

## ICM Appendix B: Hydro One CCRA Actual Cost Revised Sch B



December 22, 2010

Mr. Paul Ferguson.  
President  
Newmarket-Tay Power Distribution Ltd.  
570 Steven Court  
Newmarket, ON  
L3Y 6Z2

Dear Mr. Ferguson

Enclosed are the revised Connection and Cost Recovery Agreement (CCRA) and Schedule B for Holland TS.

The revised Schedule B reflects the actual costs for transformation connection pool work and line connection pool work for this project. I have excluded the Standard Terms and Conditions which comprises several pages.

These revisions are for your records. It should be noted that you do not have to pay any capital contributions, as only the revenue schedule has changed.

Please contact Stefanie Urbanowicz at (416) 345-6892 or (647) 261-9575 (cell) if you have any questions regarding the true-up calculation.

Yours truly,

A handwritten signature in black ink, appearing to read "Bradley Colden", with a long horizontal flourish extending to the right.

Brad Colden  
Manager Customer Business Relations  
Hydro One Networks Inc.  
483 Bay Street, TCT 14  
Toronto, ON  
M5G 2P5

Cc: Stefanie S Urbanowicz

### **Revised Schedule "B" (Holland TS)**

Costs of the Project are being shared by Hydro One's distribution business, the Customer and PowerStream Inc. according to the assigned capacity made available by the Project (161 MW) on Holland TS. PowerStream Inc.'s share (42 MW) of that capacity is being assigned at Armitage TS through load transfers made available by Hydro One's distribution business and the Customer by transferring one feeder position each. The Customer's proportion of the total Project cost is 41.3%.

The assignment of overload credits and Project costs are based on the percentage of Hydro One's distribution business, the Customer's and PowerStream Inc.'s loading at Armitage TS (340 MW) as follows.

Customer (Newmarket) - 140.4 MW (41.3%)  
PowerStream Inc. - 78.9 MW (23.2%)  
Hydro One's Distribution business - 120.4 MW (35.5%)

Some of the Existing Load equal to the normal capacity of one feeder position (21 MW peak or 17 MW as an average monthly peak) will be moved to Holland TS and will be treated as "Existing Load" at the Project for the purposes of this Agreement. In addition the Customer will move any additional load on Armitage TS in excess of their assigned Normal Capacity to Holland TS to relieve the Customer's portion of the overload on Armitage TS (forecast to be 34 MW peak in 2009) as outlined below.

The above represent annual peak values as per the load forecast used to calculate the revenue guarantees in the tables below. The average loading factor used to convert the annual peak load as per the Customer's load forecast to determine the loads used in the tables below for revenue guarantees is 0.81.

For clarity the amount of load to be moved to Holland TS by the Customer to address the overload at Armitage TS (34 MW) and PowerStream Inc.'s new feeder position at Armitage TS (21 MW) is 55 MW.

### **TRANSFORMATION CONNECTION POOL WORK**

#### **Estimate of the Engineering and Construction Cost of the Transformation Connection Pool Work:**

Total Project Cost: \$20,483.5k  
Cost Allocated to the Customer: \$8,459.7k

**Estimate of Transformation Connection Pool Work Capital Contribution: \$0**

#### **Actual Engineering and Construction Cost of the Transformation Connection Pool Work:**

**Project Cost:** \$21,981,781  
Cost Allocated to the Customer: \$9,078,475.57

**Actual Transformation Connection Pool Work Capital Contribution: \$0**

**Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: N/A**

### **LINE CONNECTION POOL WORK**

#### **Estimate of the Engineering and Construction Cost of the Line Connection Pool Work:**

Total Project Cost: \$2319.9k  
Cost Allocated to the Customer: \$958.1k

**Estimate of Line Connection Pool Work Capital Contribution: \$0**

Holland TS - Newmarket-Tay CCRA

**Actual Engineering and Construction Cost of the Line Connection Pool Work:**

Total Project Cost: \$1,067,852  
Cost Allocated to the Customer: \$441,022.98

**Actual Line Connection Pool Work Capital Contribution: \$0**

**Capital Contribution Includes the Cost of Capacity Not Needed by the Customer: N/A**

**NETWORK CUSTOMER ALLOCATED WORK**

Estimate of the Engineering and Construction Cost of the Network Customer Allocated Work:

Total Project Cost: \$339.1k  
Cost Allocated to the Customer: \$140k

**Actual Engineering and Construction Cost of the Network Customer Allocated Work:**

Total Project Cost: \$339,110  
Cost Allocated to the Customer: \$140,052.43

**NETWORK POOL WORK (NON-RECOVERABLE FROM CUSTOMER):**

The estimated Engineering and Construction Cost of the Network Pool Work (Non-Recoverable From Customer) is \$0. Subject to Section 14.2 of the Standard Terms and Conditions, Hydro One will perform this work at its own expense.

**WORK CHARGEABLE TO CUSTOMER**

**Estimate of the Engineering and Construction Cost of the Work Chargeable To Customer: \$ 0**

**Actual Engineering and Construction Cost of the Work Chargeable To Customer: \$0**

**MANNER OF PAYMENT OF THE ESTIMATE OF CAPITAL CONTRIBUTIONS AND WORK CHARGEABLE TO CUSTOMER**

The Customer shall pay Hydro One the estimate of the Transformation Connection Pool Work Capital Contribution, the Estimate of Line Connection Pool Work Capital Contribution, the estimate of the Network Customer Allocated Work Capital Contribution and the estimate of the Engineering and Construction Cost of the Work Chargeable to Customer by making the progress payments specified below on or before the Payment Milestone Date specified below. Hydro One will invoice the Customer for each progress payment 30 days prior to the Payment Milestone Date.

<b>Payment Milestone Date</b>	<b>Transformation Pool Work Capital Contribution</b>	<b>Line Pool Work Capital Contribution</b>	<b>Network Customer Allocated Work Capital Contribution</b>	<b>Work Chargeable To Customer</b>	<b>Total Payment Required</b>
N/A	N/A	N/A	N/A	N/A	N/A

**TRANSFORMATION CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST**  
**AT THE NEW OR MODIFIED CONNECTION FACILITIES**

<b>Annual Period Ending On:</b>	<b>New Load** (MW) (1)</b>	<b>Part of New Load Exceeding Normal Capacity of Existing Load Facilities [A] (Note 1)</b>	<b>Adjusted Load Forecast (MW) [B]</b>	<b>Transformation Connection Revenue (k\$) for True-Up, based on [A] or [B], whichever is applicable</b>
<b>1<sup>st</sup> Anniversary of In Service Date</b>	29.5	29.5	26.5	512.7
<b>2<sup>nd</sup> Anniversary of In Service Date</b>	34.6	34.6	31.2	602.7
<b>3<sup>rd</sup> Anniversary of In Service Date</b>	40.1	40.1	36.1	698.4
<b>4<sup>th</sup> Anniversary of In Service Date</b>	45.6	45.6	41.0	793.0
<b>5<sup>th</sup> Anniversary of In Service Date</b>	51.0	51.0	46.0	887.8
<b>6<sup>th</sup> Anniversary of In Service Date</b>	56.5	56.5	50.9	983.8
<b>7<sup>th</sup> Anniversary of In Service Date</b>	60.4	60.4	54.4	1051.1
<b>8<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>9<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>10<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>11<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>12<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>13<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>14<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>15<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>16<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>17<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>18<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>19<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>20<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>21<sup>st</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>22<sup>nd</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>23<sup>rd</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>24<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1
<b>25<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	54.6	1054.1

(1) Average monthly peak load for anniversary year, based on an average loading factor of 0.81.

**LINE CONNECTION REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES**

<b>Annual Period Ending On:</b>	<b>New Load** - (MW) (1)</b>	<b>Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]</b>	<b>Adjusted Load Forecast (MW) [D]</b>	<b>Line Connection Revenue (k\$) for True-Up, Based on [C] or [D], whichever is applicable</b>
<b>1<sup>st</sup> Anniversary of In Service Date</b>	29.5	29.5	3.9	27.4
<b>2<sup>nd</sup> Anniversary of In Service Date</b>	34.6	34.6	4.5	32.2
<b>3<sup>rd</sup> Anniversary of In Service Date</b>	40.1	40.1	5.3	37.3
<b>4<sup>th</sup> Anniversary of In Service Date</b>	45.6	45.6	6.0	42.3
<b>5<sup>th</sup> Anniversary of In Service Date</b>	51.0	51.0	6.7	47.4
<b>6<sup>th</sup> Anniversary of In Service Date</b>	56.5	56.5	7.4	52.5
<b>7<sup>th</sup> Anniversary of In Service Date</b>	60.4	60.4	7.9	56.1
<b>8<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>9<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>10<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>11<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>12<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>13<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>14<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>15<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>16<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>17<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>18<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>19<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>20<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>21<sup>st</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>22<sup>nd</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>23<sup>rd</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>24<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3
<b>25<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	7.9	56.3

(1) Average monthly peak load for anniversary year, based on an average loading factor of 0.81.

**NETWORK REVENUE REQUIREMENTS AND LOAD FORECAST AT THE NEW OR MODIFIED CONNECTION FACILITIES**

<b>Annual Period Ending On:</b>	<b>New Load** - (MW)</b>	<b>Part of New Load Exceeding Normal Capacity of Existing Load Facilities [C]</b>	<b>Adjusted Load Forecast (MW) [D]</b>	<b>Network Revenue (k\$) for True-Up, Based on [C] or [D], whichever is applicable</b>
<b>1<sup>st</sup> Anniversary of In Service Date</b>	29.5	29.5	0.3	8.7
<b>2<sup>nd</sup> Anniversary of In Service Date</b>	34.6	34.6	0.4	10.2
<b>3<sup>rd</sup> Anniversary of In Service Date</b>	40.1	40.1	0.4	11.8
<b>4<sup>th</sup> Anniversary of In Service Date</b>	45.6	45.6	0.5	13.4
<b>5<sup>th</sup> Anniversary of In Service Date</b>	51.0	51.0	0.5	15.0
<b>6<sup>th</sup> Anniversary of In Service Date</b>	56.5	56.5	0.6	16.6
<b>7<sup>th</sup> Anniversary of In Service Date</b>	60.4	60.4	0.6	17.8
<b>8<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>9<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>10<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>11<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>12<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>13<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>14<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>15<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>16<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>17<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>18<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>19<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>20<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>21<sup>st</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>22<sup>nd</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>23<sup>rd</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>24<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8
<b>25<sup>th</sup> Anniversary of In Service Date</b>	60.5	60.5	0.6	17.8

\*\* New Load based on Customer’s Load Forecast which includes Part of New Load Exceeding Normal Capacity of Existing Load Facilities. “Overload” derived in accordance with Section 6.7.9 of the Transmission System Code and the OEB-Approved Connection Procedures. Any Customer load below the Normal Capacity of the Existing Load Facilities transferred to the New or Modified Facilities will not be credited towards the Transformation Connection Revenue Requirements, Line Connection Revenue Requirements or the Network Connection Revenue Requirements. The discounted cash flow calculation for Network Revenue requirements will be based on Incremental Network Load which is New Load (plus Overload) less the amount of load, if any, that has been by-passed by the Customer at any of Hydro One’s connection facilities.