



EB-2010-0002

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

AND IN T HE MATT ER 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 electricity transmission rates.

BEFORE: Paul Sommerville
Presiding Member

Ken Quesnelle
Member

Paula Conboy
Member

**REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER ARISING FROM
THE EB-2010-0002 DECISION WITH REASONS OF DECEMBER 23, 2010
AND
2011 UNIFORM ELECTRICITY TRANSMISSION RATE ORDER**

On May 19, 2010, 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 Hydro One transmission revenue requirement and the uniform rates for electricity transmission, to be effective January 1, 2011 and January 1, 2012. The Board assigned the application file number EB-2010-0002.

The Board issued its Decision with Reasons on December 23, 2010. The Board further ordered Hydro One to file a draft Rate Order with the Board and all intervenors, including:

- An exhibit showing the final revenue requirements to reflect the Board's findings;
- An exhibit showing the calculation of the uniform electricity transmission rates and revenue shares reflecting the revenue requirement from above; and a draft schedule of the 2011 Uniform Electricity Transmission Rates.

On January 5, 2011 Hydro One filed these exhibits. The Board notes that the draft rate order implements the Board's 2010 decisions for Hydro One as well as two other Ontario electricity transmitters:

Great Lakes Power Transmission Inc.	EB-2009-0948	issued May 17, 2010
Five Nations Energy Inc.	EB-2009-0387	issued November 1, 2010

The Board also notes that all Ontario electricity transmitters were a party to this proceeding, including Canadian Niagara Power Inc.

On January 6, 2011, Hydro One held a briefing session for all parties concerning the Rate Order material filed. The Board's December 23, 2010 decision provided for a 7 day comment period for parties to comment on the Rate Order materials.

On January 9, 2011, the Building Owners and Managers Association of the Greater Toronto Area and the London Property Management Association ("BOMA/LPMA") filed a letter requesting more detailed information on three specific areas of Hydro One's draft Rate Order exhibits (HST adjustments, Working Capital changes and AFUDC adjustments). On January 12, 2011, Hydro One responded to the issues raised by BOMA/LPMA by providing further information and clarifications for each of the issues raised by BOMA/LPMA.

No other party commented or objected to the draft Rate Order exhibits.

The Board has reviewed the comments filed by BOMA/LPMA and the Hydro One response to those comments and finds that Hydro One has reasonably and appropriately reflected the Board's December 23, 2010 Decision in the draft Rate Order. The Board also finds that Hydro One has appropriately reflected the relevant Board decisions regarding the other transmitters in Ontario in the draft Rate Order.

Therefore, the Board finds it appropriate to issue a final Rate Order regarding Hydro One's 2011 Test Year revenue requirements and charge determinants for use in the implementation of the Ontario Uniform Electricity Transmission rates.

THEREFORE, THE BOARD ORDERS THAT:

1. The Hydro One Base Revenue Requirement for 2011, \$1,345.6 million as shown in Exhibit 1.0 in Appendix A, is approved for recovery through the Uniform Electricity Transmission Rates.
2. The allocation of the approved revenue requirements to the three electricity 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 and the Uniform Electricity Transmission Rates and Revenue Allocators for rates effective January 1, 2011, as shown in Exhibit 4.0 in Appendix A are approved.
5. The Wholesale Meter Service and Exit Fee Schedule, attached as Exhibit 5.0 in Appendix A, is approved.

ISSUED at Toronto, January 17, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

**HYDRO ONE NETWORKS INC. TRANSMISSION REVENUE
REQUIREMENT/CHARGE DETERMINANT ORDER**

AND

2011 UNIFORM ELECTRICITY TRANSMISSION RATE ORDER

EB-2010-0002

JANUARY 17, 2011

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2010-0002

Revenue Requirement Summary

(\$ millions)	Supporting Reference	Hydro One Proposed 2011	Hydro One Proposed 2012	OEB Decision Impact 2011	OEB Decision Impact 2012	OEB Approved 2011	OEB Approved 2012
OM&A	Exhibit 1.1	436.3	450.0	(17.6)	177.1	418.8	627.1
Depreciation	Exhibit 1.2	302.9	334.8	(1.0)	(4.1)	301.8	330.8
Return on Debt	Exhibit 1.4	284.8	312.3	(27.3)	(25.1)	257.5	287.1
Return on Equity	Exhibit 1.4	340.5	380.4	(37.0)	(28.3)	303.5	352.1
Income Tax	Exhibit 1.5	80.9	70.0	(17.0)	(9.4)	64.0	60.6
Base Revenue Requirement		1,445.5	1,547.4	(99.9)	110.2	1,345.6	1,657.6
Deduct: External Revenue	Exhibit 1.6	31.3	24.7	2.4	4.0	33.7	28.7
Subtotal		1,414.2	1,522.7	(102.3)	106.2	1,311.8	1,628.9
Deduct: Export Tx Service Revenue	Exhibit 1.7	(10.1)	(10.2)	(5.9)	(5.8)	(16.0)	(16.0)
Deduct: Other Cost Charges	Exhibit 1.8	(10.0)	2.6	2.6	(2.6)	(7.4)	-
Add: Low Voltage Switch Gear	Note 2	11.8	12.5	(0.7)	1.4	11.1	13.9
Rates Revenue Requirement		1,405.8	1,527.5	(106.3)	99.3	1,299.5	1,626.8

Note 1: In 2011, a variance account will be established for property rights payments to track changes from approved amounts. In 2012, IFRS transition variance accounts will be established for the impact of further changes to IFRS; IFRS gains and losses; and the \$200 million impact on 2012 Revenue Requirement of adopting IFRS accounting for overheads capitalized [this is estimated to be \$196.7 million once the rate base impact is taken into account of the shift from capex to OM&A]. Further, the 2012 Revenue Requirement impact if the Bruce to Milton Project in-service date is delayed from 2012 until 2013 will also be tracked in a variance account. Also, variance accounts will continue to be utilized for export revenues, secondary land use, External Station Maintenance and E&CS revenues to track changes from approved amounts.

Note 2: The value of \$13.9M for LVSG in 2012 is an estimate and will be revised once the 2012 Revenue Requirement is finalized in the fall of 2011.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2010-0002

2011 Revenue Requirement by Rate Pool

	Supporting Exhibit	2011 Rate Pool Revenue Requirement (\$ Million)					
		Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	1.1	203.9	38.9	104.6	347.5	0.5	348.0
Other Taxes (Grants-in-Lieu)	Note 1	43.5	10.9	16.4	70.7	0.0	70.8
Depreciation of Fixed Assets	1.2	167.2	39.5	78.6	285.3	0.1	285.4
Capitalized Depreciation	Note 2	(5.6)	(1.4)	(2.2)	(9.2)	(0.0)	(9.2)
Asset Removal Costs	Note 2	11.2	2.8	4.4	18.4	0.0	18.4
Other Amortization	Note 2	4.5	1.1	1.7	7.2	0.0	7.3
Return on Debt	1.4	158.2	39.5	59.7	257.4	0.1	257.5
Return on Equity	1.4	186.4	46.6	70.4	303.4	0.1	303.5
Income Tax	1.5	39.3	9.8	14.8	63.9	0.0	64.0
Base Revenue Requirement		808.6	187.7	348.5	1344.8	0.8	1345.6
Less Regulatory Asset Credit	1.8	(4.4)	(1.0)	(1.9)	(7.4)	(0.0)	(7.4)
Total Revenue Requirement		804.1	186.7	346.6	1337.4	0.8	1338.2
Less Non-Rate Revenues	1.6	(20.3)	(4.7)	(8.7)	(33.7)	(0.0)	(33.7)
Less Export Revenues	1.7	(16.0)			(16.0)		(16.0)
Plus LVSG Credit	6.0			11.1	11.1		11.1
Total Revenue Requirement for UTR		767.9	182.0	348.9	1298.8	0.8	1299.5
Hydro One Proposed Pool Revenue Requirement	Note 3	839.7	195.6	369.6	1405.0	0.8	1405.8

Note 1: Included with OM&A total in Exhibit 1.1. See EB-2010-0002 Exhibit G2, Tab 5, Schedule 1, Page 1.

Note 2: Included with Depreciation total in Exhibit 1.2. See EB-2010-0002 Exhibit G2, Tab 5, Schedule 1, Page 1.

Note 3: See EB-2010-0002 Exhibit G2, Tab 5, Schedule 1, Page 1.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2010-0002

Summary Charge Determinants
(for Setting Uniform Transmission Rates for January 1, 2011 to December 31, 2011)

	Total MW *
Network	241,795
Line Connection	233,996
Transformation Connection	202,198

* 2011 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-2010-0002

Uniform Transmission Rates and Revenue Disbursement Allocators
(for Period January 1, 2011 to December 31, 2011)

Transmitter	Revenue Requirement (\$) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,306,935	\$1,020,593	\$1,957,135	\$7,284,663
CNPI	\$2,727,030	\$646,211	\$1,239,202	\$4,612,443
GLPT	\$19,900,913	\$4,715,822	\$9,043,268	\$33,660,003
H1N (Note 1)	\$767,870,937	\$181,958,610	\$348,931,864	\$1,298,761,411
All Transmitters	\$794,805,816	\$188,341,236	\$361,171,470	\$1,344,318,521

Transmitter	Total Annual Charge Determinants (MW) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	
FNEI	187.120	213.460	76.190	
CNPI	583.420	668.600	668.600	
GLPT	4,019.797	2,939.425	1,057.605	
H1N (Note 2)	241,794.994	233,995.528	202,198.429	
All Transmitters	246,585.331	237,817.013	204,000.824	

Transmitter	Uniform Rates and Revenue Allocators (Note 4)			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	3.22	0.79	1.77	
	↓	↓	↓	
FNEI Allocation Factor	0.00542	0.00542	0.00542	
CNPI Allocation Factor	0.00343	0.00343	0.00343	
GLPT Allocation Factor	0.02504	0.02504	0.02504	
H1N Allocation Factor	0.96611	0.96611	0.96611	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Networks (H1N) 2011 UTR 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.
Ontario, Canada

WHOLESALE METER SERVICE
And
EXIT FEE SCHEDULE

Rate Schedule: HON-MET
Issued: January 17, 2011
Ontario Energy Board

RATE SCHEDULE: HON-MET	HYDRO ONE NETWORKS - WHOLESALE METER SERVICE
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APPLICABILITY:

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

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

a) Wholesale Meter Service

The *metered market participant* in respect of a *load facility* (including customers of an LDC) shall be required to pay an annual rate of \$ 7,700 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:	REPLACING RATE:	BOARD ORDER:	Page 2 of 2
January 1, 2011	EB-2008-0272	EB-2010-0002	Wholesale Meter Service Rate
	January 21, 2010		& Exit Fee Schedule for
			Hydro One Networks Inc.