

**COMPLETION OF PREVIOUSLY APPROVED RATE
HARMONIZATION**

This application includes the final harmonization step for the General Service Energy (“GSe”) rate class in the areas formerly served by acquired utilities Quinte West and Smiths Falls. As part of the harmonization process approved on December 18, 2008 by the Board in proceeding EB-2007-0681, the rates for all acquired utilities were to have been fully harmonized over a four year period ending with fully harmonized rates by January 1, 2011. While the fixed monthly charge for the GSe customers of Quinte West and Smiths Falls were at the same level as all other GSe customers, it was not possible to fully harmonize their variable rates, as this would have resulted in a total bill impact in excess of 10%, contrary to the requirements of Chapter 13 of the 2006 Distribution Rates Handbook. In this application, the GSe variable rate for Quinte West and Smiths Falls customers is now fully harmonized with the GSe rate class.

Hydro One Distribution received Board approval in EB-2007-0681 to eliminate its Low Use Secondary Service rates by harmonizing them with the GSe rate class over a five year period to be completed by January 1, 2012. Starting in 2008 Hydro One introduced a monthly fixed charge for the Low Use Secondary rate class, with the variable rate billed at the same rate as the GSe rate class. In 2013, the final step of the approved harmonization plan will be implemented, and both the fixed and variable rates for the Low Use Secondary Rate class will be the same as those of the GSe class, eliminating the need for the Low Use Secondary Rate class.

RATE RIDER CALCULATIONS

1.0 INCREMENTAL CAPITAL MODULE (ICM) RATE RIDER

Hydro One proposes to use a volumetric rate rider to collect the incremental capital revenue requirement of \$26.2 million associated with the in-service capital requirement of \$644 million in 2013 described in Exhibit B, Tab 1, Schedule 1. Attachment 1 to this Exhibit shows Hydro One's calculation of the ICM volumetric rate riders by rate class.

The calculation of the ICM volumetric rate riders follows the methodology prescribed by the Board in Sheet F1.2 of the IRM3 Incremental Capital Workform. The ICM revenue requirement share to be recovered from each rate class is based on the relative share of the revenue requirement by rate class as approved by the Board in Hydro One's last Cost of Service ("COS") application EB-2009-0096. The volumetric rate rider amounts are calculated by dividing the ICM rate class revenue requirement by the kWh or kW charge determinants for each rate class approved by the Board in Hydro One's last COS application EB-2009-0096.

The proposed ICM volumetric rate riders are included in the IRM3 Model at Sheet 14 Proposed Volumetric Rate Riders.

2.0 SMART GRID RATE RIDER

Hydro One proposes to use a volumetric rate rider to collect the proposed 2013 Smart Grid OM&A expense of \$19.8 million described in Exhibit C1, Tab 1, Schedule 1. Attachment 2 to this Exhibit shows Hydro One Distribution's calculation of the Smart Grid volumetric rate riders by rate class.

The calculation of the Smart Grid volumetric rate riders uses the same approach as prescribed by the Board for determining the ICM volumetric rate rider. The Smart Grid revenue requirement share to be recovered by each rate class is based on the relative share of the revenue requirement by rate class as approved by the Board in Hydro One's last COS application EB-2009-0096. The volumetric rate riders are calculated by dividing the Smart Grid rate class revenue requirement by the kWh or kW charge determinants for each rate class approved by the Board in Hydro One's last COS application EB-2009-0096.

The proposed Smart Grid volumetric rate riders are included in the IRM3 Model at Sheet 14 Proposed Volumetric Rate Riders.

3.0 SHARED TAX SAVINGS RATE RIDER

As part of the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (EB-2007-0673) issued September 17, 2008, the Board determined that there would be a 50/50 sharing of the impact of currently known legislated tax changes. Hydro One Distribution has identified a shared tax savings of (\$1.7) million to be refunded to customers, calculated using Sheet 5 of the Board's Shared Tax Savings Workform as described in Appendix A attached to this Exhibit.

Attachment 3 to this Exhibit shows Hydro One Distribution's calculation of the Shared Tax Savings volumetric rate riders by rate class required to refund the Shared Tax Savings amount noted above.

The calculation of the Shared Tax Savings volumetric rate riders uses the methodology prescribed by the Board in Sheet 6 of the Shared Tax Savings Workform. The Shared Tax Savings amounts to be refunded by rate class are based on the relative share of the

1 revenue requirement by rate class as approved by the Board in Hydro One's last COS
2 application EB-2009-0096. The volumetric rate riders are calculated by dividing the
3 Shared Tax Savings rate class revenue requirement by the kWh or kW charge
4 determinants for each rate class approved by the Board in Hydro One's last COS
5 application EB-2009-0096.

6
7 The proposed Shared Tax Savings volumetric rate riders are included in the IRM3 Model
8 at Sheet 14 Proposed Volumetric Rate Riders.

9
10 **4.0 DEFERRAL AND VARIANCE ACCOUNT RATE RIDERS**

11
12 The Report of the Board on Electricity Distributor's Deferral and Variance Account
13 Review Initiative Report (the "EDDVAR Report") requires that during the IRM plan
14 term, the Group 1 audited account balances be reviewed and disposed of if the preset
15 disposition threshold of \$0.001/kWh (debit or credit) is exceeded.

16
17 EB-2009-0096 included the disposition of Group 1 deferral and variance account
18 balances as of December 31, 2009. The balance of Group 1 account balances as of
19 December 31st, 2009 was (\$31.2M). This balance was transferred to account 1595 in
20 May of 2010. Hydro One has used, and continues to use, the carrying charges consistent
21 with the Board's published prescribed rates.

22
23 The account balances which are being considered for disposition under this application
24 are the Group 1 deferral and variance account balances, including interest as of
25 December 31, 2011. Account 1590 - Recovery of Regulatory Asset Balances includes
26 (\$9.0M) associated with the disposition of 2008 Regulatory balance and \$11.4M
27 associated with the disposition of other regulatory balances, primarily associated with
28 RARA 2. Table 1 shows the account balances which are proposed for disposition.

Details of the calculation of these amounts can be found in Attachment 4 to this Exhibit, which duplicates the contents of Sheet 9 of the IRM3 Model but expanded to include 2011 data.

Table 1
Deferral and Variance Accounts
As of December 31st, 2011

Account Description	Account No	2011 Principal Balance	2011 Carrying Charge Balance	2011 Year-End Balance
Group 1 Accounts				
LV Variance Account	1550	\$6,676,832	\$110,616	\$6,787,448
RSVA - Wholesale Market Service Charge	1580	-\$67,163,657	-\$924,188	-\$68,087,845
RSVA - Retail Transmission Network Charge	1584	\$20,697,915	\$240,324	\$20,938,239
RSVA - Retail Transmission Connection Charge	1586	\$9,454,348	\$81,060	\$9,535,408
RSVA - Power (excluding Global Adjustment)	1588			
RSVA - Power - Sub-Account - Global Adjustment	1588	-\$8,739,863	-\$156,105	-\$8,895,968
Recovery of Regulatory Asset Balances ¹	1590	-\$5,234,904	\$7,696,367	\$2,461,463
Disposition & Recovery of Regulatory Balance	1595	\$69,385	-\$277,348	-\$207,963
Total Group 1 Account Balances		-\$44,239,943	\$6,770,727	-\$37,469,216

The disposition threshold test for Group 1 Accounts was performed using the 2010 OEB approved volume forecast of 36,168,638,710 kWh as per Exhibit G2-1-1, Attachment 1, page 19 from Hydro One Distribution's last COS application EB-2009-0096. The Group 1 account threshold test, based on a proposed total claim amount of \$37,469,216 million and the approved volume forecast, determined an amount of \$0.00104 per kWh which is above the ceiling rate of \$0.001 per kWh established by the Board. The Deferral and Variance Account disposition threshold calculations have been performed as part of

¹ Account 1590 - Recovery of Regulatory Asset Balances includes (\$8,983,518) associated with the disposition of 2008 Regulatory balance and \$11,444,981 associated with the disposition of other regulatory balances, primarily associated with RARA 2.

1 Sheet 10 in the IRM3 Model, which is included in the Model outputs provided in Exhibit
2 E2, Tab 1, Schedule 1.

3
4 Hydro One Distribution is proposing to dispose of the Group 1 deferral accounts over a
5 two year period for the years 2013 and 2014. Hydro One recognizes that the “EDDVAR
6 Report” stipulates that Group 1 deferral accounts be disposed over a one-year period.
7 Hydro One also notes that a distributor can propose a different period in order to mitigate
8 rate impacts. Hydro One recognizes the important of avoiding intergenerational inequity.
9 However, Hydro One Distribution is proposing a disposition period of two years in order
10 to avoid large rate fluctuations in rates over the 2013 to 2014 period. Hydro One
11 Distribution has revised the allocator used to split the balance in USofA 1580 (RSVA-
12 Wholesale Market Service Charge) from “kWh” to “kWh excluding Wholesale Market
13 Participants” (WMP). The use of kWh excluding WMP is consistent with how the Board
14 has previously approved the splitting of the balance in account 1580 between rate classes
15 as part of Hydro One’s previous COS applications EB-2009-0096 (2010/2011), EB-
16 2007-0681 (2007/2008) and EB-2005-0378 (2006). The exclusion of WMPs from the
17 disposition of account 1580 for Hydro One Distribution recognizes the fact that about
18 36% of the kWh load attributed to the ST customer class is associated with WMPs.
19 Given that customers who are WMPs do not contribute to the variance in account 1580, it
20 is appropriate they not participate in the disposition of this account.

21
22 Hydro One Distribution has revised the charge determinant used to calculate the rate
23 rider for USofA 1588 (Global Adjustment) from “Billed kWh or Estimated kW for Non-
24 RPP customers” to “Billed kWh for Non-RPP customers”. This proposed change is
25 consistent with how the balance amount for USofA 1588 is allocated between rate
26 classes. The proposed change is also consistent with the approach used by Hydro One
27 Distribution, and approved by the Board, to establish the Global Adjustment rate rider
28 under COS application EB-2009-0096. The proposed change recognizes that Global

1 Adjustment costs are related to the electricity commodity costs for non-RPP customers
2 and are driven by kWh consumption of non-RPP customers.
3

4 Hydro One Distribution has revised the allocator used to split the residual balances
5 tracked in USofA account 1595 (Disposition and Recovery of Regulatory Balances
6 (2008) and Disposition and Recovery of Regulatory Balances (2009)). The proposed
7 allocator of the residual balance between rate classes is the share of revenue recovery by
8 rate class at the time the original riders were established for disposing of the variance
9 account balances. This treatment is consistent with the intent of the note associated with
10 the splitting of these account balances per Sheet 10 of the IRM3 model, which states
11 "Residual Account balance to be allocated to rate classes in proportion to the recovery
12 share as established when rate riders were implemented".
13

14 The recovery shares for the USofA 1595 - 2009 variance account residual balance is
15 based on the amounts shown in row 25 of Exhibit 2.2 provided in the 2010 Draft Rate
16 Order under COS application EB-2009-0096. The recovery shares for the USofA 1595 -
17 2008 variance account residual balance is based on the amounts shown in row 26 of
18 Exhibit 2.0 provided in the 2008 Draft Rate Order under COS application EB-2007-0681.
19

20 The balance tracked in USofA account 1590 (Recovery of Regulatory Asset Balances) is
21 largely associated with the residual variance account balance for disposition of RARA 2
22 approved under EB-2005-0378. The disposition of the USofA 1590 residual balances
23 follows the same recovery share approach used for disposing of the USofA 1595
24 balances. However, because the original disposition of RARA 2 was on the basis of the
25 old rate class structure that existed in 2006, prior to the harmonization of Hydro One's
26 rate classes, there is not a direct link to the recovery share under the currently approved
27 rate classes. The same situation existed when the residual variance account balance
28 associated with RARA 1 was disposed of as part of Hydro One's 2008 COS application
29 EB-2007-0681. In that proceeding the Board approved a process for the disposition of

1 RARA 1 that translated the amounts collected under the old rate class structure to
2 equivalent amounts under the new currently approved rate structure. Hydro One has used
3 this previously approved methodology for translating the recovery share amounts
4 between old and new rate classes to establish the recovery share for RARA 2.

5



Ontario Energy Board
**2012 IRM 3 Tax
Savings Workform**

Hydro One Networks Inc

This worksheet calculates the tax sharing amount.

Step 1: Press the **Update Button** (this will clear all input cells and reveal your latest cost of service re-basing year).
Step 2: In the green input cells below, please enter the information related to the last Cost of Service Filing.

Summary - Sharing of Tax Change Forecast Amounts

For the 2008 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)

\$ 1,400,000

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

Taxable Capital

Deduction from taxable capital up to \$15,000,000

Net Taxable Capital

Rate

Ontario Capital Tax (Deductible, not grossed-up)

2011

2013

	\$ -	\$ -
	\$ -	\$ -
\$ -	\$ -	\$ -
0.225%	0.225%	0.225%
\$ -	\$ -	\$ -

2. Tax Related Amounts Forecast from Income Tax Rate Changes

Regulatory Taxable Income

Corporate Tax Rate

Tax Impact

Tax Amount

2011	2013
\$ 126,100,000	\$ 126,100,000
28.30%	25.50%
\$ 34,200,000	\$ 30,755,500
\$ 34,200,000	\$ 30,755,500

Tax Related Amounts Forecast from Capital Tax Rate Changes

Tax Related Amounts Forecast from Income Tax Rate Changes

Total Tax Related Amounts

Incremental Tax Savings

Sharing of Tax Savings (50%)

\$ -	\$ -
\$ 34,200,000	\$ 30,755,500
\$ 34,200,000	\$ 30,755,500
-\$ 3,444,500	-\$ 3,444,500
-\$ 1,722,250	-\$ 1,722,250

Calculation of Incremental Capital Rate Rider - Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential – Urban [UR]	\$62,752,497	5.46%	\$1,431,058	1,311,340,739		\$0.0011	
Residential – Medium Density [R1]	\$243,444,080	21.19%	\$5,551,692	4,397,300,810		\$0.0013	
Residential – Low Density [R2]	\$438,826,763	38.20%	\$10,007,354	5,374,784,594		\$0.0019	
Seasonal Residential	\$96,042,699	8.36%	\$2,190,234	718,301,357		\$0.0030	
General Service Energy Billed (less than to 50 kW) [GSe - metered]	\$128,131,020	11.15%	\$2,922,001	2,195,769,825		\$0.0013	
Urban General Service Energy Billed (less than 50 kW) [UGe]	\$10,238,235	0.89%	\$233,481	363,517,757		\$0.0006	
General Service Demand Billed (50 kW and above) [GSd]	\$112,672,241	9.81%	\$2,569,467	3,122,290,618	10,389,644		\$0.2473
Urban General Service Demand Billed (50 kW and above) [UGd]	\$15,869,256	1.38%	\$361,895	599,925,889	1,898,173		\$0.1907
Distributed Generation [DGen]	\$425,642	0.04%	\$9,707	4,181,950	66,329		\$0.1463
Street Lighting	\$6,451,487	0.56%	\$147,125	122,364,767		\$0.0012	
Sentinel Lighting	\$1,937,483	0.17%	\$44,184	21,039,860		\$0.0021	
Sub-Transmission [ST]	\$32,089,872	2.79%	\$731,803	17,937,820,542	35,499,081		\$0.0206
	\$1,148,881,275	100.00%	\$26,200,000				
	H		I				
			\$0				

Calculation of Smart Grid Rate Rider - Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Smart Grid Revenue\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential – Urban [UR]	\$62,752,497	5.46%	\$1,081,486	1,311,340,739		\$0.0008	
Residential – Medium Density [R1]	\$243,444,080	21.19%	\$4,195,553	4,397,300,810		\$0.0010	
Residential – Low Density [R2]	\$438,826,763	38.20%	\$7,562,809	5,374,784,594		\$0.0014	
Seasonal Residential	\$96,042,699	8.36%	\$1,655,215	718,301,357		\$0.0023	
General Service Energy Billed (less than to 50 kW) [GSe - metered]	\$128,131,020	11.15%	\$2,208,230	2,195,769,825		\$0.0010	
Urban General Service Energy Billed (less than 50 kW) [UGe]	\$10,238,235	0.89%	\$176,447	363,517,757		\$0.0005	
General Service Demand Billed (50 kW and above) [GSd]	\$112,672,241	9.81%	\$1,941,811	3,122,290,618	10,389,644		\$0.1869
Urban General Service Demand Billed (50 kW and above) [UGd]	\$15,869,256	1.38%	\$273,493	599,925,889	1,898,173		\$0.1441
Distributed Generation [DGen]	\$425,642	0.04%	\$7,336	4,181,950	66,329		\$0.1106
Street Lighting	\$6,451,487	0.56%	\$111,186	122,364,767		\$0.0009	
Sentinel Lighting	\$1,937,483	0.17%	\$33,391	21,039,860		\$0.0016	
Sub-Transmission [ST]	\$32,089,872	2.79%	\$553,042	17,937,820,542	35,499,081		\$0.0156
	\$1,148,881,275	100.00%	\$19,800,000				
	H		I				
			\$0				

Calculation of Shared Tax Savings Rate Rider - Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential – Urban [UR]	\$62,752,497	5.46%	-\$94,070	1,311,340,739		-0.0001	
Residential – Medium Density [R1]	\$243,444,080	21.19%	-\$364,939	4,397,300,810		-0.0001	
Residential – Low Density [R2]	\$438,826,763	38.20%	-\$657,831	5,374,784,594		-0.0001	
Seasonal Residential	\$96,042,699	8.36%	-\$143,974	718,301,357		-0.0002	
General Service Energy Billed (less than to 50 kW) [GSe - metered]	\$128,131,020	11.15%	-\$192,077	2,195,769,825		-0.0001	
Urban General Service Energy Billed (less than 50 kW) [UGe]	\$10,238,235	0.89%	-\$15,348	363,517,757		0.0000	
General Service Demand Billed (50 kW and above) [GSd]	\$112,672,241	9.81%	-\$168,903	3,122,290,618	10,389,644		-0.0163
Urban General Service Demand Billed (50 kW and above) [UGd]	\$15,869,256	1.38%	-\$23,789	599,925,889	1,898,173		-0.0125
Distributed Generation [DGen]	\$425,642	0.04%	-\$638	4,181,950	66,329		-0.0096
Street Lighting	\$6,451,487	0.56%	-\$9,671	122,364,767		-0.0001	
Sentinel Lighting	\$1,937,483	0.17%	-\$2,904	21,039,860		-0.0001	
Sub-Transmission [ST]	\$32,089,872	2.79%	-\$48,105	17,937,820,542	35,499,081		-0.0014
	\$1,148,881,275	100.00%	-\$1,722,250				
	H		I				
			\$0				

			2009										
Account Descriptions	Account Number	Transactions					Closing Principal Balance as of Dec-31-09	Opening Interest Amounts as of Jan-1-09	Interest Jan-1 to Dec-31-09	Board-Approved Disposition during	Adjustments during 2009 - other ³	Closing Interest Amounts as of Dec-31-09	
		Opening Principal Amounts as of Jan-1-09	Debit / (Credit) during 2009 excluding interest and	Board-Approved Disposition during 2009	Adjustments during 2009 - other ³								
1	LV Variance Account	1550	\$ 1,863,853	\$ 5,064,819			\$ 6,928,672	\$ 24,729	\$ 33,010			\$ 57,739	
2	RSVA - Wholesale Market Service Charge	1580	-\$ 11,301,124	-\$ 15,206,882			-\$ 26,508,006	-\$ 76,839	-\$ 179,473			-\$ 256,312	
3	RSVA - Retail Transmission Network Charge	1584	-\$ 13,821,196	\$ 4,648,468			-\$ 9,172,728	-\$ 114,856	-\$ 135,558			-\$ 250,414	
4	RSVA - Retail Transmission Connection Charge	1586	-\$ 2,965,531	-\$ 2,909,530			-\$ 5,875,061	-\$ 4,757	-\$ 27,925			-\$ 32,682	
5	RSVA - Power (excluding Global Adjustment)	1588	\$ -				\$ -	\$ -				\$ -	
6	RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 5,531,417	\$ 7,645,247			\$ 13,176,663	-\$ 4,951	\$ 86,273			\$ 81,322	
7	Recovery of Regulatory Asset Balances	1590	-\$ 43,004,093	-\$ 10,644,518			-\$ 53,648,611	\$ 20,055,015	-\$ 395,399			\$ 19,659,616	
8	Disposition and Recovery of Regulatory Balances	1595	\$ -	\$ -			\$ -	\$ -				\$ -	
9		1595	\$ -	\$ -			\$ -	\$ -				\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)			-\$ 63,696,675	-\$ 11,402,396	\$ -	\$ -	-\$ 75,099,071	\$ 19,878,342	-\$ 619,073	\$ -	\$ -	\$ 19,259,269	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)			-\$ 69,228,092	-\$ 19,047,642	\$ -	\$ -	-\$ 88,275,734	\$ 19,883,292	-\$ 705,346	\$ -	\$ -	\$ 19,177,947	
RSVA - Power - Sub-Account - Global Adjustment			1588	\$ 5,531,417	\$ 7,645,247	\$ -	\$ -	\$ 13,176,663	-\$ 4,951	\$ 86,273	\$ -	\$ -	\$ 81,322

			2010										
Account Descriptions			Account Number	Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 excluding interest and	Board- Approved Disposition during 2010	Adjustments during 2010 - other ³	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board- Approved Dispositi on during 2010	Adjustments during 2010 - other ³	Closing Interest Amounts as of Dec-31-10
1	LV Variance Account	1550	\$ 6,928,672	-\$ 3,265,860			\$ 3,662,812	\$ 57,739	-\$ 23,974				\$ 33,765
2	RSVA - Wholesale Market Service Charge	1580	-\$ 26,508,006	-\$ 5,212,237			-\$ 31,720,243	-\$ 256,312	\$ 56,659				-\$ 199,653
3	RSVA - Retail Transmission Network Charge	1584	-\$ 9,172,728	\$ 17,556,492			\$ 8,383,765	-\$ 250,414	\$ 284,502				\$ 34,088
4	RSVA - Retail Transmission Connection Charge	1586	-\$ 5,875,061	\$ 8,272,844			\$ 2,397,784	-\$ 32,682	\$ 39,452				\$ 6,770
5	RSVA - Power (excluding Global Adjustment)	1588	\$ -				\$ -	\$ -					\$ -
6	RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 13,176,663	-\$ 17,246,778			-\$ 4,070,115	\$ 81,322	-\$ 102,863				-\$ 21,541
7	Recovery of Regulatory Asset Balances	1590	-\$ 53,648,611	\$ 42,819,727			-\$ 10,828,884	\$ 19,659,616	-\$ 11,870,343				\$ 7,789,273
8	Disposition and Recovery of Regulatory Balances	1595	\$ -	\$ 9,696,637		-\$ 28,431,636	-\$ 18,734,999	\$ -	-\$ 127,374		-\$ 13,483	-\$ 140,857	\$ -
9		1595	\$ -	\$ -			\$ -	\$ -					\$ -
Group 1 Sub-Total (including Account 1588 - Global Adjustment)			-\$ 75,099,071	\$ 52,620,826	\$ -	-\$ 28,431,636	-\$ 50,909,881	\$ 19,259,269	-\$ 11,743,939	\$ -	-\$ 13,483	\$ 7,501,846	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)			-\$ 88,275,734	\$ 69,867,604	\$ -	-\$ 28,431,636	-\$ 46,839,766	\$ 19,177,947	-\$ 11,641,077	\$ -	-\$ 13,483	\$ 7,523,387	
RSVA - Power - Sub-Account - Global Adjustment			1588	\$ 13,176,663	-\$ 17,246,778	\$ -	\$ -	-\$ 4,070,115	\$ 81,322	-\$ 102,863	\$ -	\$ -	-\$ 21,541

		2011												
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-11	Transactions Debit/ (Credit) during 2011 excluding interest and	Board- Approved Disposition during 2011	Other ³ Adjustments during Q1 2011	Other ³ Adjustments during Q2 2011	Other ³ Adjustments during Q3 2010	Other ³ Adjustments during Q4 2011	Closing Principal Balance as of Dec-31-11	Opening Interest Amounts as of Jan-1-11	Interest Jan-1 to Dec-31-11	Board- Approved Disposition during 2011	Adjustments during 2011 - other ³	Closing Interest Amounts as of Dec-31-11
1 LV Variance Account	1550	\$ 3,662,812	\$ 3,014,020						\$ 6,676,832	\$ 33,765	\$ 76,851			\$ 110,616
2 RSVA - Wholesale Market Service Charge	1580	-\$ 31,720,243	-\$ 35,443,413						-\$ 67,163,657	-\$ 199,653	-\$ 724,535			-\$ 924,188
3 RSVA - Retail Transmission Network Charge	1584	\$ 8,383,765	\$ 12,314,151						\$ 20,697,915	\$ 34,088	\$ 206,236			\$ 240,324
4 RSVA - Retail Transmission Connection Charge	1586	\$ 2,397,784	\$ 7,056,564						\$ 9,454,348	\$ 6,770	\$ 74,289			\$ 81,060
5 RSVA - Power (excluding Global Adjustment)	1588	\$ -							\$ -	\$ -				\$ -
6 RSVA - Power - Sub-Account - Global Adjustment	1588	-\$ 4,070,115	-\$ 4,669,747						-\$ 8,739,863	-\$ 21,541	-\$ 134,564			-\$ 156,105
7 Recovery of Regulatory Asset Balances	1590	-\$ 10,828,884	\$ 5,593,980						-\$ 5,234,904	\$ 7,789,273	-\$ 92,906			\$ 7,696,367
8 Disposition and Recovery of Regulatory Balances	1595	-\$ 18,734,999	\$ 18,804,384						\$ 69,385	-\$ 140,857	-\$ 136,491			-\$ 277,348
9	1595	\$ -							\$ -	\$ -				\$ -
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		-\$ 50,909,881	\$ 6,669,938	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 44,239,943	\$ 7,501,846	-\$ 731,120	\$ -	\$ -	\$ 6,770,727
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		-\$ 46,839,766	\$ 11,339,685	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 35,500,080	\$ 7,523,387	-\$ 596,556	\$ -	\$ -	\$ 6,926,831
RSVA - Power - Sub-Account - Global Adjustment		1588	-\$ 4,070,115	-\$ 4,669,747	\$ -	\$ -	\$ -	\$ -	-\$ 8,739,863	-\$ 21,541	-\$ 134,564	\$ -	\$ -	-\$ 156,105

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		2011				Projected Interest on Dec-31-11 Balances			2.1.7 RRR	Variance RRR vs. 2011 Balance (Principal + Interest)
Account Descriptions	Account Number	Principal Dispositi on during 2012 - instructe	Interest Dispositi on during 2012 - instructed by Board	Closing Principal Balances as of Dec 31-11 Adjusted for Dispositions	Closing Interest Balances as of Dec 31-11 Adjusted during 2012	Projected Interest from Jan 1, 2012 to December 31, 2012 on	Projected Interest from January 1, 2013 to April 30,	Total Claim	As of Dec 31- 11 ⁴	
LV Variance Account	1550			\$ 6,676,832	\$ 110,616			\$ 6,787,448	\$ 6,787,448	\$ -
RSVA - Wholesale Market Service Charge	1580			-\$ 67,163,657	-\$ 924,188			68,087,844	-\$ 68,087,844	\$ -
RSVA - Retail Transmission Network Charge	1584			\$ 20,697,915	\$ 240,324			20,938,239	\$ 20,938,239	\$ -
RSVA - Retail Transmission Connection Charge	1586			\$ 9,454,348	\$ 81,060			9,535,408	\$ 9,535,408	\$ -
RSVA - Power (excluding Global Adjustment)	1588			\$ -	\$ -			-		\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588			-\$ 8,739,863	-\$ 156,105			8,895,967	-\$ 8,895,967	\$ -
Recovery of Regulatory Asset Balances	1590			-\$ 5,234,904	\$ 7,696,367			2,461,463	\$ 2,461,463	\$ -
Disposition and Recovery of Regulatory Balances	1595			\$ 69,385	-\$ 277,348			207,963	-\$ 207,963	\$ -
	1595			\$ -	\$ -			-		\$ -
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$ -	\$ -	-\$ 44,239,943	\$ 6,770,727	\$ -	\$ -	37,469,217	-\$ 37,469,217	\$ -
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		\$ -	\$ -	-\$ 35,500,080	\$ 6,926,831	\$ -	\$ -	28,573,249	-\$ 28,573,249	\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ -	-\$ 8,739,863	-\$ 156,105	\$ -	\$ -	8,895,967	-\$ 8,895,967	\$ -

CUSTOMER BILL IMPACT SUMMARY

Exhibit E2, Tab 3, Schedule 1 shows the bill impacts resulting from the proposed rate adjustments for all rate classes. This includes the bill impacts produced by the IRM3 Model plus additional impact sheets, in the same format as the IRM3 Model output, for the Sub-Transmission (ST), GSe Quinte West, GSe Smiths Falls, and Low Use Secondary rate classes.

The bill impacts have been updated to include the RPP commodity prices and RRRP regulatory charges in effect as of May 1, 2012.

Table 1 provides a summary the total monthly bill impacts for all rate classes.

Table 1
Proposed 2013 Total Monthly Bill Impacts

Customer Type	Monthly Consumption (kWh and/or kW)	Current Total Monthly Bill (\$)	Proposed Total Monthly Bill (\$)	Change (\$)	Change (%)
Residential - Urban Density [UR]	800 kWh	132.26	134.75	2.49	1.88%
Residential - Medium Density [R1]	800 kWh	141.55	144.50	2.95	2.08%
Residential - Low Density [R2]	800 kWh	151.74	155.79	4.05	2.67%
Seasonal Residential	500 kWh	116.61	120.24	3.63	3.11%
General Service Energy Billed (less than to 50kW)	2,000 kWh	351.09	357.28	6.19	1.76%
General Service Energy Billed (less than to 50kW) [GSe - Quinte West]	2,000 kWh	344.21	357.28	13.06	3.80%
General Service Energy Billed (less than to 50kW) [GSe - Smith Falls]	2,000 kWh	349.30	357.28	7.98	2.28%
General Service Energy Billed (less than to 50kW) [GSe - unmetered]	500 kWh	99.25	100.98	1.73	1.74%
Urban General Service Energy Billed (less than to 50kW) [UGe]	2,000 kWh	296.95	300.27	3.32	1.12%
General Service Demand Billed (50kW and above) [GSd]	36,000 kWh and 117 kW	5,519.56	5,592.20	72.63	1.32%
Urban General Service Demand Billed (50kW and above) [UGd]	36,000 kWh and 117 kW	5,241.08	5,296.43	55.35	1.06%
Distributed Generation [DGen]	7,700 kWh and 200 kW	2,175.84	2,242.43	66.59	3.06%
Street Lights	1,440 kWh	241.11	244.79	3.68	1.53%
Sentinel Lights	62 kWh	11.76	12.04	0.28	2.37%
Low Use Secondary Service	500 kWh	102.28	111.56	9.28	9.07%
Sub-Transmission [ST]	36,000 kWh and 117 kW	4,782.87	4,911.55	128.68	2.69%