



May 14, 2010

## Hydro One Networks Distribution Rate Change

The Ontario Energy Board (OEB) has recently approved a **2010 delivery rate increase** for Hydro One customers. The new delivery rates apply to consumption starting May 1, 2010.

### Reason for the increase

Our first priority is to deliver electricity to our customers safely, reliably and efficiently. This increase is needed to:

- Replace and maintain equipment nearing its end of life or damaged by storms.
- Build or upgrade our facilities to keep up with customer growth and ensure reliability of the distribution system.
- Connect renewable generation projects to our distribution facilities as part of the government's *Green Energy and Green Economy Act*.
- Recover higher costs of capital, capital costs for physical infrastructure and system improvements, and compensation.

The table below compares 2009 delivery rates with the new 2010 rates for the Sub-Transmission rate class.

Component	Charge Determinant per Billing Month	Old Rate	New Rate	Rider #4 Foregone May 2008 to January 2009 Revenue	Rider #8 Green Energy Rider	Net Rate (Rate plus Foregone Revenue Riders)
Service Charge	\$/Delivery Point	\$118.27	\$274.12	(\$65.78)	3.13	\$211.47
Meter Charge	\$/Meter	\$346.34	\$440.17	(\$192.48)	5.02	\$252.71
Common ST Lines Charge	\$/KW	\$0.35	\$0.63	(\$0.195)	0.007	\$0.442
Specific Primary Lines Charge	\$/KM	\$339.96	\$463.45	(\$188.93)	5.28	\$279.80
LVDS	\$/KW	\$0.78	\$1.836	(\$0.43)	0.021	\$1.427
Specific ST Lines Charge	\$/KM	\$438.64	\$598.00	(\$243.77)	6.82	\$361.05
HVDS Low	\$/KW	\$1.66	\$3.344	(\$0.93)	0.038	\$2.452
HVDS High	\$/KW	\$0.89	\$1.508	(\$0.50)	0.017	\$1.025

Note: The service charge is per delivery point and the meter charge is per meter point and is applied only if Hydro One owns the metering equipment.



Retail transmission rates are also increasing to reflect the approved 2010 Uniform Transmission Rates that occurred in January. These RTSR rates are effective May 1 2010. They are included in the Delivery line of your invoice and are listed in the table below.

Existing RTSR			New RTSR		
Network Service Rate (\$/kW)	Line Connection Service Rate (\$/kW)	Transformation Connection Service Rate (\$/kW)	Network Service Rate (\$/kW)	Line Connection Service Rate (\$/kW)	Transformation Connection Service Rate (\$/kW)
\$2.24	\$0.60	\$1.39	\$2.65	\$0.64	\$1.50

On average for the Sub Transmission rate class this rate increase is estimated to be less than one per cent on the total bill.

### Regulatory Asset Recovery (riders)

- Rider 2, 5A and 5C ended on April 30, 2010
- Rider 3A – Relates to variance accounts for Retail Transmission service charges, Smart meter, tax rate change, OEB costs, and Low Voltage Wheeling. It was approved by the OEB in December 2008 for implementation February 2009 to April 2011.
- Rider 3B - is only for non market participants and relates to the variance accounts for Wholesale Market Service charge and Provincial Benefit and is in effect from February 2009 – April 2011.
- Rider 4 ends on April 30 2011 - **RAR 4** was approved by the OEB as a foregone revenue rate rider to account for the revenue difference between the effective approval date of May 01, 2008 and the rate implementation date of Feb 01, 2009. It is in effect for 27 months starting Feb 09 to April 2011. This rider is both a fixed and variable credit applied to each ST tariff to effectively reduce the tariff over the time period implemented as shown in the above table.
- **New** - Rider 6 was approved to be refunded over 20 months (May 2010 – December 2011).
  - Rider 6A recovers Retail Cost Variance Account (RCVA) and Retail Settlement Variance Accounts (RSVA) balances audited results to December 31, 2009, Smart Meter balances audited results to December 31, 2009 and includes final clearance of Rider 1 over collection. This Rider is split into 2 volumetric charges for ST LDCs (i.e. Rider 6A (\$/kW 0.005) is a charge; 6B (\$/kW 0.296) is a credit that applies to only non Wholesale Market Participants).
- **New** - Green Energy Rider - Rider 8 was approved to be charged over 8 rates – one adder to each main ST charge. This Rider was approved to be charged over 20 months (May 2010 – December 2011).



## **Your Delivery Point Detail Statement**

The RAR (riders) and RTSR charges will appear under the Delivery line on your detailed statement.

### ***Delivery***

Meter Charge  
Monthly Service Charges  
Regulatory Asset Recovery 2008 - ***(includes 3A)***  
Regulatory Asset 2008: WMSC – ***(includes 3B)***  
Common ST Lines  
RAR-2010-WMSC – ***(includes Rider 6B)***  
RAR-2010-General – ***(includes Rider 6A)***  
Transmission Connection Charge  
Transmission Network Charge

### **More information**

For more information, please refer to the enclosed Rates for Retail Distribution Service for the Sub Transmission (ST) Class. Your facility will be billed these new rates on your first bill issued after May 19, 2010. To view a copy of the OEB's Decision on our 2010 Distribution Rate Application, go to [www.oeb.gov.on.ca/OEB/Industry](http://www.oeb.gov.on.ca/OEB/Industry) and click on Electricity Distribution Rate Applications and Decisions.

### **Contact us**

If you have any questions, please call Robert Bailey at the Business Customer Centre. Robert can be reached at (905) 944-3270 or 1-800-419-5208 ext 3270 or you may also send an email at [RobertH.Bailey@HydroOne.com](mailto:RobertH.Bailey@HydroOne.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Bradley Colden".

Brad Colden  
Manager, Customer Business Relations  
Hydro One Networks Inc.  
416-345-6810