

**Hydro One Networks Inc.**

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**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs

BY COURIER

February 26, 2013

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

Dear Ms. Walli:

**EB-2012-0031 – Hydro One Networks' 2013 and 2014 Transmission Revenue Requirement  
Application – J2.2 Undertaking Response**

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Consistent with the discussion at the ETS Oral Hearing, I am attaching two (2) copies of Hydro One Networks Inc.'s ("Hydro One") written response to Undertaking J2.2.

An electronic copy of the responses have been filed using the Board's Regulatory Electronic Submission System (RESS) and the confirmation of successful submission slip is provided with this letter.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

cc. EB-2012-0031 Intervenors (electronic only)

**UNDERTAKING**

**Undertaking**

**TO PROVIDE, ON AVERAGE, WHAT THE ONTARIO DOMESTIC CONSUMER PAYS FOR TRANSMISSION SERVICE**

**Response**

To be of assistance to the Board, the response to this undertaking is framed with reference to the cost of transmission for a “typical” *wholesale transmission customer* as well as the cost of transmission for a “typical” Hydro One *residential customer*.

For a typical wholesale transmission customer, page 21 of the IESO’s December 2012 Monthly Market Report available from the IESO website includes a summary of all of the costs that make up the wholesale electricity market in Ontario. The December 2012 IESO report (<http://www.ieso.ca/imoweb/pubs/marketReports/monthly/2012dec.pdf>) shows that the 2012 weighted average Transmission cost for all wholesale consumers was 0.994 cents/kWh or \$9.94/MWh.

For a "typical" Hydro One residential customer (i.e. an R1 rate class residential customer), current Retail Transmission costs are 1.216 cents/kWh or \$10.55/month for a consumer using 800 kWh per month and taking into account losses. Retail Transmission costs represent about 7% of a typical residential customer’s total bill.

Eliminating the Export Service Revenue of \$27M currently allowed for in the determination of 2013 Transmission rates would add \$27M to Hydro One’s Network Revenue requirement, which would increase the currently approved Uniform Transmission Network charge of \$3.63/kW/month by 3.0% to \$3.74/kW/month, payable by wholesale transmission customers. For a typical residential customer, eliminating the Export Service Revenue would increase the Retail Transmission rate to 1.237 cents/kWh or \$10.74/month for a consumer using 800 kWh per month and taking into account losses.