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**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs



BY COURIER

November 20, 2008

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON.  
M4P 1E4

Dear Ms. Walli:

**EB-2008-0187 – Hydro One Networks' 3GIRM 2009 Distribution Rate Application – Rate Impact Information for the Notice of Application**

Hydro One received a request from Board staff to provide information related to the impact on the Delivery portion of the customer's bill of Hydro One's 2009 Third Generation Incentive Rate mechanism application, EB-2008-0187, to be used in the Notice of Application for this proceeding.

As the Board is aware, Hydro One is proposing to harmonize the rates of its Legacy customer classes with the rates of its 88 Acquired LDCs' customer classes over a 4 year period. The 2008 Hydro One rate submission, currently awaiting Board approval, is the first step in the 4 year proposed harmonization plan. When Hydro One published the Notice of Application in respect of that Proceeding, EB-2007-0681, the following was stated:

*Hydro One Networks indicates that, if the application is approved as filed, the 2008 total bill impact will range from a decrease of 11.0% to an increase of 9.8% for residential customers consuming 1000 kWh per month. For general service energy-billed customers consuming 2000 kWh per month the total bill impact may range from a decrease of 21.5% to an increase of 8.9%. Hydro One Networks has forecast that the harmonization plan will have slightly lower annual impacts from 2009 to 2011.*

As can be seen, the impacts referred to in the Notice described the total bill impact and not the impact on the Delivery portion of the customer's bill. Using delivery charge impacts in the Notice for the EB-2008-0187 proceeding will be very confusing to customers as the information presented would be on a new basis. Customers expect that the increase in 2009 as a result of Harmonization "...will be slightly lower...", meaning that it would be below 10%. In Proceeding EB-2008-0187, while the total bill impact is less than 10%, the impact on the Delivery portion of the bill can be much higher than 10% for the acquired customers.

Hydro One proposes that that the Notice of Application for the EB-2008-0187 Proceeding continues to refer to impacts based on total bill and not on the Delivery portion of the bill to avoid unnecessary customer confusion.

If you require further information, please do not hesitate to contact Michael Roger, Manager Pricing, at 416 345-5876.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank