Hydro One Networks Inc.

8th Floor, South Tower 483 Bay Street Toronto, Ontario M5G 2P5 www.HydroOne.com Tel: (416) 345-5700 Fax: (416) 345-5870 Cell: (416) 258-9383 Susan.E.Frank@HydroOne.com



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

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ONTARIO ENERGY BOARD 1 2 IN THE MATTER OF the Ontario Energy Board Act, 1998; 3 4 AND IN THE MATTER OF an Application by Hydro One Networks Inc. 5 for an Order or Orders approving rates for the distribution of electricity. 6 7 **APPLICATION** 8 9 1. The Applicant is Hydro One Networks Inc. (Hydro One Networks), a subsidiary 10 of Hydro One Inc. Hydro One Networks is an Ontario corporation with its head 11 office at Toronto. The Applicant carries on the business, among other things, of 12 owning and operating distribution facilities in Ontario. The distribution business 13 of Hydro One Networks will be referred to as "Hydro One Distribution". 14 15 2. Hydro One Networks is applying to the Ontario Energy Board (the "Board"), 16 pursuant to Section 78 of the Ontario Energy Board Act, 1998, for an Order or 17 Orders approving the customer rates for the distribution of electricity, to be 18 effective on January 1, 2013. 19 20 3. The scope of this Application includes: 21 22 The review of Distribution rates effective January 1, 2013 based on 2011 23 rates adjusted by: 24 25 o 0.88% by application of the Board's IRM Price Cap Index 26

Adjustment formula;

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o The establishment of a rate rider to recover 2013 incremental inservice capital of approximately \$645 million per Hydro One's proposed adjustments to the Board's Incremental Capital Module ("ICM") as outlined in Hydro One's submission in the Renewed Regulatory Framework proceeding (EB-2010-0377, EB-2011-0043 and EB-2011-0004) filed with the Board on April 20, 2012;

The disposition of the Group 1 Deferral and Variance accounts balance of \$(37.5) million as at December 31, 2011 and the determination of a rate rider to refund those balances over two years as outlined in the Report of the Board on Electricity Distributor's Deferral and Variance Account Review Initiative, EB – 2008-0046 dated July 31, 2009;

o The establishment of a rate rider associated with the 50%/50% sharing of the impact of decrease in income tax rate per the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (EB-2007-0673) – September 17, 2008; also, pursuant to section 2.5 (Tax Changes) of Chapter 3 of the Filing Requirements for Transmission and Distribution Applications dated June 22, 2011;

The establishment of a Smart Grid rate adder to recover Smart Grid OM&A spending of \$19.8 million in 2013; and

o Approval to implement the final step of rate harmonization approved under EB-2007-0681.

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1		An adjustment to the retail transmission service rates as provided in the		
2		Board's Guideline (G-2008-0001) on Retail Transmission Service Rates		
3		October 22, 2008 (Revision 3.0 June 22, 2011) to reflect the Boa		
4		approved Uniform Transmission Rates effective January 1, 2012; and		
5				
6		Approval to implement the results of the Density Study the Board director		
7		Hydro One to undertake as part of its EB-2009-0096 Decision.		
8				
9	4.	The written evidence filed with the Board may be amended, if necessary, at an		
10		ime prior to the Board's final decision on the Application. Further, the Applica		
11		nay seek meetings with Board staff in an attempt to identify and read		
12		greements to settle issues arising out of this Application.		
13				
14	5.	The persons affected by this Application are the ratepayers of Hydro Or		
15		Networks' Distribution business. It is impractical to set out their names an		
16		ddresses because they are too numerous.		
17				
18	6.	Hydro One Networks requests that a copy of all documents filed with the Boa		
19		by each party to this Application be served on the Applicant and the Applicant's		
20		counsel as follows:		
21				
22		The Applicant:		
23				
24		Mr. Pasquale Catalano		
25		Regulatory Coordinator		
26		Hydro One Networks Inc.		
27				
28				

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1	Addre	ess for personal service:	8 th Floor, South Tower
2			483 Bay Street
3			Toronto, ON M5G 2P5
4			
5		Mailing Address:	8 th Floor, South Tower
6			483 Bay Street
7			Toronto, ON M5G 2P5
8			
9		Telephone:	(416) 345-5405
10		Fax:	(416) 345-5866
11		Electronic access:	regulatory@HydroOne.com
12			
13	b)	The Applicant's counsel:	
14			
15		Mr. D.H. Rogers, Q.C.	
16		Rogers Partners LLP	
17			
18		Address for personal service	: 100 Wellington Street West
19		Suite 500, P.O. Box 255	
20		Toronto, ON M5K 1J5	
21			
22		Mailing Address: 100	Wellington Street West
23		Suite 500, P.O. Box 255	
24		Toronto, ON M5K 1J5	
25			
26		Telephone: (416) 594-456	00
27		Fax: (416) 594-9100	
28		Electronic access:	don.rogers@rogerspartners.com
29			

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1	Ms. Anita Varjacic
2	Rogers Partners LLP
3	
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
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12	Telephone: (416) 594-4522
13	Fax: (416) 594-9100
14	Electronic access: <u>anita.varjacic@rogerspartners.com</u>
15	
16	
17	DATED at Toronto, Ontario, this 25 th day of May 2012.
18	
19	HYDRO ONE NETWORKS INC.
20	By its counsel,
21	
22	ORIGINAL SIGNED BY DON H. ROGERS
23	Don H. Rogers