Amount enclosed

\$

T178 (K)
XX 9

05890

HYDRO ONE NETWORKS INC.
PO BOX 4102 STN A
TORONTO ON M5W 3L3

How we calculated your charges

Balance forward	Amount of your last bill	\$822.43
	Amount we received on July 6, 2010 - thank you	\$822.43 CR
	Balance forward	\$0.00

Your electricity charges

Your service type is General - Three Phase

Electricity - kWh


We read your meter J	on June 30, 2010	001775
We read your meter on June 1, 2010		- 001710
Difference in meter readings		<u>000065</u>
Metered usage in kilowatt-hours (65 x 80) = 5,200 kWh		
Adjusted usage in kilowatt-hours (5,200 x 1.061*) = 5,517 kWh		

Demand - kW

We read your meter J	on June 30, 2010	206
Demand used in kilowatts (206 x 80 ÷ 1,000) = 16 kW		
Total demand in kilowatts = 16 kW		

Demand - kVA

We read your meter J	on June 30, 2010	215
Demand used in kVA (215 x 80 ÷ 1,000) = 17 kVA		
17 x 90% = 15 kVA		
Total demand in kVA = 15 kVA		

 Your demand charges are based on 16 kW this month as it is the higher of the two measures.

Your power factor is 16 kW ÷ 17 kVA, which equals 94.11 %.

Electricity: 750 kWh @ 6.5000 ¢	\$48.75
4,767 kWh @ 7.5000 ¢	\$357.53

Delivery	\$238.64
Regulatory Charges	\$38.17

Debt Retirement Charge	\$36.40
GST (87086-5821-RT0001)	\$35.97

Total of your electricity charges	\$755.46
--	-----------------

Electricity: This is the cost of the electricity supplied to you during this billing period and is the part of the bill that is subject to competition. The electricity consumed is multiplied by the adjustment factor *. Hydro One collects this money and pays this amount directly to our suppliers.

*When electricity is delivered over a power line, it is normal for a small amount of power to be consumed or lost as heat. Equipment, such as wires and transformers, consumes power before it gets to your home or business. The adjustment factor accounts for these losses.

Delivery: These are the costs of delivering electricity from generating stations across the Province to Hydro One then to your home or business. This includes the costs to build and maintain the transmission and distribution lines, towers and poles and operate provincial and local electricity systems. A portion of these charges are fixed and do not change from month to month. The rest are variable and increase or decrease depending on the amount of electricity that you use.

Regulatory Charges: Regulatory charges are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid and include the costs associated with funding Ministry of Energy and Infrastructure conservation and renewable energy programs.

Debt Retirement Charge: The debt retirement charge pays down the debt of the former Ontario Hydro.

NOTE: For a detailed explanation of electricity terms, please visit www.HydroOneNetworks.com or www.oeb.gov.on.ca.

Canadian Manufactures & Exporters (CME) INTERROGATORY #7 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

The evidence at Exhibit H1, Tab 5, Schedule 2, page 5, lines 14 and 15 indicates that Hydro One is aware of the influence that the transition to more and more renewable energy sources is likely to have on market prices.

- (a) What is Hydro One's estimate of the current market price for electricity?
- (b) Apart from changes in the market price, what other impacts on the various line items in the electricity bill is Hydro One expecting, over the period 2010 to 2014, as a result of the transition to more and more renewable energy sources that displace less expensive Hydroelectric and/or Nuclear generation? In what line items of the bill are those impacts likely to appear?
- (c) Please describe the conditions that have given rise to the Surplus Baseload Generation ("SBG") problem and, in particular, indicate the extent to which generation from renewable generation sources such as wind and solar and/or natural gas fired generation is a cause of the problem.
- (d) What conditions would need to exist to enable wind and solar and/or natural gas fired generation to be curtailed in order to assure that little or no SBG occurs in any year so that all available Hydroelectric generation capacity is used year after year.

Response

The responses for (c) and (d) have been provided by the IESO.

- (a) Hydro One does not estimate the market price for electricity. The current market price for electricity is available on the IESO website at <http://www.ieso.ca/>.
- (b) The transition to more renewable energy sources will necessitate the construction of new transmission and distribution facilities by Hydro One. The costs associated with new transmission facilities will be reflected in the "Delivery" component of Hydro One customers' bills. The costs associated with new distribution facilities will be shared between Hydro One customers and all provincial electricity consumers. The costs borne by Hydro One customers alone will appear in the "Delivery" component

1 of the bill, the costs paid for by all provincial electricity consumers will be
2 administered by the IESO and will appear in the “Regulatory” portion of the bill.
3

4 (c) There are numerous factors that when combined give rise to increased incidents and
5 severity of SBG. To begin, there are limited options available to lower output from
6 baseload generators in order to maintain the balance between supply and demand.
7 The current economic conditions have increased the frequency of SBG as overall
8 electricity demand has declined. The IESO have also observed that as Ontario's
9 supply mix continues to change there are increased incidences of SBG. Sometimes
10 events such as unexpectedly high production of variable resources (i.e., under-
11 forecasting from participants) or low export levels to adjacent areas can lead to SBG
12 conditions in real-time. In addition, SBG also tends to be more prevalent during
13 periods when most generators are available, having completed outages in preparation
14 for the peak periods in summer and winter months. Renewable generation resources
15 such as wind and solar and/or natural gas fired generation can contribute to SBG
16 conditions due to, among other things:

- 17
18 i. use of a fuel that cannot be stored in the case wind and solar; and
19 ii. the generator must continue to produce in order to meet their contractual
20 obligations, regulatory requirements, and to avoid reliability and safety issues or
21 equipment damage.
22

23 (d) The IESO is currently undertaking a review of viable options for managing SBG in
24 real-time; accordingly, the IESO is not in a position to elaborate on the specific
25 features or conditions that would need to be put in place.
26

1 **Canadian Manufactures & Exporters (CME) INTERROGATORY #8 List 1**

2
3 **Interrogatory**

4
5 Issue 1.3

6
7 References: Exhibit A, Tab 2, Schedule 1, paragraph 3
8 Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
9 Exhibit A, Tab 7, Schedule 1, pages 6 and 7

10
11 What is the estimate total, year by year, incremental distribution capital spending that is
12 likely to occur if the total incremental transmission capital spending that Hydro One
13 plans, for the period 2011 to 2014, is approved?

14
15
16 **Response**

17
18 Incremental distribution capital spending will be as approved in the recent distribution
19 2010 and 2011 decision, and consistent with the 2010-2014 Business Plan.

Canadian Manufactures & Exporters (CME) INTERROGATORY #9 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

Please describe and produce all information Hydro One has in its possession pertaining to changes that are likely to occur, in the period 2010 to 2014, that will affect the GAM and provide an estimate of the amount Hydro One expects GAM to increase over the period 2010 to 2014.

Response

Hydro One only has an estimate of the amount GAM is expected to increase over the period 2010 to 2014 as a result of programs under its control.

Per the direction issued to Ontario Power Authority, Hydro One is not allowed to offer CDM programs to its Transmission customers; these are expected to be delivered by the OPA. Hydro One Networks is expected to achieve 210MW peak reduction and 1,014 GWh of energy savings over the period 2011 to 2014 as a condition of Distribution Licence (per the targets issued by the OEB on June 22, 2010). Programs to meet this licence condition will be funded by Global Adjustment Mechanism.

Hydro One Networks is currently developing its CDM Strategy for distribution for submission to the Board by November 1st, 2010, as per the requirements of the draft CDM Code issued by the OEB June 22, 2010. Current estimates of required GAM funding to meet the Distribution Licence condition totals approximately \$350 M over the 2011 to 2014 period and is subject to change.

Canadian Manufactures & Exporters (CME) INTERROGATORY #10 List 1

Interrogatory

Issue 1.3

References: Exhibit A, Tab 2, Schedule 1, paragraph 3
Exhibit A, Tab 3, Schedule 1, page 4, paragraph 1
Exhibit A, Tab 7, Schedule 1, pages 6 and 7

The Board's Distribution Rate Handbook implies that consumers cannot be expected to tolerate an average annual total bill increase in excess of 10%. Hydro One had planned to file its application for increases in transmission rates on or about April 1, 2010. On March 29, 2010, OPG announced its plan to submit an application to the OEB in April and began stakeholder sessions. Hydro One did not file its application for transmission rate increases on or about April 1, 2010 as initially planned. On May 6, 2010, an article appeared in the Globe and Mail. The article notes the magnitude of the increases being requested by Hydro One and OPG. The article suggests that the government considered the combined bill impacts of the pending applications of Hydro One and OPG. In the context of these developments, please provide the following information:

- (a) Compared to the application Hydro One planned to file on or about April 1, 2010, what is the amount that Hydro One decided to refrain from claiming from ratepayers?
- (b) What criteria were applied by Hydro One's Board of Directors to cause them to conclude that a portion of the amount reflected in the application that was to have been filed on or about April 1, 2010 should not be claimed?
- (c) Assume that Hydro One's spending plans, in combination with the impacts of transitioning to more and more renewable energy sources, are likely to produce total bill increases for a typical or average residential consumer in an amount that exceeds, on average, 10% per year over five years. Under this assumption, does Hydro One have any suggestions as to what the OEB should do to constrain the total bill impacts on a typical residential customer to an amount that does not exceed, on average, 10% per year over the next five years?

Response

(a) Please refer to Exhibit I, Tab 3, Schedule 1.

(b) Please refer to Exhibit I, Tab 3, Schedule 1.

(c) In accordance with OEB requirements per the 2006 EDR Handbook, Hydro One ensures that the impact of its rate applications will not result in an increase of more than 10% on an average customer's total bill in any given year. In the case of Hydro One Distribution's plan to consolidate its large number of rate classes into 12 rate

Filed: August 16, 2010

EB-2010-0002

Exhibit I

Tab 3

Schedule 10

Page 2 of 2

1 classes, the proposal would have resulted in customer bill impacts beyond 10% if
2 accomplished in one step. In that instance, the OEB accepted Hydro One's proposal
3 to complete the transition to the new rate classes over a four year period so as to
4 ensure that average customer impacts on total bill did not exceed 10% per year.

Canadian Manufactures & Exporters (CME) INTERROGATORY #11 List 1

Interrogatory

Issues 4.1, 4.2, 4.3, 9.1 and 9.2

References: Exhibit A, Tab 3, Schedule 1, page 5, paragraph 3
Exhibit A, Tab 11, Schedule 4
Exhibit D1, Tab 3
Exhibit D2, Tab 2

To what extent does the test period Revenue Requirement decrease if Construction Work in Progress (UCWIP") pertaining to the Bruce to Milton Line is excluded from Rate Base? Please provide details of the calculation that one performs to answer this question.

Response

If Construction Work in Progress related to the Bruce to Milton Line is excluded from rate base, revenue requirement will decrease by \$43.7M and \$26.0M in 2011 and 2012, respectively.

Rate Base	2011	2012	
Removal of BxM CWIP	(485.8)	(289.0)	a
Capital Structure (%):			
Third-party long-term debt	54.9%	56.7%	b
Deemed long-term debt	1.1%	-0.7%	c
Short-term debt	4.0%	4.0%	d
Common equity	40.0%	40.0%	e
Capital Structure (\$):			
Third-party long-term debt	(266.7)	(163.7)	f = a*b
Deemed long-term debt	(5.4)	1.9	g = a*c
Short-term debt	(19.4)	(11.6)	h = a*d
Common equity	(194.3)	(115.6)	i = a*e
Allowed return (%):			
Third-party long-term debt	5.67%	5.64%	j
Deemed long-term debt	5.67%	5.64%	k
Short-term debt	3.99%	5.00%	l
Common equity	10.16%	10.41%	m
Allowed return (\$):			
Third-party long-term debt	(15.1)	(9.2)	n = f*j
Deemed long-term debt	(0.3)	0.1	o = g*k
Short-term debt	(0.8)	(0.6)	p = h*l
Common equity	(19.7)	(12.0)	q = i*m
Decrease in Revenue Requirement:			
Return on Debt	(16.1)	(9.7)	r = n+o+p
Return on Equity	(19.7)	(12.0)	s = q
Income Tax	(7.8)	(4.3)	¹ t = [s/(1-TR)]*TR
	(43.6)	(26.0)	

¹ TR = tax rate

Canadian Manufactures & Exporters (CME) INTERROGATORY #12 List 1

Interrogatory

Issues 4.1, 4.2, 4.3, 9.1 and 9.2

References: Exhibit A, Tab 3, Schedule 1, page 5, paragraph 3
Exhibit A, Tab 11, Schedule 4
Exhibit D1, Tab 3
Exhibit D2, Tab 2

Please provide a breakdown of the total Capital Budgets for Hydro One Transmission for the 2011 and 2012 test years, and for the years 2013 to 2015, with the total amounts segregated between Green Energy Act ("GEAU) Capital Expenditures and other transmission Capital Expenditures.

Response

		2011	2012
	Total Capital (\$M)	1,151.8	1008.3
	Total Green Projects (\$M)	126.7	198.1
D11	Toronto Area Station Upgrades for Short Circuit Capability: Rebuild Hearn SS	54.6	27.0
D12	Toronto Area Station Upgrades for Short Circuit Capability: Leaside TS Equipment Uprate	13.5	21.9
D13	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate	9.0	9.2
D32	Enabling 230/44kV TS #1 and Short (<2km) Tap	0.05	8.4
D33	Enabling 115/44kV TS #1 and Short (<2km) Tap	0.05	8.4
D34	Algoma x Sudbury Transmission Expansion	0	5.7
D35	Northwest Transmission Reinforcement	4.5	16.9
D36	Static Var Compensator #1 at Existing Station in South Western Ontario	0.4	32.9
D37	In-Line Circuit Breakers #1	13.4	6.9
D38	In-Line Circuit Breakers #2	13.4	6.9
D39	In-Line Circuit Breakers #3	3.2	7.2
D40	In-Line Circuit Breakers #4	3.2	7.2
D41	In-Line Circuit Breakers #5	0	1.2
D42	In-Line Circuit Breakers #6	0	1.2
D43	Station Protection Upgrades for Distributed Generation	5.3	15.8
D44	Transfer Trip Facilities	4.7	14.0
Other	Other capital projects <\$3 million per D1-3-3 Tables 6, 8 and 9	1.4	7.3
	Total Non Green (\$M)	1025.1	811.3

Please refer to Exhibit I, Tab 1, Schedule 103 for the capital expenditures in the test years for Schedule A projects.

Please refer to Exhibit I, Tab 1, Schedule 107 for the capital expenditures in the test years for Schedule B projects.

Capital expenditure information for 2013 to 2015 is out of scope for this application.

Canadian Manufactures & Exporters (CME) INTERROGATORY #13 List 1

Interrogatory

Issues 4.1, 4.2, 4.3, 9.1 and 9.2

References: Exhibit A, Tab 3, Schedule 1, page 5, paragraph 3
Exhibit A, Tab 11, Schedule 4
Exhibit D1, Tab 3
Exhibit D2, Tab 2

For each of the Capital Budget totals shown above for the years 2011 and 2012, list, year by year, beginning January 1, 2011, each of the projects that will be completed and in service in one year or less; each of the projects that will be completed and in service in two years or less; and each of the projects that will take more than two years to complete and put in service.

Response

The following development projects are anticipated to be complete before the end of 2011:

Item#	Investment Description
D2	Northeast Transmission Reinforcement: Install SVC's at Porcupine TS & Kirkland Lake TS
D3	Nanticoke TS - Install 500 kV, 350 MVar Static Var Compensator
D4	Detweiler TS – Install 230 kV, 350 MVar Static Var Compensator
D5	Essa TS – Install 250 MVar Shunt Capacitor Bank
D6	Porcupine TS - Install two 100 MVar Shunt Capacitor Banks
D7	Hanmer TS - Install 149 MVar Shunt Capacitor Bank
D9	Woodstock Area Transmission Reinforcement
D17	Kirkland Lake TS: Reconnect Idle K4 Line
D24	Long Lac TS: Replace End-of-Life 115-44 kV Transformers
D28	500 MW Renewables III RFP (Talbot Wind Farm)
D29	350 MW Peaking Generation in Northern York Region

The following development projects are anticipated to be completed later than 2011, and by the end of 2012:

Item#	Investment Description
D1	New 500 kV Bruce to Milton Double Circuit Transmission Line
D10	Rebuild Burlington TS 115kV Switchyard
D11	Toronto Area Station Upgrades for Short Circuit Capability: Rebuild Hearn SS
D12	Toronto Area Station Upgrades for Short Circuit Capability: Leaside TS Equipment Uprate
D16	Commerce Way TS: Build new TS and Line Connection (formerly Woodstock East TS)
D18	South Halton Tremaine TS: Build New Transformer Station
D25	North Bay TS: Upgrade to a 115-44 kV Transformer Station
D26	Barwick TS: Build new Transformer Station
D27	Duart TS: Build new Transformer Station and Line Connection (formerly Rodney TS)
D30	Chatham Wind Generation Connection (260MW)
D31	Lower Mattagami Generation Connections
D37	In-Line Circuit Breakers #1 (Item #4 in Schedule B)
D38	In-Line Circuit Breakers #2 (Item #4 in Schedule B)

The following development projects will be completed after 2012:

Item#	Investment Description
D8	Dryden TS – Install a Shunt Capacitor Bank
D13	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate
D14	Midtown Transmission Reinforcement Plan
D15	Guelph Area Transmission Reinforcement
D19	Ancaster TS: Build new Transformer Station and Line Connection
D20	East Ottawa TS: Build new Transformer Station
D21	Leamington TS: New 230/27.6 kV DESN and Line Connection
D22	New 230/28 kV Transformer Station in Northern Mississauga & Line Connection
D23	Enfield TS: Build 230/44 kV DESN and Line Connection (formally Oshawa Area TS)
D32	Enabling 230/44kV TS #1 and Short (<2km) Tap(Item #2 in Schedule B)
D33	Enabling 115/44kV TS #1 and Short (<2km) Tap(Item #2 in Schedule B)
D34	Algoma x Sudbury Transmission Expansion4(Item #4 in Schedule A)
D35	Northwest Transmission Reinforcement4(Item #14 in Schedule A)
D36	Static Var Compensator #1 at Existing Station in South Western Ontario (Item #1 in Schedule B)
D39	In-Line Circuit Breakers #3 (Item #4 in Schedule B)
D40	In-Line Circuit Breakers #4 (Item #4 in Schedule B)
D41	In-Line Circuit Breakers #5 (Item #4 in Schedule B)
D42	In-Line Circuit Breakers #6 (Item #4 in Schedule B)

For sustainment programs, please refer to Exhibit I, Tab 1, Schedule 64.

Canadian Manufactures & Exporters (CME) INTERROGATORY #14 List 1

Interrogatory

Issues 4.1, 4.2, 4.3, 9.1 and 9.2

References: Exhibit A, Tab 3, Schedule 1, page 5, paragraph 3
Exhibit A, Tab 11, Schedule 4
Exhibit D1, Tab 3
Exhibit D2, Tab 2

For those multi-year projects that will not be completed and in service by December 31, 2012, please show, year by year and cumulatively, the amounts that Hydro One plans to spend in order to complete each of those projects.

Response

The following development projects will not be completed and in service by the end of 2012:

Item#	Investment Description	2011	2012	Net Total
D8	Dryden TS – Install a Shunt Capacitor Bank	0.1	10.4	10.7
D13	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate	9	18.2	30.4
D14	Midtown Transmission Reinforcement Plan	18.2	39.7	63.1
D15	Guelph Area Transmission Reinforcement	1	5.1	50.7
D19	Ancaster TS: Build new Transformer Station and Line Connection	2.2	13.4	15.9
D20	East Ottawa TS: Build new Transformer Station	0.4	2.4	3.2
D21	Leamington TS: New 230/27.6 kV DESN and Line Connection	15.4	49.2	62.4
D22	New 230/28 kV Transformer Station in Northern Mississauga & Line Connection	0	1.9	9.1
D23	Enfield TS: Build 230/44 kV DESN and Line Connection (formally Oshawa Area TS)	0	3.1	20.7
D32	Enabling 230/44kV TS #1 and Short (<2km) Tap(Item #2 in Schedule B)	0.1	8.5	33.8
D33	Enabling 115/44kV TS #1 and Short (<2km) Tap(Item #2 in Schedule B)	0.1	8.5	33.8
D34	Algoma x Sudbury Transmission Expansion4(Item #4 in Schedule A)	0	5.7	431.6
D35	Northwest Transmission Reinforcement4(Item #14 in Schedule A)	4.5	21.4	399.5
D36	Static Var Compensator #1 at Existing Station in South Western Ontario (Item #1 in Schedule B)	0.4	33.3	78.7
D39	In-Line Circuit Breakers #3 (Item #4 in Schedule B)	3.2	10.4	20.8
D40	In-Line Circuit Breakers #4 (Item #4 in Schedule B)	3.2	10.4	20.8
D41	In-Line Circuit Breakers #5 (Item #4 in Schedule B)	0	1.2	21.6
D42	In-Line Circuit Breakers #6 (Item #4 in Schedule B)	0	1.2	21.6

Filed: August 16, 2010

EB-2010-0002

Exhibit I

Tab 3

Schedule 14

Page 2 of 2

1

2 Please note the amounts above are cumulative. Net Total includes costs incurred either
3 before or after the Test Years (2011-2012).

4

5 For sustainment programs, please refer to Exhibit I, Tab 1, Schedule 64.

Canadian Manufactures & Exporters (CME) INTERROGATORY #15 List 1

Interrogatory

Issue 3.6

References: Exhibit T1, Tab 7
Exhibit C2, Tab 5, Schedule 1

Does Hydro One pay taxes on a corporate basis, or are tax returns filed separately for each of the transmission and distribution lines of business?

Response

Hydro One pays taxes on a corporate or legal entity basis. A tax return is filed for Hydro One Networks Inc.; this consists of both the Transmission and Distribution businesses.

Canadian Manufactures & Exporters (CME) INTERROGATORY #16 List 1

Interrogatory

Issue 3.6

References: Exhibit T1, Tab 7
Exhibit C2, Tab 5, Schedule 1

If Hydro One pays taxes to the Ontario Electricity Financial Corporation ("OEFC") on a corporate basis, then please provide the following information for each of the years 2007, 2008 and 2009:

- (a) What amount of taxes did Hydro One Distribution collect from its ratepayers in each year?
- (b) What amount of taxes did Hydro One Transmission collect from its ratepayers in each year?
- (c) What amount of taxes did the corporation, Hydro One, actually pay to the OEFC in each of those years?

Response

a) Hydro One Distribution is out of the scope of this application, however, to be helpful the amount of taxes Hydro One Distribution collected from ratepayers in 2008 was \$34.6 million. Hydro One Distribution's 2007 and 2009 rate years are covered by the 2nd and 3rd Generation Incentive Regulation Mechanisms, respectively and therefore no specific amount for income taxes were approved.

b) Hydro One Transmission collected the following amounts for income taxes from its ratepayers:

2007 \$64.7 million
2008 \$52.7 million
2009 \$24.7 million

c) Hydro One Networks Inc. paid the OEFC the following relating to federal and Ontario income taxes:

2007 \$191.0 million
2008 \$103.8 million
2009 \$20.4 million