

1 portion of the average customer total bill. This amounts to an average increase of
2 less than 1% on the average customer total bill.

3

4 4. Hydro One Networks requests approval for electricity distribution rates that
5 reflect the harmonization of rates for its acquired LDC and legacy customers and
6 for a cost allocation and rate design that begins the process of establishing cost
7 based rates.

8

9 5. Hydro One Networks also seeks approval for variance accounts related to
10 incremental OEB costs, variances in actual pension costs, and bill impact
11 mitigation.

12

13 6. Hydro One Networks will work within the framework of the Board established
14 process for developing a third generation Incentive Regulation Model. Hydro One
15 Networks anticipates that it will apply the Board's third generation Incentive
16 Regulation Model to adjust approved revenue requirement components to
17 determine annual revenue requirements in 2009 and 2010.

18

19 7. The evidence to be filed with the Board will include a full description of all costs
20 common to the Applicant's distribution and transmission activities, but the
21 revenue requirement and rates are based only upon those costs appropriately
22 allocated to the distribution business.

23

24 8. The written evidence filed with the Board may be amended from time to time
25 prior to the Board's final decision on the Application. Further, the Applicant may
26 seek meetings with Board staff and intervenors in an attempt to identify and reach
27 agreements to settle issues arising out of this Application.

1 9. The persons affected by this Application are the ratepayers of Hydro One's
2 distribution business. It is impractical to set out their names and addresses
3 because they are too numerous.

4
5 10. Hydro One Networks requests that a copy of all documents filed with the Board
6 by each party to this Application be served on the Applicant and the Applicant's
7 counsel as follows:

8
9 a) The Applicant:

10
11 Mr. Glen MacDonald
12 Senior Advisor – Regulatory Affairs
13 Hydro One Networks Inc.

14
15 Address for personal service: 8th Floor, South Tower
16 483 Bay Street
17 Toronto, ON M5G 2P5

18
19 Mailing Address: 8th Floor, South Tower
20 483 Bay Street
21 Toronto, ON M5G 2P5

22 Telephone: (416) 345-5913

23 Fax: (416) 345-5866

24 Electronic access: glen.e.macdonald@HydroOne.com

25
26 b) The Applicant's counsel:

27
28 Mr. D.H. Rogers, Q.C.
29 Rogers Partners LLP

30
31 Address for personal service: 181 University Avenue
32 Suite 1900, P.O. Box 97
33 Toronto, ON M5H 3M7
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6 Electronic access: don.rogers@rogersmoore.com
7

8 DATED at Toronto, Ontario, this 15th day of August, 2007.
9

10 HYDRO ONE NETWORKS INC.

11 By its counsel,
12

13 _____
14 D.H. Rogers, Q.C.