



EB-2006-0501

IN THE MATTER OF the *Ontario Energy Board Act 1998*,
S.O.1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by Hydro One
Networks Inc. for an Order or Orders approving or fixing just
and reasonable rates and other charges for the transmission
of electricity commencing January 1, 2007.

BEFORE: Pamela Nowina
Vice Chair and Presiding Member

Paul Sommerville
Member

Bill Rupert
Member

**REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER ARISING FROM
THE EB-2006-0501 DECISION WITH REASONS**

Hydro One Networks Inc. (“Hydro One”, the “Company”, the “Utility” or the “Applicant”) filed an application dated September 12, 2006 (the “original Application”) with the Ontario Energy Board (the “Board”) under section 78 of the *Ontario Energy Board Act, 1998*; S.O. c.15, (Sched. B) (the “Act”), for an order or orders approving the revenue requirement for the test years 2007 and 2008; customer rates for the transmission of electricity to be implemented on May 1, 2007; changes to the current capital structure with an increase in the return on common equity; the inclusion into rate base of certain capital costs; a revenue requirement adjustment mechanism for 2009 and 2010; and other matters related to the fixing of just and reasonable rates for the transmission of

electricity. The Board assigned file number EB-2006-0501 to the Application and issued a Notice of Application dated October 17, 2006. Updates to certain parts of the original Application were filed on February 23, 2007.

An Issues List was provided to parties with Procedural Order No. 2 on December 20, 2006. On March 26, 2007 a Settlement Conference was held to settle as many of the issues as possible. The Settlement Conference resulted in a Settlement Proposal which was filed with the Board on April 3, 2007. The Board considered the Settlement Proposal at a hearing held on April 10, 2007. The Board issued its Settlement Proposal Decision on April 18, 2007. Of the 40 issues on the Issues List, the Settlement Proposal fully settled 24 issues and partially settled two issues. The parties were unable to reach agreement on the remaining 14 issues and the Decision with Reasons addressed these non-settled issues.

In a letter dated February 14, 2007 Hydro One requested that a 2007 revenue deficiency deferral account be established, beginning January 1, 2007, to record the revenue deficiency between the approved revenue for 2007 and the forecast revenues at currently approved transmission rates. Hydro One requested a decision from the Board on this issue by March 31, 2007. On March 30, 2007, the Board issued a Partial Decision and Order approving the establishment of the 2007 revenue deficiency deferral account.

The Board's EB-2006-0501 Decision with Reasons (the "Decision") was issued on August 16, 2007. The Board indicated that a number of the findings in the Decision would affect the applied-for revenue and charge determinant amounts. The Board noted with regard to the rate implementation of the Decision, that the Company should file with the Board and all intervenors of record, a draft exhibit outlining the final revenue requirements and charge determinants to reflect the Board's findings in the Decision. The Company was also directed to file an exhibit "...which includes the calculation of the uniform transmission rates, charge determinants and revenue shares resulting from this decision. This exhibit will be used in the uniform transmission rates proceeding to establish the Ontario Uniform Transmission Rates."

Hydro One filed the required exhibit on September 7, 2007 which included the changes requested by the Board in the Decision. These changes included:

- Application of the LDC deemed regulatory capital structure (60% debt, 40% common equity) and ROE formula which results in an ROE set at 8.35% for both 2007 and 2008.

- Disposition of the ratepayers portion of 2006 excess earnings (ESM) as a refund to ratepayers over two years (2007 and 2008) rather than as capital contributions. The excess earnings were revised to be consistent with Hydro One Transmission's audited 2006 financial statements.
- Removal of the proposed OEB cost deferral account recovery.
- Incorporation of the Revenue Difference Deferral Account (RDDA) to be effective January 1st, 2007 and to be calculated using the 2007 load forecast accepted by the Board.
- Removal of the proposed regulatory treatment of the designated projects.
- Expensing and recovery of the carrying costs of the Niagara Reinforcement Project as of January 1st, 2007 until the project is completed and placed into service.
- Increase in the 2007 and 2008 load forecast of 350MW to reflect a lower CDM impact.

In addition, as part of the exhibit, Hydro One also filed a proposal for Uniform Transmission Rates to be effective on January 1, 2009, which anticipates that a 2009 revenue requirement, charge determinants and Uniform Transmission Rates decision for Hydro One would not be completed for a January 1, 2009 implementation. The proposed 2009 rates reflect the removal of the November 1, 2007 to December 31, 2008 blending of revenues and charge determinants and also reflect the completed refund of the 2006 ESM and 2007 RDDA amounts.

No intervenor made submissions on the Hydro One Exhibit.

On September 21, 2007 the Board issued an Order directing Hydro One to amend its exhibit with regard to the calculation of the Niagara Reinforcement Project expense for 2007 and 2008. On September 26, 2007 Hydro One submitted a revised exhibit reflecting the Board's order.

Upon reviewing the revised materials, the Board finds it appropriate to issue a final order regarding Hydro One's 2007 and 2008 Test Year revenue requirements and charge determinants for use in the implementation of the Ontario Uniform Transmission rates.

In this order, the Board is approving the revenue requirements and charge determinants for Hydro One Transmission which will form the basis for the Hydro One Networks' portion of the Ontario Uniform Transmission Rates. The Ontario Uniform Transmission Rates and the revenue shares of each of the other transmitters in the transmission rates

pool (Great Lakes Power Inc., Five Nations Energy Inc., and Canadian Niagara Power Inc.) will be established in a subsequent proceeding.

The Board noted in the Decision that it expected the new uniform transmission rates would be targeted for implementation by November 1, 2007, after the completion of the Ontario Uniform Transmission Rates Proceeding.

With regard to the Hydro One proposal to set Uniform Transmission Rates for 2009, the Board finds that this particular request is premature and would be more appropriately considered when the Board considers the 2009 Uniform Transmission Rates in 2008. It would be appropriate for Hydro One to make these submissions at that time.

THEREFORE, THE BOARD ORDERS THAT:

1. The Hydro One Base Revenue Requirements for 2007 and 2008, \$1,156.4 million and \$1,170.1 million respectively, as shown in Exhibit 1.0 in Appendix A are approved for recovery through the Uniform Transmission Rates.
2. The allocation of the approved revenue requirements to the three transmission rate pools as shown in Exhibits 2.1 and 2.3 in Appendix A are approved.
3. The Hydro One charge determinants for each rate pool as shown in Exhibit 3.0 and Exhibit 3.1 in Appendix A are approved.
4. The final revenue requirement by rate pool for determining Uniform Transmission rates for November 1, 2007 to December 31, 2008 as shown in Exhibit 2.0 is approved.
5. The Wholesale Meter Service and Exit Fee Schedule, attached as Exhibit 5.0 in Appendix A, is approved.

6. The Hydro One proposal for Uniform Transmission rates effective January 1, 2009 attached to the Hydro One September 26, 2007 revised submission as Exhibit 6.0 is not approved.

ISSUED at Toronto, September 28, 2007

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

**APPENDIX "A" TO
HYDRO ONE NETWORKS INC. TRANSMISSION REVENUE REQUIREMENT
AND CHARGE DETERMINANT ORDER**

BOARD FILE NO. EB-2006-0501

DATED: September 28, 2007

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Summary Final Revenue Requirement

(\$ millions)	Supporting Exhibit	Hydro One Proposed		OEB Decision Impact		OEB Approved	
		2007	2008	2007	2008	2007	2008
Base Revenue Requirement	1.1	1,240.4	1,276.8	(84.0)	(106.7)	1,156.4	1,170.1
Deferral Account Recovery	1.4	(6.3)	(6.3)	(30.2)	(30.2)	(36.5)	(36.5)
Total Revenue Requirement prior to RDDA		1,234.1	1,270.5	(114.2)	(136.9)	1,119.9	1,133.6
RDDA for Jan.1/07 to Oct.31/07	1.7			(85.3)		(85.3)	
Revenue Requirement for Nov.1/07 to Dec.31/07	1.7			193.5		193.5	
Rate Base	1.2	6,477.7	6,882.5	(134.2)	(225.3)	6,343.5	6,657.2
Capital Expenditures	1.6	691.5	768.2	20.1	6.2	711.6	774.4

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2006-0501

Revenue Requirement Details

(\$ millions)	OEB Decision	Hydro One Proposed		OEB Decision Impact		OEB Approved	
		2007	2008	2007	2008	2007	2008
OM&A	4.1	394.1	387.5	-	-	394.1	387.5
Depreciation (Note 1)	6.1/6.2	246.3	260.6	(2.7)	(4.5)	243.6	256.1
Capital Tax (Note 2)	6.1/6.2	16.1	17.0	(0.4)	(0.6)	15.7	16.4
Return on Debt (Note 3)	6.1/7.2	225.5	237.3	1.0	(2.2)	226.5	235.1
Return on Equity (Note 4)	7.1	259.1	282.2	(47.2)	(59.8)	211.9	222.3
Income Tax (Note 5)	7.1/7.2	99.4	92.2	(34.7)	(39.5)	64.7	52.7
Base Revenue Requirement		1,240.4	1,276.8	(84.0)	(106.7)	1,156.4	1,170.1

Note 1: Reflects depreciation adjustment resulting from exclusion of supply mix projects from rate base (Undertaking K7.1)

Note 2: Reflects capital tax adjustment resulting from exclusion of supply mix projects in rate base (0.285% x change in rate base)

Note 3: OEB approved return on debt consists of \$220.8M in 2007 and \$229.3 in 2008 relating to rate base, and \$5.8M in 2007 and \$5.7M in 2008 relating to the Niagara Reinforcement Project (see Exhibit 1.3)

Note 4: OEB approved return on equity consists of \$211.9M in 2007 and \$222.3M in 2008 relating to rate base, and \$0.0M in both 2007 and 2008 relating to the Niagara Reinforcement Project (see Exhibit 1.3)

Note 5: Income tax adjusted for change in return on equity (grossed-up for tax) times tax rate (36.12% in 2007 and 34.5% in 2008)

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Rate Base Details

(\$ millions)	OEB Decision	Hydro One Proposed		OEB Decision Impact		OEB Approved	
		2007	2008	2007	2008	2007	2008
Rate Base	6.1	6,477.7	6,882.5	(134.2)	(225.3)	6,343.5	6,657.2

Rate Base reflects exclusion of supply mix projects as per chart below (see Undertaking K7.3)

	2007	2008
Tx Reinforcement for Bruce & Wind Generation	3	31
Hydro Quebec Interconnection	34	90
Static Var Compensators	-	5
Niagara Reinforcements	98	99
	<hr/> 134	<hr/> 225

NB: The changes in capital expenditures per supporting Exhibit 1.6 do not affect rate base, as these projects come into service after 2008.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Capital Structure and Return on Capital Details

<i>(\$ millions)</i>	OEB Approved	
	2007	2008
<u>Return on Rate Base</u>		
Rate Base	\$ 6,343.5	\$ 6,657.2
Capital Structure:		
Third-Party long-term debt	54.0%	55.0%
Deemed long-term debt	2.0%	1.0%
Short-term debt	4.0%	4.0%
Common equity	40.0%	40.0%
Capital Structure:		
Third-Party long-term debt	3,427.2	3,661.9
Deemed long-term debt	125.2	66.1
Short-term debt	253.7	266.3
Common equity	2,537.4	2,662.9
	\$ 6,343.5	\$ 6,657.2
Allowed Return:		
Third-Party long-term debt	5.92%	5.85%
Deemed long-term debt	5.78%	6.08%
Short-term debt	4.19%	4.14%
Common equity	8.35%	8.35%
Return on Capital:		
Third-Party long-term debt	202.9	214.3
Deemed long-term debt	7.2	4.0
Short-term debt	10.6	11.0
	\$ 220.8	\$ 229.3
Common equity	\$ 211.9	\$ 222.3
	\$ 432.6	\$ 451.7
<u>Carrying Cost on Niagara Reinforcement Project</u>		
Capital Base	\$ 97.8	\$ 99.1
Capital Structure:		
Deemed long-term debt	100.0%	100.0%
Common equity	0.0%	0.0%
Allowed Return:		
Deemed long-term debt	5.90%	5.80%
Common equity	8.35%	8.35%
Carrying Cost:		
Deemed long-term debt	5.8	5.7
Common equity	0.0	0.0
	\$ 5.8	\$ 5.7
Total Return on Debt	\$ 226.5	\$ 235.1
Total Return on Equity	\$ 211.9	\$ 222.3

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2006-0501

Deferral Account Recovery Details

(\$ millions)	OEB Decision	Hydro One Proposed		OEB Decision Impact		OEB Approved	
		2007	2008	2007	2008	2007	2008
Recovery of Market Ready Project Costs (Note 1)		4.1	4.1	-	-	4.1	4.1
Recovery of OEB Costs (Note 2)	8.1	1.8	1.8	(1.8)	(1.8)	-	-
Refund of Export Credit Revenue (Note 3)		(12.2)	(12.2)	-	-	(12.2)	(12.2)
Refund of 2006 Excess Earnings (Note 4)	8.2	-	-	(28.4)	(28.4)	(28.4)	(28.4)
Total Deferral Account Recovery		(6.3)	(6.3)	(30.2)	(30.2)	(36.5)	(36.5)

Note 1: One quarter of December 31, 2004 principal balance of \$13.2M reduced 10% per Settlement Conference (Issue 8.1) and simple interest calculated at 7.71% added (\$4.5M)

Note 2: Recovery of OEB costs rejected per Decision section 8.1

Note 3: See EB-2006-0501 Exhibit F1, Tab 1, Schedule 1, Table 2 (1/4 of December 31, 2006 balance of -\$48.7M)

Note 4: See Supporting Exhibit 1.5

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Calculation of 2006 Excess Earnings

<i>(\$ millions)</i>	<u>Audited</u> <u>Statements</u>	<u>Deferred</u> <u>Revenue</u> <i>(Note 1)</i>	<u>Revenue Re:</u> <u>Cost Alloc</u> <i>(Note 2)</i>	<u>OEB Excess</u> <u>Costs</u> <i>(Note 3)</i>	<u>Revised</u> <u>Statements</u>
Operating Statement					
Revenue	1,243.4	34.0	(9.5)	-	1,267.9
OM&A	374.8			2.3	377.1
Depreciation & amortization	241.1				241.1
Interest	196.1				196.1
Capital tax	17.1				17.1
Earnings before tax	414.3	34.0	(9.5)	(2.3)	436.5
Income tax	114.2		(3.4)	(0.8)	109.9
Net income	300.1	34.0	(6.1)	(1.5)	326.6
Return on Assets					
Net income					326.6
Plus: Net interest					196.1
Return on assets					522.7
Rate base					6,194.3
Actual return on assets (%) [return on assets/rate base]					8.44%
Allowed return on assets (%) [see calculation below]					7.46%
Excess earnings (%)					0.97%
Excess Earnings					
Excess earnings [rate base x excess earnings percentage]					60.3
Shared portion (50%) <i>(Note 4)</i>					30.2
Refund to Customers					
Shared portion of excess earnings					30.2
Gross-up for taxes <i>(Note 5)</i>					17.1
Excess revenue re: cost allocation					9.5
					56.7
Annual refund (over two years) <i>(Note 6)</i>					28.4

Note 1: See Undertaking K7.10 b)

Note 2: See Undertaking K7.7

Note 3: OEB Decision Section 8.1

Note 4: Per Board Decision on EB-2005-0501

Note 5: Income tax rate 36.12% [calculation: $(\$30.2 / (1 - .3612)) - 30.2$]

Note 6: OEB Decision Section 8.2

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Capital Expenditure Details

(\$ millions)

	OEB Decision	Hydro One Proposed		OEB Decision Impact		OEB Approved	
		2007	2008	2007	2008	2007	2008
Capital expenditures		691.5	768.2	-	-	691.5	768.2
Exclusion of supply mix projects from rate base resulting in additional AFUDC costs (Note 1)	6.1	-	-	2.1	6.2	2.1	6.2
Exclusion of capital contributions relating to ESM (Note 2)	8.2	-	-	18.0	-	18.0	-
Total Capital Expenditures		691.5	768.2	20.1	6.2	711.6	774.4

Note 1: The AFUDC costs represents interest capitalized on the Bruce x Milton, Hydro Quebec and Nanticoke SVC projects calculated using the interest capitalization rates per EB-2006-0501, Exhibit A, Tab 14, Schedule 1, Appendix A.

Note 2: Per EB-2006-0501, Exhibit A, Schedule 17, Tab 2, Table 1.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Revenue Difference Deferral Account (RDDA)

<i>(\$ millions)</i>	Support Exhibit	Hydro One Proposed	OEB Decision Impact	OEB Approved
2007 Total Revenue Requirement	1.0	1234.1	(114.2)	1,119.9
2007 Revenue at Current Rates <i>(Note 1)</i>	1.9	1205.4	15.9	1,221.3
2007 Under/(Over) Recovery		28.7	(130.1)	(101.4)
January 1, 2007 to October 31, 2007 Over Recovery (per Exhibit 1.8)				(83.9)
Interest Accrued (per Exhibit 1.8)				(1.5)
Revenue Difference Deferral Account (RDDA) Balance				(85.3)
Total Revenue for November 1, 2007 to December 31, 2007 [17.28% (per Exhibit 1.8) x 2007 Total Revenue Requirement]				193.5

Note 1: Per EB-2006-0501, Exhibit G1, Tab 1, Schedule 1, page 2.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

RDDA to October 31, 2007 and Interest Improvement

	<u>01-Jan-07</u>	<u>01-Feb-07</u>	<u>01-Mar-07</u>	<u>01-Apr-07</u>	<u>01-May-07</u>	<u>01-Jun-07</u>	<u>01-Jul-07</u>	<u>01-Aug-07</u>	<u>01-Sep-07</u>	<u>01-Oct-07</u>	<u>01-Nov-07</u>	<u>01-Dec-07</u>	<u>Total 2007</u>
Total Revenue at Current Rates (Note 1)	108.3	106.8	100.5	93.8	90.7	104.5	107.0	105.6	98.2	94.9	102.7	108.3	1,221.3
% Allocation Factor	8.87%	8.74%	8.23%	7.68%	7.43%	8.55%	8.76%	8.65%	8.04%	7.77%	8.41%	8.87%	100.0%
% Allocation Factor - Cumulative	8.87%	17.61%	25.84%	33.52%	40.95%	49.50%	58.26%	66.91%	74.94%	82.71%		17.28%	100.0%
RDDA (Note 2)	9.0	8.9	8.3	7.8	7.5	8.7	8.9	8.8	8.1	7.9	8.5	9.0	101.4
Cumulative RDDA	9.0	17.9	26.2	34.0	41.5	50.2	59.1	67.8	76.0	83.9			
Interest:													
Daily Rate (4.59% annualized)	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	0.013%	
# days in month	31	28	31	30	31	30	31	31	30	31			
Interest	-	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3			
Cumulative Interest	-	0.0	0.1	0.2	0.3	0.5	0.7	0.9	1.2	1.5			
Total RDDA + Interest	9.0	8.9	8.4	7.9	7.7	8.8	9.1	9.0	8.4	8.2			
Cumulative RDDA + Cumulative Interest	9.0	17.9	26.3	34.2	41.9	50.7	59.8	68.8	77.2	85.3			

Note 1: Per 2007 monthly trended business plan and Total 2007 Revenue at Current Rates adjusted for 350 MW CDM reduction per Exhibit 1.7.

Note 2: Total RDDA to be allocated monthly is as per Exhibit 1.7. The monthly RDDA amount is the Total RDDA multiplied by the monthly % Allocation Factor.

Hydro One Networks Inc.

Implementation of Decision with Reasons on EB-2006-0501

Impact of CDM Adjustment to Revenue at Current Rates

	Impact of 350 CDM Reduction on Charge Determinant (MW) (Note 1, Note 2)	Current Uniform Transmission Rates (\$/kW/month)	Annual Revenue Impact (\$ Million)
2007			
Network	274	2.83	9.3
Line Connection	261	0.82	2.6
Transformation Connection	224	1.50	4.0
Total			15.9
2008			
Network	272	2.83	9.2
Line Connection	260	0.82	2.6
Transformation Connection	223	1.50	4.0
Total			15.8

Note 1: Per OEB Decision 9.2.

Note 2: Average monthly impact of the CDM reduction is as per Exhibit 3.1.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Summary Final Revenue Requirement by Rate Pool
 (for Determining Uniform Transmission Rates for November 1, 2007 to December 31, 2008)

	Supporting Exhibit	Revenue Requirement (\$ Million)			
		Network	Line Connection	Transformation Connection	Total
Revenue Requirement Nov.1/2007 to Dec.31/2007	2.1	107.2	27.5	53.3	188.1
RDDA by Rate Pool	2.2	(62.4)	(26.1)	3.1	(85.3)
Revenue Requirement Jan.1/2008 to Dec.31/2008	2.3	621.4	161.4	323.9	1106.7
Total Revenue Requirement by Rate Pool from Nov.1/2007 to Dec.31/2008		666.3	162.9	380.3	1209.5

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2006-0501

Final 2007 Revenue Requirement by Rate Pool

Table 1
2007 Annual Rate Pool Revenue Requirement

	Supporting Exhibit	Revenue Requirement (\$ Million)					
		Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	Note 2	175.3	36.4	105.8	317.6	3.7	321.3
Other Taxes (Grants-in-Lieu)	Note 2	44.5	11.9	16.4	72.8	0.1	72.8
Depreciation of Fixed Assets	1.1	118.3	31.1	62.4	211.8	0.2	212.0
Capitalized Depreciation	Note 2	-3.8	-1.0	-1.5	-6.4	0.0	-6.4
Asset Removal Costs	Note 2	9.3	2.5	3.7	15.5	0.0	15.5
OPEB Amortization	Note 2	9.8	2.0	5.9	17.8	0.2	18.0
Other Amortization	Note 2	2.7	0.7	1.0	4.5	0.0	4.5
Return on Debt	1.1	138.3	36.8	51.1	226.3	0.2	226.5
Return on Equity	1.1	129.4	34.5	47.8	211.7	0.2	211.9
Income Tax	1.1	39.5	10.5	14.6	64.6	0.1	64.7
Capital Tax	1.1	9.6	2.6	3.5	15.7	0.0	15.7
Base Revenue Requirement	1.0	672.9	168.0	310.9	1151.8	4.7	1156.4
Less Regulatory Asset Credit	1.4	-8.1			-8.1		-8.1
Less Refund of Earnings Sharing (Note 1)	1.4	-17.3	-4.6	-6.4	-28.4	0.0	-28.4
Total Revenue Requirement	1.0	647.5	163.4	304.5	1115.3	4.6	1119.9
Less Non-Rate Revenues	Note 3	-15.0	-4.0	-5.5	-24.5	0.0	-24.5
Less Export Revenues	Note 3	-12.0			-12.0		-12.0
Plus LVSG Credit	2.4			9.8	9.8		9.8
Pool Revenue Requirement		620.5	159.4	308.7	1088.6	4.6	1093.2
Hydro One Proposed Pool Revenue Requirement	Note 3	703.9	180.3	338.8	1223.0	4.7	1227.7

Note 1: Total "Refund of Earnings Sharing" allocated to rate pools using the same rate base allocator used to allocate Cost of Capital and Taxes as proposed in EB-2006-0501 Exhibit G1, Tab 2, Schedule 1.

Note 2: See EB-2006-0501 Exhibit G2, Tab 5, Schedule 1, Page 1.

Note 3: See EB-2006-0501 Exhibit G1, Tab 1, Schedule 1, Table 1.

Table 2
2007 Rate Pool Revenue Requirement for November and December
(Note 1)

	Revenue Requirement (\$ Million)					
	Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
Base Revenue Requirement	116.3	29.0	53.7	199.0	0.8	199.8
Less Regulatory Asset Credit	-1.4			-1.4		-1.4
Less Refund of Earnings Sharing	-3.0	-0.8	-1.1	-4.9	0.0	-4.9
Total Revenue Requirement	111.9	28.2	52.6	192.7	0.8	193.5
Less Non-Rate Revenues	-2.6	-0.7	-1.0	-4.2	0.0	-4.2
Less Export Revenues	-2.1			-2.1		-2.1
Plus LVSG Credit			1.7	1.7		1.7
Pool Revenue Requirement	107.2	27.5	53.3	188.1	0.8	188.9

Note 1: Values in Table 2 are the Table 1 values multiplied by the 17.28% revenue share for November and December, 2007 as per Exhibit 1.8

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

RDDA Allocation to Rate Pools Based on 2007 Revenues

	Supporting Exhibit	\$ Million			
		Network	Line Connection	Transformation Connection	Total
2007 Rate Pool Revenue at Current Rates	<i>Note 3</i>	692.7	190.9	300.6	1184.2
Adjustment for 350 MW CDM Reduction (<i>Note 1</i>)	1.9	9.3	2.6	4.0	15.9
Adjusted 2007 Rate Pool Revenue at Current Rates		702.0	193.5	304.6	1200.1
2007 Rate Pool Revenue Requirement	2.1	620.5	159.4	308.7	1088.6
Rate Pool Share of Total Difference between Revenue Requirement and Revenue at Current Rates (<i>Note 2</i>)		0.73	0.31	-0.04	
Rate Pool Share of Total RDDA		(62.4)	(26.1)	3.1	(85.3)

Note 1: \$15.9 CDM adjustment (per Exhibit 1.8) is split between rate pools based on pool share of revenue at current rates.

Note 2: Total RDDA allocated to rate pools based on the rate pool share of the annual difference between total revenue requirement and total revenue at current rates.

Note 3: See EB-2006-0501 Exhibit G1, Tab 1, Schedule 1, Table 2.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2006-0501

Final 2008 Revenue Requirement by Rate Pool

	Supporting Exhibit	2008 Rate Pool Revenue Requirement (\$ Million)					
		Network	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	Note 2	167.7	36.0	107.4	311.1	1.3	312.4
Other Taxes (Grants-in-Lieu)	Note 2	45.5	12.0	17.6	75.1	0.0	75.1
Depreciation of Fixed Assets	1.1	121.9	32.8	67.1	221.8	0.1	221.9
Capitalized Depreciation	Note 2	-3.9	-1.1	-1.6	-6.6	0.0	-6.6
Asset Removal Costs	Note 2	11.1	3.0	4.6	18.6	0.0	18.6
OPEB Amortization	Note 2	9.7	2.1	6.2	17.9	0.1	18.0
Other Amortization	Note 2	2.6	0.7	1.0	4.3	0.0	4.3
Return on Debt	1.1	142.2	37.6	55.2	235.0	0.1	235.1
Return on Equity	1.1	134.5	35.6	52.2	222.3	0.1	222.3
Income Tax	1.1	31.9	8.4	12.4	52.7	0.0	52.7
Capital Tax	1.1	9.9	2.6	3.8	16.4	0.0	16.4
Base Revenue Requirement	1.0	673.0	169.8	325.8	1168.6	1.6	1170.1
Less Regulatory Asset Credit	1.4	-8.1			-8.1		-8.1
Less Refund of Earnings Sharing (Note 1)	1.4	-17.2	-4.5	-6.7	-28.4	0.0	-28.4
Total Revenue Requirement	1.0	647.7	165.2	319.2	1132.1	1.6	1133.6
Less Non-Rate Revenues	Note 3	-14.3	-3.8	-5.5	-23.6	0.0	-23.6
Less Export Revenues	Note 3	-12.0			-12.0		-12.0
Plus LVSG Credit	2.4			10.2	10.2		10.2
Revenue Requirement by Pool	Note 3	621.4	161.4	323.9	1106.7	1.6	1108.3
Hydro One Proposed Pool Revenue Requirement	Note 3	712.9	183.7	357.8	1254.4	1.6	1256.0

Note 1: Total "Refund of Earnings Sharing" allocated to rate pools using the same rate base allocator used to allocate Cost of Capital and Taxes, as proposed in Exhibit G1-2-1.

Note 2: See EB-2006-0501 Exhibit G2, Tab 5, Schedule 1, Page 1.

Note 3: See EB-2006-0501 Exhibit G1, Tab 1, Schedule 1, Table 1.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Low Voltage Switchgear (LVSG) Calculation

	Charge Determinant (MW) <i>(Note 1)</i>	Transformation Pool Revenue Requirement Before LVSG Credit (\$M) <i>(Note 2)</i>	Rate Before LVSG Credit (\$/kw/month)	Average Monthly NCP Demand for Toronto Hydro and Hydro Ottawa (MW) <i>(Note 3)</i>	LVS Proportion (%) <i>(Note 4)</i>	Final LSVG Credit (\$M)	Proposed LVSG Credit (\$M) <i>(Note 4)</i>
	(A)	(B)	(C) = (B)/(A)	(D)	(E)	(F) = (C)x(D)x(E)	
2007	17,311	298.9	1.44	2981	19.0%	9.8	10.7
2008	17,365	313.6	1.51	2976	19.0%	10.2	11.3

Note 1: Per Exhibit 3.1.

Note 2: Equals Total Revenue Requirement for Transformation Connection Pool less Non-Rate Revenues allocated to Transformation Connection Pool, as per information in Exhibit 2.1 (for 2007) and Exhibit 2.3 (for 2008).

Note 3: The average Toronto Hydro and Hydro Ottawa Demand per EB-2006-0501 Exhibit G1, Tab 4, Schedule 1, page 2, has been increased by 1.3% to reflect the increase in the Transformation Connection Pool charge determinant per the data in Exhibit 3.1, which reflects OEB Decision 9.2.

Note 4: See EB-2006-0501 Exhibit G1, Tab 4, Schedule 1, page 2.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2006-0501

Summary Final Charge Determinants
(for Setting Uniform Transmission Rates for November 1, 2007 to December 31, 2008)

	Total MW Over Period		
	2007 Nov.1 to Dec.31 (Note 1)	2008 Jan. 1 to Dec. 31 (Note 2)	Total
Network	41,293	253,730	295,022
Line Connection	39,451	242,393	281,845
Transformation Connection	33,814	208,377	242,192

Note 1: Sum of MW for November and December 2007 as per Exhibit 3.2.

Note 2: 2008 final annual charge determinants per Exhibit 3.1, multiplied by 12.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Final Annual Charge Determinants
 (12-month average peak in MW)

	Hydro One Proposed (Note 1)		OEB Decision Impact (Note 2)		OEB Approved	
	2007	2008	2007	2008	2007	2008
Network	20,827	20,872	274	272	21,101	21,144
Line Connection	19,875	19,940	261	260	20,137	20,199
Transformation Connection	17,086	17,142	224	223	17,311	17,365

Note 1: Per EB-2006-0501, Exhibit G1, Tab 1, Schedule 1, Table 3.

Note 2: Impact of 350 MW CDM reduction, per OEB Decision 9.2, on 12 month average peak MW.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Forecast Charge Determinants Updated for 350 MW Reduction in CDM
 (MW)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
<u>With 350 MW Lower CDM</u>													
<u>2007</u>													
Network Connection	22,978	22,592	20,763	19,998	17,622	23,373	23,509	21,750	19,778	19,556	19,987	21,306	21,101
Line Connection	21,732	21,080	19,564	18,854	17,392	22,307	22,236	20,587	19,316	19,119	19,074	20,377	20,137
Transformation Correction	19,011	18,361	16,887	16,067	14,564	19,277	19,433	17,592	16,307	16,414	16,361	17,454	17,311
<u>2008</u>													
Network Connection	23,073	22,613	20,880	20,138	17,703	23,525	23,660	20,726	19,885	19,700	20,100	21,727	21,144
Line Connection	21,831	20,992	19,651	18,994	17,383	22,453	22,313	20,204	19,391	19,208	19,115	20,857	20,199
Transformation Correction	19,095	18,329	16,961	16,162	14,566	19,407	19,488	17,162	16,376	16,488	16,387	17,955	17,365
<u>Original: April 2006 Forecast (See EB-2006-0501, Exhibit J, Tab 5, Schedule 121)</u>													
<u>2007</u>													
Network Connection	22,726	22,339	20,530	19,765	17,389	23,033	23,169	21,409	19,438	19,323	19,754	21,054	20,827
Line Connection	21,491	20,840	19,342	18,631	17,169	21,982	21,911	20,262	18,991	18,897	18,851	20,137	19,875
Transformation Correction	18,804	18,154	16,695	15,876	14,373	18,998	19,154	17,313	16,028	16,222	16,169	17,247	17,086
<u>2008</u>													
Network Connection	22,824	22,364	20,649	19,907	17,472	23,185	23,320	20,386	19,545	19,470	19,869	21,478	20,872
Line Connection	21,593	20,755	19,431	18,773	17,162	22,129	21,989	19,879	19,067	18,988	18,895	20,619	19,940
Transformation Correction	18,890	18,125	16,772	15,972	14,376	19,128	19,209	16,883	16,097	16,299	16,197	17,751	17,142
<u>Difference</u>													
<u>2007</u>													
Network Connection	252	252	233	233	233	340	340	340	340	233	233	252	274
Line Connection	241	241	223	223	223	325	325	325	325	223	223	241	261
Transformation Connection	207	207	191	191	191	279	279	279	279	191	191	207	224
<u>2008</u>													
Network Connection	249	249	231	231	231	340	340	340	340	231	231	249	272
Line Connection	238	238	221	221	221	325	325	325	325	221	221	238	260
Transformation Connection	204	204	190	190	190	279	279	279	279	190	190	204	223

Note. All figures are weather-normal.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Summary Uniform Transmission Rates and Revenue Disbursement Factors
 (for Period November 1, 2007 to December 31, 2008)

Transmitter	Revenue Requirement (\$) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$3,327,919	\$813,625	\$1,899,456	\$6,041,000
CNPI	\$2,964,434	\$724,758	\$1,691,992	\$5,381,184
GLPL	\$22,356,716	\$5,465,870	\$12,760,407	\$40,582,992
H1N (Note 1)	\$666,300,000	\$162,900,000	\$380,300,000	\$1,209,500,000
All Transmitters	\$694,949,069	\$169,904,252	\$396,651,855	\$1,261,505,176

Transmitter	Total Annual Charge Determinants (MW) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	
FNEI	52.401	52.401	52.401	
CNPI	680.657	780.033	780.033	
GLPL	4,842.248	3,321.537	3,240.922	
H1N (Note 2)	295,022.000	281,845.000	242,192.000	
All Transmitters	300,597.305	285,998.972	246,265.356	

Transmitter	Uniform Rates and Revenue Allocators (Note 4)			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	2.31	0.59	1.61	
	↓	↓	↓	
FNEI Allocation Factor	0.00479	0.00479	0.00479	
CNPI Allocation Factor	0.00427	0.00427	0.00427	
GLPL Allocation Factor	0.03217	0.03217	0.03217	
H1N Allocation Factor	0.95877	0.95877	0.95877	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Networks (H1N) Revenue Requirement per Exhibit 2.0

Note 2: Hydro One Networks (H1N) Charge Determinant per Exhibit 3.0

Note 3: Data for Other Transmitters per Exhibit 4.1.

Note 4: Calculated data in shaded cells.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Revenue Requirement and Charge Determinant Assumptions for Other Transmitters

Table 1
Approved Annual Revenue Requirement and Charge Determinants

Transmitter	Annual Revenue Requirement (\$)	Annual Charge Determinants (MW)			Approval Reference
		Network	Line Connection	Transformation Connection	
Five Nations Energy (FNEI)	5,178,000	44.915	44.915	44.915	Note 1
Canadian Niagara Power (CNPI)	4,612,443	583.420	668.600	668.600	Note 2
Great Lakes Power (GLPL)	34,785,422	4,150.498	2,847.032	2,777.933	Note 3

Note 1: Board Decision on RP-2001-0036 dated April 24, 2002, pages 23 and 26.

Note 2: Board Decision on RP-2001-0034 dated December 11, 2001, pages 8 and 10.

Note 3: Revenue Requirement per Settlement Agreement on EB-2005-0241, Appendix B, page 5 of 5, approved by the Board September 15, 2005. Charge Determinants per Board Decision on RP-2001-0035 dated December 11, 2001, page 11.

Table 2
Revenue Requirement for 14 Month Period
from November 1, 2007 to December 31, 2008

Transmitter	2007 *		
	Nov.1 to Dec.31	2008	Total
Five Nations Energy (FNEI)	\$863,000	\$5,178,000	\$6,041,000
Canadian Niagara Power (CNPI)	\$768,741	\$4,612,443	\$5,381,184
Great Lakes Power (GLPL)	\$5,797,570	\$34,785,422	\$40,582,992

* Assume 2/12 of values from Table 1 for November and December 2007

Table 3
Charge Determinants for 14 Month Period from November 1, 2007 to December 31, 2008
(MW)

	2007 * Nov.1 to Dec.31			2008			Total		
	Network	Line Connection	Transformation Connection	Network	Line Connection	Transformation Connection	Network	Line Connection	Transformation Connection
Five Nations Energy	7.486	7.486	7.486	44.915	44.915	44.915	52.401	52.401	52.401
Canadian Niagara Power	97.237	111.433	111.433	583.420	668.600	668.600	680.657	780.033	780.033
Great Lakes Power	691.750	474.505	462.989	4,150.498	2,847.032	2,777.933	4,842.248	3,321.537	3,240.922

* Assume 2/12 of values from Table 1 for November and December 2007

September 26, 2007
EB-2006-0501
Exhibit 5.0

HYDRO ONE NETWORKS INC.
Ontario, Canada

WHOLESALE METER SERVICE
And
EXIT FEE SCHEDULE

Rate Schedule: HON-MET
Issued: November 1, 2007
Ontario Energy Board

APPLICABILITY:

This rate schedule is applicable to the *metered market participants** that are transmission customers of Hydro One Networks (“Networks”) and to *metered market participants* that are customers of a Local Distribution Company (“LDC”) that is connected to the transmission system owned by Networks.

* The terms and acronyms that are italicized in this schedule have the meanings ascribed thereto in Chapter 11 of the Market Rules for the Ontario Electricity Market.

(a) Wholesale Meter Service

The *metered market participant* in respect of a *load facility* (including customers of an LDC) shall be required to pay an annual rate of \$ 6,200 for each *meter point* that is under the transitional arrangement for a *metering installation* in accordance with Section 3.2 of Chapter 6 of the Market Rules for the Ontario Electricity Market.

Hydro One will invoice the *metered market participant* annually, at the end of the calendar year, on a prorated basis for any whole or part month that Hydro One is registered as the Meter Service Provider (MSP) for that meter point by the IESO.

The Wholesale Meter Service rate covered by this schedule shall remain in place until such time as the rate is revised by Order of the Ontario Energy Board.

(b) Fee for Exit from Transitional Arrangement

The *metered market participant* in respect of a *load facility* (including customers of an LDC) or a *generation facility* may exit from the transitional arrangement for a *metering installation* upon payment of a one-time exit fee of \$ 5,200 per *meter point*.

EFFECTIVE DATE: November 1, 2007	REPLACING RATE: HON-MET Schedule for Interim Rebate and Exit Fee Schedule dated March 11, 2004	BOARD ORDER: EB-2006-0501	Page 2 of 2 Wholesale Meter Service Rate & Exit Fee Schedule for Hydro One Networks Inc.
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Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Wholesale Meter Rate Calculations

	Charge Determinant (Avg # of Meter Points)	Revenue Requirement (\$ Million)	OEB Approved Rate * (\$/Meter Point/Year)	Hydro One Proposed Rate * (\$/Meter Point/Year)
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>
	(A)	(B)	(A) / (B)	
2007	745	4.6	6,200	6,300
2008	250	1.6	6,200	6,300

* Rate is rounded down to the nearest \$100

Note 1: Per EB-2006-0501, Exhibit G1, Tab 1, Schedule 1, Table 3.

Note 2: Per Exhibit 2.1 (for 2007) and Exhibit 2.3 (for 2008).

Note 3: Per EB-2006-0501, Exhibit H1, Tab 4, Schedule 1, Table 1.