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BY EMAIL and RESS

April 14, 2014
Our File No. 20130196

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2013-0187/196/198 – Hydro One Norfolk MAADs

We are counsel for the School Energy Coalition. Pursuant to PO #9, this letter, with attachments, constitutes SEC's Final Argument in this matter.

Introduction

The essence of SEC's submissions in this proceeding is relatively simple. Hydro One is the least productive, and most expensive, distributor in Ontario. If the Board approves this transaction, the ratepayers of Norfolk Power Distribution will pay as much as four times what they currently pay for distribution, and in aggregate approximately double what they currently pay. They will therefore be materially harmed by this transaction. The Board should not allow that to happen.

Procedural Issues

Before dealing with the substantive aspects of the Application, SEC wishes to raise two procedural issues that may be relevant.

First, we note that the Applicants filed new evidence in this proceeding by way of



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attachment to their Final Arguments. We are not concerned with the email, but we are concerned that the Applicants filed a letter from the Minister of Energy.

Our concern stems not from the fact that the letter was filed. If all the Applicants wish to show is that one of the LDCs intervening in this matter wrote the Minister, and the Minister responded saying the OEB is responsible for protecting the ratepayers, that is fine.

However, we fear that the purpose of filing the letter may be to imply to the Board, indirectly, that this transaction has the approval of the government. We hope that is not the case, but we note that it should go without saying nothing in the Minister's letter that appears to express an opinion on the transaction is evidence before this Board, and none of it can influence the Board's decision. If the Applicants had wished to call the Minister as a witness, or if the Minister had wanted to give a directive to the Board, those avenues were available. Filing a letter with Argument-in-Chief has no substantive value, and must be ignored. The Board has jurisdiction here, not the Minister, as the letter correctly points out.

Second, key to the concerns of the ratepayers of Norfolk Power Distribution is that their rates are going to go up. In our view, this issue would have benefited from oral evidence from the Applicants, including the ability for ratepayers to cross-examine, and the Board to get to the bottom of what actually is going to happen to these ratepayers.

SEC believes that the ability of the ratepayers to protect themselves in this proceeding may have been compromised by the failure to hold an oral hearing.

The Basic Facts on Rates - Historical

This transaction is not the first time Hydro One has offered big money to a municipality to sell their electricity distribution business. When the market opened, Hydro One acquired more than eighty LDCs. For about five years, these "Hydro One Acquireds" had separate rates, although those rates were increased substantially over that period. Then, after a couple of attempts, in 2007 Hydro One was given permission to harmonize those rates with the rates of their existing customers (called "Hydro One Legacy"), and that continues to be the case.

SEC asked Hydro One in this proceeding to provide information on the fate of the ratepayers in the LDCs they had acquired previously, but they declined to provide that information.

It doesn't matter. This information is on the public record and is in the Board's files. Attached as Schedules A and B to this Final Argument are tables showing the rates for Residential and General Service Demand Billed customers (such as schools) for 2005



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(the first year we can easily access rate schedules for all of the Acquireds) and 2013, and those proposed by Hydro One in EB-2013-0416 for 2019.

For Residential customers, Schedule A shows:

- Those in the eleven larger centres have distribution bill increases averaging 118% from 2005 to 2013, somewhat ameliorated by a drop to 2019, for a net of more than 95% over 14 years. This works out to a compound annual growth rate of just under 5% per year (4.89%). Those worst off, in Trenton, will see their distribution bill go up 213% over 14 years. Even those faring the best, in Carleton Place, face a total increase of more than 50%.
- All of the rest of the ratepayers, in 79 smaller or less dense areas, have distribution rate increases averaging more than 240% over the 14 years 2005 to 2019. This is a compound annual growth rate of more than 9% (9.14%) per year. For the ratepayers in the small town of Arkona, their distribution bill goes up almost 900% - a more than \$50 per month increase, just for the distribution component. Those in Deep River, who already had high rates relative to the rest of the province, will still see a 95% distribution bill increase.

The situation is considerably worse for many of the General Service ratepayers, like schools. This is set out in Schedule B, including:

- For ratepayers in the eleven larger centres, their average distribution bill will almost quadruple over those 14 years. This represents a compound annual growth rate of more than 10% per year. Those worst hit, in Brockville, see an increase of 483%, or 13.43% per year, year after year. This is almost double those least affected, in the denser parts of Caledon, where the increase is still 7.5% per year for 14 years.
- Again, the ratepayers in the smaller centres are worse off. On average, their distribution bills are slated to go up 515% over those 14 years, a compound annual growth rate of 13.9% per year. Someone whose distribution bill in 2005 was \$10,000 will pay more than \$60,000 in 2019. And, that is the average. The range is from a 247% increase to a more than 1200% increase.

Of course, you can't tell from that rate of change data what the starting rates were. We know that the Acquireds had lower rates than Hydro One, but what about their rates relative to other LDCs? We have attached, as Appendix C, a rate impact chart from the Board's website showing the impacts of big increases in distribution rates in 2005 (the starting point of our comparison) on the total bill for residential ratepayers in each of the Acquired LDCs. (The Board will be aware of the rule of thumb that you triple a total bill impact to get a distribution bill impact.)



There is also a total bill comparison from 1998 using the MUDBANK data, which we have seen, showing the average total bill for the Acquireds as almost identical to the average of all other LDCs except Hydro One. However, we do not have the actual calculations, and so cannot provide that to the Board nor rely on it in these submissions. We urge the Board to review its own records for those total bill calculations if it concerned that the rate increases since 2005 of the Hydro One Acquireds is insufficient to demonstrate that those customers were harmed.

The Applicants say that this sorry history is irrelevant to the Application currently before the Board.

SEC disagrees.

The Board didn't protect the ratepayers in these eighty plus municipalities, and they have been harmed. However, in fairness the Board had no way of knowing that what appeared to be reasonable transactions at the time, coupled with the routine application of cost allocation and rate design principles in later years, would produce this result. It's too late now. Whatever happened to these ratepayers has already happened.

The same argument cannot be said with respect to the current Application. The Board didn't know then what would happen. It does know now. As we discuss more fully below, the Board should not allow more ratepayers to be harmed through Hydro One takeovers. This should stop now.

The Basic Facts on Rates - Norfolk

Attached as Schedule D to this Final Argument is an update to the bill comparison table reviewed by the Applicants in response to SEC Interrogatory #4 (Ex. I/3/4). SEC has included the 2013 Norfolk and Hydro One bill calculations that have been confirmed by the Applicants, and has done identical calculations using the rates proposed by Hydro One in EB-2013-0416.

This shows that what happened to the Acquireds is about to happen again, unless the Board puts a stop to it:

- An average Norfolk residential customer, at 730 kWhrs per month, paid \$441.41 in 2013, and will pay \$617.37 in 2019, a 40% increase. Most of this comes because the Hydro One rates are already much higher than the Norfolk rates.
- An average small commercial customer in Norfolk, at 2,601 kWhrs per month, paid \$1,086.67 in 2013, and will pay \$2,428.41 in 2019, a 123% increase. Much of that comes from the increases proposed in the EB-2013-0416 application, in



which there is a much higher increase for general service classes than there is for residential.

- When you get to the larger GS customers, like schools, the increase is even more pronounced. The average GS>50 customer, at 174 kW, paid \$11,215.50 in distribution charges in 2013, and would pay \$43,571.54 in 2019, almost four times as much.

SEC submits that, knowing that this is the likely outcome, the Board should not approve this Application.

The “No Harm” Test

The Applicants would have the Board interpret the “no harm” test to be an overall test, looking at the aggregate impacts on all customers in the province of the transaction.

SEC submits that is not the correct interpretation of the test. Further, if that is the correct interpretation, it is wrong, and should be changed by this Board. It is not acceptable, in our submission, to knowingly cause material harm to one group of ratepayers, in the interests of achieving a marginal increase in overall economic efficiency.

So, the Applicants say that their overall costs will go down through economies of scale and similar impacts. While the evidence provided by the Applicants to support that is pretty sparse, SEC believes it is probably true that there will be savings.

It is important, however, to make clear what this really means. It does not mean it becomes cheaper to serve Norfolk ratepayers, because Norfolk ratepayers after amalgamation will become responsible for their “fair share” of the costs of Hydro One to serve all of its customers. Hydro One is the most expensive distributor in the province. It is so expensive, in fact, that it had to be excluded from the Board’s calculations of distributor productivity in the RRF Report. Including Hydro One, an obvious outlier, would have skewed the numbers unfairly¹.

We can calculate the dollars involved. In Interrogatory SEC #4 we also asked the Applicants to look at a comparison of total distribution revenues from Norfolk ratepayers, at Norfolk rates and at Hydro One rates. We have updated that

¹ Not only did Hydro One have the worst productivity, but on the benchmarking analysis it had a 73% higher total cost than the benchmark from the model. The next worst was Algoma Power, at 51.5% above the benchmark. Norfolk, by contrast, was 2.2% above the benchmark. Assertions in the Norfolk Argument in Chief, at para. 31, suggesting that Hydro One is not a higher cost utility than Norfolk are (unintentionally) misleading, and should be rejected by the Board.



comparison, and it is attached as Schedule E. What it shows is that, at Hydro One rates, Norfolk customers will be paying \$11 million more in 2019 than they do today, almost double their current total.

Averaging Down vs. Proper Management

Where will that extra \$11 million, plus the economies of scale from the merger, go? The answer is that the money will go to the existing ratepayers of Hydro One. They will benefit from reduced rate increases because the Norfolk ratepayers are paying more.

This has already happened the last time around. In Schedules A and B, we have included distribution bill comparisons for the Hydro One Legacy ratepayers in both the Urban and Medium Density areas.

As the Board can see, the Legacy Urban Residential customers have an increase of only 34% over 14 years, against 95% for the Acquireds. For Medium Density Residential, the Legacy increase is 63%, and the increase for the Acquireds is 240%.

Did the cost to serve the Acquireds go up that much in 14 years? The answer, of course, is no. The Acquireds became responsible for their fair share of Hydro One costs, and so had to pay more than they had paid in the past. Their starting rates were lower, because the costs to serve them were lower. Then they became subject to the Hydro One cost structure, and, from their point of view, all was lost.

Those catchup payments allowed Hydro One to have lower increases for Legacy customers. It's a zero sum game. If you get more money from customer A, but it doesn't cost you any more to serve them, you can charge customer B less.

The same is true with the General Service customers, but the numbers are larger. Legacy Urban GS customers see a 60% increase, while a similar customer in the Acquireds sees an average increase of 289%. For the Medium Density GS customers, the increase is 132% for the Legacy, and 515% for the Acquireds.

What is perhaps most shocking is that, with all of its acquisitions, and the economies of scale that should result, Hydro One still has such a terrible TFP record.

Hydro One has a notorious problem with controlling productivity. That is why they are the least efficient distributor in the province, and that is why their rates have been going up faster than anyone else's in the last decade or more. In SEC's view, they should be focusing their efforts on tackling that problem, and we believe the Board should be encouraging them in the strongest terms to do that.

There is, however, another way to control rates, and that is to acquire more and more



customers that can be served at lower marginal costs than your current customers.

The Board is aware that Norfolk is not the only LDC to whom Hydro One has recently made an offer. The record includes evidence of the proposed Haldimand takeover, and the industry is replete with rumours of up to forty other transactions under discussion².

SEC believes that Hydro One should change its focus from averaging down its costs through acquisitions, to managing its current business on a more productive basis.

Rate Harmonization is “Later”

The Applicants argue, quite correctly, that this is not a rate application, which would come later on harmonization. Norfolk says, in their Argument in Chief³:

“Ultimately, HONI intends to harmonize the rates of the consolidated entity by 2020. NPI also notes that rate harmonization impacts, if any, will be dealt with at a future OEB rate hearing after the rate freeze/rate reduction period. HONI must obtain Board approval before new distribution rates are set. This provides an institutional safeguard and check with respect to any future distribution rate changes, and NPI respectfully submits that the potential impacts of a future harmonization application do not need to be considered now, and it would be inappropriate to speculate on those impacts in this MAAD proceeding in any event”.

With respect, if you know a train is coming down the track, the appropriate response is not to say “Well, I’ll figure out what to do when it gets here”.

The fact is that when the time comes for harmonization – just as it did for the ratepayers of 80+ other LDCs – the Board will still have to deal with the normal principles of ratemaking. Structurally, the key principle is that all costs are totaled, and then they are fairly split between the ratepayers. The fact that is used to cost less to serve the Norfolk ratepayers is not going to be a valid issue in that proceeding⁴.

So, the Minister’s letter says that, at the time of rate harmonization:

² Who knows what the actual number could be? The Applicants resisted providing any information on this.

³ Para. 27

⁴ They may get “mitigation”, which just means that their huge rate increases are phased in at about 30% per year (10% total bill) for several years. They end up in the same place, just like the Acquireds.



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“The Ontario Energy Board would be responsible for ensuring the rates for former Norfolk Power’s customers are an accurate reflection of the costs to service these customers.”

That is not exactly the case. The cost to serve the Norfolk Power customers is not, and will not in the future be, separately determined by this Board, just as the Board doesn’t determine the cost to serve customers in Smith’s Falls or Arkona.

The Board doesn’t know how much it will cost to serve the Norfolk ratepayers. It knows how much it costs today, about \$11 million. It knows that, again today, Hydro One would require more than \$17 million to serve those customers. And, it can “speculate”, as Norfolk puts it, that Hydro One will require more than \$22 million in 2019. However, given that Hydro One says its overall costs will go down through the merger, the actual net cost to serve Norfolk should be less than \$11 million.

This is a practical problem. Yes, this is not a rate application. But, equally true is the fact that, unless the Board decides on harmonization to throw out the basic rules of ratemaking, Norfolk customers are going to see big increases.

It is all very well to make a technical argument that rates will be decided later, but you still have to accept reality when it is staring you in the face. Everyone knows what is going to happen to these customers. It has happened to many more before them. In our submission, the Board can’t just ignore that.

Whose Responsibility Is It To Protect the Norfolk Ratepayers?

In SEC’s submission, it appears that the Board is being urged to put its head in the sand, either because it is not the right time to deal with this, or it is not the Board’s job to look at future rate implications.

At some point, surely someone has to take on the responsibility to protect the ratepayers of Norfolk Power from significant rate increases that everyone knows are coming. Whose responsibility is it?

Well, clearly it is not the shareholder of the utility, the municipal government. As with the shareholders of the 80+ LDCs already purchased by Hydro One, this municipality has decided to take the money.

It’s not the provincial government. In fact, as we’ve seen from the Minister’s letter, the government thinks that protecting the ratepayers is the Board’s responsibility.



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That leaves the Board. Will the Board allow these ratepayers to be harmed? And, when Hydro One comes in for many other acquisitions of a similar nature, will the Board allow those ratepayers to suffer the same fate?

At some point, it is submitted that the Board has to step up and be the protector of the ratepayer in Hydro One acquisitions. This is the first of what may be many more Hydro One acquisitions of LDCs. The Board should not allow the same fate to befall those ratepayers as was experienced by the ratepayers of the first 80+.

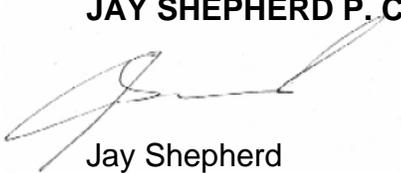
Conclusion

SEC therefore urges the Board to reject this Application entirely. Further, the Board asks that the Board send a clear message to Hydro One that, until they are in a position to demonstrate that they can serve their existing customers more efficiently, they should not be seeking Board approval to add more customers by way of acquisitions.

All of which is respectfully submitted.

Yours very truly,

JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties

APPENDIX A

Comparison of Distribution Rate Increases 2005 to 2013 to 2019 - Hydro One Acquired Distributors - Residential

Monthly Consumption

1000 kwhr

Acquired Distributor	Rate Class	2005 Dx. Rates			2013 Dx. Rates			Inc. 2005 to 2013	2019 Dx. Rates			Inc. 2013 to 2019	Inc. 2005 to 2019
		Fixed	Variable	Annual	Fixed	Variable	Annual		Fixed	Variable	Annual		
Hydro One (Ailsa Craig)	R1	\$7.67	0.00660	\$171.24	\$23.85	0.03353	\$688.56	302.10%	\$27.89	0.03227	\$721.92	4.84%	321.58%
Hydro One (Arkona)	R1	\$3.93	0.00210	\$72.36	\$23.85	0.03353	\$688.56	851.58%	\$27.89	0.03227	\$721.92	4.84%	897.68%
Hydro One (Arnprior)	R1	\$8.49	0.01170	\$242.28	\$23.85	0.03353	\$688.56	184.20%	\$27.89	0.03227	\$721.92	4.84%	197.97%
Hydro One (Arran-Elderside)	R1	\$6.47	0.00760	\$168.84	\$23.85	0.03353	\$688.56	307.82%	\$27.89	0.03227	\$721.92	4.84%	327.58%
Hydro One (Artemesia)	R1	\$9.44	0.00590	\$184.08	\$23.85	0.03353	\$688.56	274.05%	\$27.89	0.03227	\$721.92	4.84%	292.18%
Hydro One (Bancroft)	R1	\$10.04	0.00760	\$211.68	\$23.85	0.03353	\$688.56	225.28%	\$27.89	0.03227	\$721.92	4.84%	241.04%
Hydro One (Bath)	R1	\$9.96	0.00690	\$202.32	\$23.85	0.03353	\$688.56	240.33%	\$27.89	0.03227	\$721.92	4.84%	256.82%
Hydro One (Blandford-Blenheim)	R1	\$8.56	0.00720	\$189.12	\$23.85	0.03353	\$688.56	264.09%	\$27.89	0.03227	\$721.92	4.84%	281.73%
Hydro One (Blyth)	R1	\$5.01	0.00730	\$147.72	\$23.85	0.03353	\$688.56	366.13%	\$27.89	0.03227	\$721.92	4.84%	388.71%
Hydro One (Bobcaygeon)	R1	\$10.83	0.00780	\$223.56	\$23.85	0.03353	\$688.56	208.00%	\$27.89	0.03227	\$721.92	4.84%	222.92%
Hydro One (Brighton)	R1	\$8.54	0.00860	\$205.68	\$23.85	0.03353	\$688.56	234.77%	\$27.89	0.03227	\$721.92	4.84%	250.99%
Hydro One (Caledon CH 02)	R1	\$11.41	0.00820	\$235.32	\$23.85	0.03353	\$688.56	192.61%	\$27.89	0.03227	\$721.92	4.84%	206.78%
Hydro One (Campbellford/Seymour)	R1	\$9.10	0.00860	\$212.40	\$23.85	0.03353	\$688.56	224.18%	\$27.89	0.03227	\$721.92	4.84%	239.89%
Hydro One (Cavan-Millbrook-N. Monaghan)	R1	\$11.27	0.01070	\$263.64	\$23.85	0.03353	\$688.56	161.17%	\$27.89	0.03227	\$721.92	4.84%	173.83%
Hydro One (Centre Hastings)	R1	\$8.59	0.00770	\$195.48	\$23.85	0.03353	\$688.56	252.24%	\$27.89	0.03227	\$721.92	4.84%	269.31%
Hydro One (Chalk River)	R1	\$10.48	0.01090	\$256.56	\$23.85	0.03353	\$688.56	168.38%	\$27.89	0.03227	\$721.92	4.84%	181.38%
Hydro One (Champlain Twp.)	R1	\$7.55	0.00710	\$175.80	\$23.85	0.03353	\$688.56	291.67%	\$27.89	0.03227	\$721.92	4.84%	310.65%
Hydro One (Clarence-Rockland)	R1	\$6.78	0.00740	\$170.16	\$23.85	0.03353	\$688.56	304.65%	\$27.89	0.03227	\$721.92	4.84%	324.26%
Hydro One (Cobden)	R1	\$9.86	0.01410	\$287.52	\$23.85	0.03353	\$688.56	139.48%	\$27.89	0.03227	\$721.92	4.84%	151.09%
Hydro One (Deep River)	R1	\$12.55	0.01830	\$370.20	\$23.85	0.03353	\$688.56	86.00%	\$27.89	0.03227	\$721.92	4.84%	95.01%
Hydro One (Deseronto)	R1	\$9.57	0.00890	\$221.64	\$23.85	0.03353	\$688.56	210.67%	\$27.89	0.03227	\$721.92	4.84%	225.72%
Hydro One (Dundalk)	R1	\$10.83	0.00870	\$234.36	\$23.85	0.03353	\$688.56	193.80%	\$27.89	0.03227	\$721.92	4.84%	208.04%
Hydro One (Durham)	R1	\$12.34	0.00990	\$266.88	\$23.85	0.03353	\$688.56	158.00%	\$27.89	0.03227	\$721.92	4.84%	170.50%
Hydro One (Eganville)	R1	\$10.34	0.01220	\$270.48	\$23.85	0.03353	\$688.56	154.57%	\$27.89	0.03227	\$721.92	4.84%	166.90%
Hydro One (Erin)	R1	\$9.76	0.01520	\$299.52	\$23.85	0.03353	\$688.56	129.89%	\$27.89	0.03227	\$721.92	4.84%	141.03%
Hydro One (Exeter)	R1	\$11.34	0.00770	\$228.48	\$23.85	0.03353	\$688.56	201.37%	\$27.89	0.03227	\$721.92	4.84%	215.97%
Hydro One (Fenelon Falls)	R1	\$4.13	0.00770	\$141.96	\$23.85	0.03353	\$688.56	385.04%	\$27.89	0.03227	\$721.92	4.84%	408.54%
Hydro One (Forest)	R1	\$11.46	0.00760	\$228.72	\$23.85	0.03353	\$688.56	201.05%	\$27.89	0.03227	\$721.92	4.84%	215.63%
Hydro One (Georgian Bay Energy - Chatsworth)	R1	\$7.00	0.00760	\$175.20	\$23.85	0.03353	\$688.56	293.01%	\$27.89	0.03227	\$721.92	4.84%	312.05%
Hydro One (Georgina)	R1	\$8.63	0.00790	\$198.36	\$23.85	0.03353	\$688.56	247.13%	\$27.89	0.03227	\$721.92	4.84%	263.94%
Hydro One (Glencoe)	R1	\$9.58	0.00620	\$189.36	\$23.85	0.03353	\$688.56	263.62%	\$27.89	0.03227	\$721.92	4.84%	281.24%
Hydro One (Grand Bend)	R1	\$10.12	0.00700	\$205.44	\$23.85	0.03353	\$688.56	235.16%	\$27.89	0.03227	\$721.92	4.84%	251.40%
Hydro One (Hastings)	R1	\$12.41	0.01080	\$278.52	\$23.85	0.03353	\$688.56	147.22%	\$27.89	0.03227	\$721.92	4.84%	159.20%
Hydro One (Havelock-Belmont-Methuen)	R1	\$11.40	0.00910	\$246.00	\$23.85	0.03353	\$688.56	179.90%	\$27.89	0.03227	\$721.92	4.84%	193.46%
Hydro One (Kirkfield)	R1	\$3.53	0.00800	\$138.36	\$23.85	0.03353	\$688.56	397.66%	\$27.89	0.03227	\$721.92	4.84%	421.77%
Hydro One (Lanark Highlands)	R1	\$8.30	0.00820	\$198.00	\$23.85	0.03353	\$688.56	247.76%	\$27.89	0.03227	\$721.92	4.84%	264.61%
Hydro One (Larder Lake)	R1	\$11.93	0.00810	\$240.36	\$23.85	0.03353	\$688.56	186.47%	\$27.89	0.03227	\$721.92	4.84%	200.35%
Hydro One (Latchford)	R1	\$9.90	0.00710	\$204.00	\$23.85	0.03353	\$688.56	237.53%	\$27.89	0.03227	\$721.92	4.84%	253.88%

Hydro One (Brockville)	UR	\$9.12	0.00750	\$199.44	\$16.50	0.02529	\$501.48	151.44%	\$19.57	0.01779	\$448.32	-10.60%	124.79%
Hydro One (Caledon OH 01)	UR	\$14.07	0.00460	\$224.04	\$16.50	0.02529	\$501.48	123.84%	\$19.57	0.01779	\$448.32	-10.60%	100.11%
Hydro One (Carleton Place)	UR	\$10.59	0.01430	\$298.68	\$16.50	0.02529	\$501.48	67.90%	\$19.57	0.01779	\$448.32	-10.60%	50.10%
Hydro One (Dryden)	UR	\$10.68	0.01320	\$286.56	\$16.50	0.02529	\$501.48	75.00%	\$19.57	0.01779	\$448.32	-10.60%	56.45%
Hydro One (Georgian Bay Energy - Owen Sound)	UR	\$7.00	0.00860	\$187.20	\$16.50	0.02529	\$501.48	167.88%	\$19.57	0.01779	\$448.32	-10.60%	139.49%
Hydro One (Lindsay)	UR	\$11.90	0.00810	\$240.00	\$16.50	0.02529	\$501.48	108.95%	\$19.57	0.01779	\$448.32	-10.60%	86.80%
Hydro One (Perth)	UR	\$10.83	0.00970	\$246.36	\$16.50	0.02529	\$501.48	103.56%	\$19.57	0.01779	\$448.32	-10.60%	81.98%
Hydro One (Quinte West - Trenton)	UR	\$4.52	0.00740	\$143.04	\$16.50	0.02529	\$501.48	250.59%	\$19.57	0.01779	\$448.32	-10.60%	213.42%
Hydro One (Smiths Falls)	UR	\$9.36	0.01130	\$247.92	\$16.50	0.02529	\$501.48	102.27%	\$19.57	0.01779	\$448.32	-10.60%	80.83%
Hydro One (Thorold)	UR	\$10.20	0.01170	\$262.80	\$16.50	0.02529	\$501.48	90.82%	\$19.57	0.01779	\$448.32	-10.60%	70.59%
Hydro One (Whitchurch-Stouffville)	UR	\$7.69	0.00820	\$190.68	\$16.50	0.02529	\$501.48	163.00%	\$19.57	0.01779	\$448.32	-10.60%	135.12%
Averages - Hydro One Urban Acquireds		\$9.63	0.00951	\$229.70	\$16.50	0.02529	\$501.48	118.32%	\$19.57	0.01779	\$448.32	-10.60%	95.17%
Hydro One Legacy	R1	\$15.99	0.02100	\$443.88	\$23.85	0.03353	\$688.56	55.12%	\$27.89	0.03227	\$721.92	4.84%	62.64%
Hydro One Legacy	UR	\$11.82	0.01610	\$335.04	\$16.50	0.02529	\$501.48	49.68%	\$19.57	0.01779	\$448.32	-10.60%	33.81%

APPENDIX B

Comparison of Distribution Rate Increases 2005 to 2013 to 2019 - Hydro One Acquired Distributors - Small General Service

Monthly Consumption

250 kW

Acquired Distributor	Rate Class	2005 Dx. Rates			2013 Dx. Rates			Inc. 2005 to 2013	2019 Dx. Rates			Inc. 2013 to 2019	Inc. 2005 to 2019
		Fixed	Variable	Annual	Fixed	Variable	Annual		Fixed	Variable	Annual		
Hydro One (Ailsa Craig)	GSd	\$13.11	3.35000	\$10,207.32	\$55.62	11.37000	\$34,777.44	240.71%	\$106.94	20.25300	\$62,042.28	78.40%	507.82%
Hydro One (Arkona)	GSd	\$1.82	1.58000	\$4,761.84	\$55.62	11.37000	\$34,777.44	630.34%	\$106.94	20.25300	\$62,042.28	78.40%	1202.91%
Hydro One (Arnprior)	GSd	\$16.36	2.96000	\$9,076.32	\$55.62	11.37000	\$34,777.44	283.17%	\$106.94	20.25300	\$62,042.28	78.40%	583.56%
Hydro One (Arran-Elderside)	GSd	\$6.32	2.63000	\$7,965.84	\$55.62	11.37000	\$34,777.44	336.58%	\$106.94	20.25300	\$62,042.28	78.40%	678.85%
Hydro One (Artemesia)	GSd	\$14.95	4.40000	\$13,379.40	\$55.62	11.37000	\$34,777.44	159.93%	\$106.94	20.25300	\$62,042.28	78.40%	363.71%
Hydro One (Bancroft)	GSd	\$18.78	2.96000	\$9,105.36	\$55.62	11.37000	\$34,777.44	281.94%	\$106.94	20.25300	\$62,042.28	78.40%	581.38%
Hydro One (Bath)	GSd	\$7.78	3.01000	\$9,123.36	\$55.62	11.37000	\$34,777.44	281.19%	\$106.94	20.25300	\$62,042.28	78.40%	580.04%
Hydro One (Blandford-Blenheim)	GSd	\$18.34	2.90000	\$8,920.08	\$55.62	11.37000	\$34,777.44	289.88%	\$106.94	20.25300	\$62,042.28	78.40%	595.54%
Hydro One (Blyth)	GSd	\$16.56	2.69000	\$8,268.72	\$55.62	11.37000	\$34,777.44	320.59%	\$106.94	20.25300	\$62,042.28	78.40%	650.33%
Hydro One (Bobcaygeon)	GSd	\$17.82	3.48000	\$10,653.84	\$55.62	11.37000	\$34,777.44	226.43%	\$106.94	20.25300	\$62,042.28	78.40%	482.35%
Hydro One (Brighton)	GSd	\$17.58	3.39000	\$10,380.96	\$55.62	11.37000	\$34,777.44	235.01%	\$106.94	20.25300	\$62,042.28	78.40%	497.65%
Hydro One (Caledon CH 02)	GSd	\$18.62	4.58000	\$13,963.44	\$55.62	11.37000	\$34,777.44	149.06%	\$106.94	20.25300	\$62,042.28	78.40%	344.32%
Hydro One (Campbellford/Seymour)	GSd	\$12.21	3.01000	\$9,176.52	\$55.62	11.37000	\$34,777.44	278.98%	\$106.94	20.25300	\$62,042.28	78.40%	576.10%
Hydro One (Cavan-Millbrook-N. Monaghan)	GSd	\$17.08	3.74000	\$11,424.96	\$55.62	11.37000	\$34,777.44	204.40%	\$106.94	20.25300	\$62,042.28	78.40%	443.04%
Hydro One (Centre Hastings)	GSd	\$13.96	2.46000	\$7,547.52	\$55.62	11.37000	\$34,777.44	360.78%	\$106.94	20.25300	\$62,042.28	78.40%	722.02%
Hydro One (Chalk River)	GSd	\$16.32	4.56000	\$13,875.84	\$55.62	11.37000	\$34,777.44	150.63%	\$106.94	20.25300	\$62,042.28	78.40%	347.12%
Hydro One (Champlain Twp.)	GSd	\$15.73	2.31000	\$7,118.76	\$55.62	11.37000	\$34,777.44	388.53%	\$106.94	20.25300	\$62,042.28	78.40%	771.53%
Hydro One (Clarence-Rockland)	GSd	\$5.07	2.07000	\$6,270.84	\$55.62	11.37000	\$34,777.44	454.59%	\$106.94	20.25300	\$62,042.28	78.40%	889.38%
Hydro One (Cobden)	GSd	\$16.80	5.19000	\$15,771.60	\$55.62	11.37000	\$34,777.44	120.51%	\$106.94	20.25300	\$62,042.28	78.40%	293.38%
Hydro One (Deep River)	GSd	\$18.41	5.75000	\$17,470.92	\$55.62	11.37000	\$34,777.44	99.06%	\$106.94	20.25300	\$62,042.28	78.40%	255.12%
Hydro One (Deseronto)	GSd	\$7.37	3.08000	\$9,328.44	\$55.62	11.37000	\$34,777.44	272.81%	\$106.94	20.25300	\$62,042.28	78.40%	565.09%
Hydro One (Dundalk)	GSd	\$18.11	4.14000	\$12,637.32	\$55.62	11.37000	\$34,777.44	175.20%	\$106.94	20.25300	\$62,042.28	78.40%	390.94%
Hydro One (Durham)	GSd	\$18.55	3.45000	\$10,572.60	\$55.62	11.37000	\$34,777.44	228.94%	\$106.94	20.25300	\$62,042.28	78.40%	486.82%
Hydro One (Eganville)	GSd	\$16.34	5.88000	\$17,836.08	\$55.62	11.37000	\$34,777.44	94.98%	\$106.94	20.25300	\$62,042.28	78.40%	247.85%
Hydro One (Erin)	GSd	\$31.56	1.89000	\$6,048.72	\$55.62	11.37000	\$34,777.44	474.96%	\$106.94	20.25300	\$62,042.28	78.40%	925.71%
Hydro One (Exeter)	GSd	\$8.34	3.29000	\$9,970.08	\$55.62	11.37000	\$34,777.44	248.82%	\$106.94	20.25300	\$62,042.28	78.40%	522.28%
Hydro One (Fenelon Falls)	GSd	\$15.10	2.42000	\$7,441.20	\$55.62	11.37000	\$34,777.44	367.36%	\$106.94	20.25300	\$62,042.28	78.40%	733.77%
Hydro One (Forest)	GSd	\$19.18	2.99000	\$9,200.16	\$55.62	11.37000	\$34,777.44	278.01%	\$106.94	20.25300	\$62,042.28	78.40%	574.36%
Hydro One (Georgian Bay Energy - Chatsworth)	GSd	\$7.88	2.91000	\$8,824.56	\$55.62	11.37000	\$34,777.44	294.10%	\$106.94	20.25300	\$62,042.28	78.40%	603.06%
Hydro One (Georgina)	GSd	\$13.18	4.08000	\$12,398.16	\$55.62	11.37000	\$34,777.44	180.50%	\$106.94	20.25300	\$62,042.28	78.40%	400.42%
Hydro One (Glencoe)	GSd	\$8.35	2.04000	\$6,220.20	\$55.62	11.37000	\$34,777.44	459.10%	\$106.94	20.25300	\$62,042.28	78.40%	897.43%
Hydro One (Grand Bend)	GSd	\$17.01	3.12000	\$9,564.12	\$55.62	11.37000	\$34,777.44	263.62%	\$106.94	20.25300	\$62,042.28	78.40%	548.70%
Hydro One (Hastings)	GSd	\$17.57	4.26000	\$12,990.84	\$55.62	11.37000	\$34,777.44	167.71%	\$106.94	20.25300	\$62,042.28	78.40%	377.58%
Hydro One (Havelock-Belmont-Methuen)	GSd	\$17.00	3.86000	\$11,784.00	\$55.62	11.37000	\$34,777.44	195.12%	\$106.94	20.25300	\$62,042.28	78.40%	426.50%
Hydro One (Kirkfield)	GSd	\$11.01	4.73000	\$14,322.12	\$55.62	11.37000	\$34,777.44	142.82%	\$106.94	20.25300	\$62,042.28	78.40%	333.19%
Hydro One (Lanark Highlands)	GSd	\$14.00	4.21000	\$12,798.00	\$55.62	11.37000	\$34,777.44	171.74%	\$106.94	20.25300	\$62,042.28	78.40%	384.78%
Hydro One (Larder Lake)	GSd	\$15.40	3.44000	\$10,504.80	\$55.62	11.37000	\$34,777.44	231.06%	\$106.94	20.25300	\$62,042.28	78.40%	490.61%
Hydro One (Latchford)	GSd	\$1.56	1.95000	\$5,868.72	\$55.62	11.37000	\$34,777.44	492.59%	\$106.94	20.25300	\$62,042.28	78.40%	957.17%
Hydro One (Lucan/Granton)	GSd	\$12.85	3.69000	\$11,224.20	\$55.62	11.37000	\$34,777.44	209.84%	\$106.94	20.25300	\$62,042.28	78.40%	452.75%
Hydro One (Malahide Twp.)	GSd	\$12.05	4.34000	\$13,164.60	\$55.62	11.37000	\$34,777.44	164.17%	\$106.94	20.25300	\$62,042.28	78.40%	371.28%
Hydro One (Mapleton Twp.)	GSd	\$16.50	4.34000	\$13,218.00	\$55.62	11.37000	\$34,777.44	163.11%	\$106.94	20.25300	\$62,042.28	78.40%	369.38%
Hydro One (Markdale)	GSd	\$17.66	2.03000	\$6,301.92	\$55.62	11.37000	\$34,777.44	451.85%	\$106.94	20.25300	\$62,042.28	78.40%	884.50%
Hydro One (Marmora)	GSd	\$7.27	2.66000	\$8,067.24	\$55.62	11.37000	\$34,777.44	331.09%	\$106.94	20.25300	\$62,042.28	78.40%	669.06%

Hydro One (Brockville)	UGd	\$16.58	1.99000	\$6,168.96	\$32.32	6.91400	\$21,129.84	242.52%	\$111.74	11.54800	\$35,984.88	70.30%	483.32%
Hydro One (Caledon OH 01)	UGd	\$19.71	4.28000	\$13,076.52	\$32.32	6.91400	\$21,129.84	61.59%	\$111.74	11.54800	\$35,984.88	70.30%	175.19%
Hydro One (Carleton Place)	UGd	\$18.18	4.25000	\$12,968.16	\$32.32	6.91400	\$21,129.84	62.94%	\$111.74	11.54800	\$35,984.88	70.30%	177.49%
Hydro One (Dryden)	UGd	\$14.55	2.64000	\$8,094.60	\$32.32	6.91400	\$21,129.84	161.04%	\$111.74	11.54800	\$35,984.88	70.30%	344.55%
Hydro One (Georgian Bay Energy - Owen Sound)	UGd	\$7.88	2.91000	\$8,824.56	\$32.32	6.91400	\$21,129.84	139.44%	\$111.74	11.54800	\$35,984.88	70.30%	307.78%
Hydro One (Lindsay)	UGd	\$18.41	3.49000	\$10,690.92	\$32.32	6.91400	\$21,129.84	97.64%	\$111.74	11.54800	\$35,984.88	70.30%	236.59%
Hydro One (Perth)	UGd	\$15.19	2.30000	\$7,082.28	\$32.32	6.91400	\$21,129.84	198.35%	\$111.74	11.54800	\$35,984.88	70.30%	408.10%
Hydro One (Quinte West - Trenton)	UGd	\$2.25	2.65000	\$7,977.00	\$32.32	6.91400	\$21,129.84	164.88%	\$111.74	11.54800	\$35,984.88	70.30%	351.11%
Hydro One (Smiths Falls)	UGd	\$7.13	2.66000	\$8,065.56	\$32.32	6.91400	\$21,129.84	161.98%	\$111.74	11.54800	\$35,984.88	70.30%	346.15%
Hydro One (Thorold)	UGd	\$17.36	3.81000	\$11,638.32	\$32.32	6.91400	\$21,129.84	81.55%	\$111.74	11.54800	\$35,984.88	70.30%	209.19%
Hydro One (Whitchurch-Stouffville)	UGd	\$16.73	2.35000	\$7,250.76	\$32.32	6.91400	\$21,129.84	191.42%	\$111.74	11.54800	\$35,984.88	70.30%	396.29%
Averages - Hydro One Urban Acquireds		\$14.00	3.03000	\$9,257.97	\$32.32	6.91400	\$21,129.84	128.23%	\$111.74	11.54800	\$35,984.88	70.30%	288.69%
Hydro One Legacy	Gsd	\$40.47	8.74000	\$26,705.64	\$55.62	11.37000	\$34,777.44	30.23%	\$106.94	20.25300	\$62,042.28	78.40%	132.32%
Hydro One Legacy	UGd	\$13.11	7.45000	\$22,507.32	\$32.32	6.91400	\$21,129.84	-6.12%	\$111.74	11.54800	\$35,984.88	70.30%	59.88%

APPENDIX C

**Total Bill Impacts - April 1, 2005 Changes
Residential Customers Using 1,000 kWh / Month
(Hydro One Acquired LDCs)**

Distribution rates and the approved changes vary from utility to utility. The following chart shows an example of the combined total bill impact of the new price plan and the distribution rate changes approved by the Ontario Energy Board for a residential consumer using 1,000 kilowatt hours per month. The example reflects the total bill impact on an annualized basis. It also takes into account the consumption threshold – the amount of electricity that is charged at a lower price – that will change from 750 kWh per month to 1,000 kWh per month on November 1, 2005.

Hydro One Acquired Local Distribution Company	Total Bill Impact (price plan + distribution rate changes)	Distribution Rate Change Impact (on total bill)	Price Plan Impact (on total bill)
Ailsa Craig	7.30%	4.47%	2.83%
Arkona	12.80%	9.62%	3.18%
Arnprior	9.80%	7.09%	2.71%
Arran-Elderslie	9.40%	6.51%	2.89%
Artemesia	12.20%	9.32%	2.88%
Bancroft	9.80%	6.98%	2.82%
Bath	12.40%	9.54%	2.86%
Blandford-Blenheim	11.80%	8.96%	2.84%
Blyth	10.90%	7.93%	2.97%
Bobcaygeon	9.70%	6.92%	2.78%
Brighton	12.00%	9.13%	2.87%
Brockville	10.90%	8.00%	2.90%
Caledon CH 02	10.70%	7.80%	2.90%
Caledon OH 01	11.50%	8.70%	2.80%
Caledon OH 06	12.30%	9.70%	2.60%
Caledon OH 07	9.80%	7.50%	2.30%
Campbellford-Seymour	12.60%	9.68%	2.92%
Carleton Place	9.70%	7.06%	2.64%
Cavan-Millbrook-North Monaghan	12.60%	9.91%	2.69%
Centre Hastings	5.40%	2.63%	2.77%
Chalk River	11.50%	8.80%	2.70%
Champlain	9.60%	6.70%	2.90%
Clarence-Rockland	12.60%	9.70%	2.90%
Cobden	12.20%	9.56%	2.64%
Deep River	10.90%	8.34%	2.56%
Deseronto	12.70%	9.80%	2.90%
Dryden	8.70%	6.10%	2.60%
Dundalk	10.50%	7.67%	2.83%
Durham	11.30%	8.53%	2.77%
Eganville	8.60%	5.89%	2.71%
Erin	12.40%	9.84%	2.56%
Exeter	11.30%	8.49%	2.81%
Fenelon Falls	8.30%	5.30%	3.00%
Forest	10.50%	7.72%	2.78%

Total Bill Impacts - April 1, 2005 Changes
Residential Customers Using 1,000 kWh / Month
(Hydro One Acquired LDCs)

Hydro One Acquired Local Distribution Company	Total Bill Impact (price plan + distribution rate changes)	Distribution Rate Change Impact (on total bill)	Price Plan Impact (on total bill)
Georgian Bay Energy	10.80%	7.85%	2.95%
Georgina	6.80%	4.00%	2.80%
Glencoe	12.40%	9.62%	2.78%
Grand Bend	8.80%	6.02%	2.78%
Hastings	12.50%	9.74%	2.76%
Havelock-Belmont-Methuen	12.60%	9.77%	2.83%
Kirkfield	11.40%	8.40%	3.00%
Lanark Highlands	12.50%	9.62%	2.88%
Larder Lake	12.60%	9.80%	2.80%
Latchford	12.40%	9.68%	2.72%
Lindsay	11.30%	8.47%	2.83%
Lucan Granton	9.20%	6.47%	2.73%
Malahide	12.60%	9.79%	2.81%
Mapleton	11.90%	9.11%	2.79%
Markdale	9.00%	6.20%	2.80%
Marmora	9.00%	6.15%	2.85%
McGarry	12.60%	9.80%	2.80%
Meaford	10.70%	7.80%	2.90%
Middlesex Centre	12.40%	9.56%	2.84%
Napanee	12.10%	9.32%	2.78%
Nipigon	11.90%	9.44%	2.46%
North Dorchester	11.60%	8.70%	2.90%
North Dundas	12.30%	9.42%	2.88%
North Glengarry	12.50%	9.51%	2.99%
North Grenville	7.30%	4.74%	2.56%
North Perth	10.90%	8.07%	2.83%
North Stormont	12.10%	9.05%	3.05%
Omeme	8.00%	5.33%	2.67%
Perth	10.90%	8.13%	2.77%
Perth East	5.90%	2.91%	2.99%
Prince Edward County	11.60%	8.78%	2.82%
Quinte West	9.40%	6.37%	3.03%
Rainy River	10.70%	8.00%	2.70%
Ramara	11.60%	8.65%	2.95%
Red Rock	11.60%	9.08%	2.52%
Russell	8.30%	5.60%	2.70%
Schreiber	12.20%	9.63%	2.57%
Severn	11.40%	8.54%	2.86%
Shelburne	8.70%	6.04%	2.66%
Smiths Falls	9.10%	6.38%	2.72%
South Bruce Peninsula / (Warton)	10.60%	7.93%	2.67%
South Glengarry	7.80%	4.96%	2.84%

Total Bill Impacts - April 1, 2005 Changes
Residential Customers Using 1,000 kWh / Month
(Hydro One Acquired LDCs)

Hydro One Acquired Local Distribution Company	Total Bill Impact (price plan + distribution rate changes)	Distribution Rate Change Impact (on total bill)	Price Plan Impact (on total bill)
South River	12.60%	9.86%	2.74%
Springwater	10.10%	7.30%	2.80%
Stirling-Rawdon	11.70%	8.79%	2.91%
Thedford	12.50%	9.64%	2.86%
Thessalon	8.80%	6.06%	2.74%
Thorndale	12.00%	9.00%	3.00%
Thorold	9.20%	6.47%	2.73%
Tweed	12.20%	9.15%	3.05%
Wardsville	10.00%	7.11%	2.89%
Warkworth	12.40%	9.66%	2.74%
West Elgin	9.10%	6.41%	2.69%
Whitchurch-Stouffville	11.00%	8.06%	2.94%
Woodville	11.00%	7.91%	3.09%
Wyoming	7.10%	4.28%	2.82%

APPENDIX D

Hydro One Norfolk Annual Distribution Bills Comparison

Norfolk Class and Average Load per Cust.	Billing Component	Norfolk 2013 Rates	Hydro One 2013 Rates (R1,GSe,GSd)	Percent Increase	Hydro One 2019 Rates (R1,GSe,GSd)	Percent Increase
Residential 730	Monthly	\$250.44	\$286.20		\$334.68	
	Volume	\$190.97	\$293.72		\$282.69	
	Total	\$441.41	\$579.92	31.38%	\$617.37	39.86%
GS<50KW 2601	Monthly	\$599.76	\$477.48		\$389.64	
	Volume	\$486.91	\$1,242.55		\$2,038.77	
	Total	\$1,086.67	\$1,720.03	58.28%	\$2,428.41	123.47%
GS>50KW 174	Monthly	\$2,946.60	\$667.44		\$1,283.28	
	Volume	\$8,268.90	\$23,740.56		\$42,288.26	
	Total	\$11,215.50	\$24,408.00	117.63%	\$43,571.54	288.49%

Sources:

Norfolk Rate Order dated April 4, 2013 for 2013 Rates

Hydro One Rate Order dated December 20, 2012 for 2013 Rates

EB-2013-0416 Hydro One Rate Application for 2019 Rates

APPENDIX E

Hydro One Norfolk Distribution Revenues Comparison

Norfolk Class	Billing Component	Billing Determinants	Norfolk 2013 Rates	Hydro One 2013 Rates (R1,GSe,GSd)	Hydro One 2019 Rates (R1,GSe,GSd)
Residential	Monthly	204,312	\$4,263,991	\$4,872,841	\$5,698,262
	Volume	149,120,393	\$3,250,825	\$5,000,007	\$4,812,115
	Total		\$7,514,816	\$9,872,848	\$10,510,377
GS<50KW	Monthly	23,832	\$1,191,123	\$948,275	\$773,825
	Volume	61,992,882	\$967,089	\$2,467,937	\$4,049,375
	Total		\$2,158,212	\$3,416,212	\$4,823,200
GS>50KW	Monthly	1,980	\$486,189	\$110,128	\$211,741
	Volume	344,556	\$1,364,511	\$3,917,602	\$6,978,293
	Total		\$1,850,700	\$4,027,729	\$7,190,034
TOTALS			\$11,523,728	\$17,316,789	\$22,523,611

Sources:

Billing Determinants from 2012 Rebasing