

**Hydro One Networks Inc.**

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**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs

VIA COURIER

May 28, 2012

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700, P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2012-0136 - Hydro One Networks Inc. 2013 IRM Distribution Rate Application**

Hydro One Networks Inc. ("Hydro One") wishes to advise the Ontario Energy Board ("the Board") that it is filing a Distribution IRM rate application for the 2013 test year for rates effective January 1, 2013. The attached summary of the 2013 Distribution IRM Application should assist the Board with scheduling its review of this application. Hydro One will file evidence in support of this Application in mid June 2012.

If approved as filed, distribution rates for a residential customer with an annual consumption of 800 kWh will rise by approximately 3.1% or 1.1% on a total bill basis in 2013. Including previously Board approved RTSR adjustments for 2011 and 2012, the total bill impact would be approximately 2.2%.

Hydro One filed a Transmission Rate Application for the 2013 and 2014 test years under separate cover earlier today.

If the Board has any questions or concerns, please do not hesitate to contact me.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank



- 1           ○ The establishment of a rate rider to recover 2013 incremental in-  
2           service capital of approximately \$645 million per Hydro One’s  
3           proposed adjustments to the Board’s Incremental Capital Module  
4           (“ICM”) as outlined in Hydro One’s submission in the Renewed  
5           Regulatory Framework proceeding (EB-2010-0377, EB-2011-0043  
6           and EB-2011-0004) filed with the Board on April 20, 2012;
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- 8           ○ The disposition of the Group 1 Deferral and Variance accounts  
9           balance of \$(37.5) million as at December 31, 2011 and the  
10          determination of a rate rider to refund those balances over two  
11          years as outlined in the Report of the Board on Electricity  
12          Distributor’s Deferral and Variance Account Review Initiative, EB  
13          – 2008-0046 dated July 31, 2009;
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- 15          ○ The establishment of a rate rider associated with the 50%/50%  
16          sharing of the impact of decrease in income tax rate per the  
17          Supplemental Report of the Board on 3rd Generation Incentive  
18          Regulation for Ontario’s Electricity Distributors (EB-2007-0673) –  
19          September 17, 2008; also, pursuant to section 2.5 (Tax Changes) of  
20          Chapter 3 of the Filing Requirements for Transmission and  
21          Distribution Applications dated June 22, 2011;
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- 23          ○ The establishment of a Smart Grid rate adder to recover Smart  
24          Grid OM&A spending of \$19.8 million in 2013; and
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- 26          ○ Approval to implement the final step of rate harmonization  
27          approved under EB-2007-0681.
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- An adjustment to the retail transmission service rates as provided in the Board’s Guideline (G-2008-0001) on Retail Transmission Service Rates – October 22, 2008 (Revision 3.0 June 22, 2011) to reflect the Board approved Uniform Transmission Rates effective January 1, 2012; and
- Approval to implement the results of the Density Study the Board directed Hydro One to undertake as part of its EB-2009-0096 Decision.

4. The written evidence filed with the Board may be amended, if necessary, at any time prior to the Board’s final decision on the Application. Further, the Applicant may seek meetings with Board staff in an attempt to identify and reach agreements to settle issues arising out of this Application.

5. The persons affected by this Application are the ratepayers of Hydro One Networks’ Distribution business. It is impractical to set out their names and addresses because they are too numerous.

6. Hydro One Networks requests that a copy of all documents filed with the Board by each party to this Application be served on the Applicant and the Applicant’s counsel as follows:

- a) The Applicant:  
  
Mr. Pasquale Catalano  
Regulatory Coordinator  
Hydro One Networks Inc.



1 Ms. Anita Varjacic  
2 Rogers Partners LLP

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4 Address for personal service: 100 Wellington Street West  
5 Suite 500, P.O. Box 255  
6 Toronto, ON M5K 1J5

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8 Mailing Address: 100 Wellington Street West  
9 Suite 500, P.O. Box 255  
10 Toronto, ON M5K 1J5

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12 Telephone: (416) 594-4522  
13 Fax: (416) 594-9100  
14 Electronic access: [anita.varjacic@rogerspartners.com](mailto:anita.varjacic@rogerspartners.com)

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17 DATED at Toronto, Ontario, this 25<sup>th</sup> day of May 2012.

18

19 HYDRO ONE NETWORKS INC.

20 By its counsel,

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22 ORIGINAL SIGNED BY DON H. ROGERS

23 Don H. Rogers