

1 **PLANNED DISPOSITION OF REGULATORY ASSETS**

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3 **1.0 INTRODUCTION**

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5 The purpose of this evidence is to outline the planned disposition of Regulatory Assets.
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7 **2.0 PLANNED DISPOSITION OF REGULATORY ASSETS**

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9 Hydro One Distribution is requesting approval to reduce the annual revenue requirements over
10 a four year period by the Regulatory Asset total balance of \$(48.7) million, or \$(12.2) million
11 per year.

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13 Hydro One Distribution is requesting disposition of Regulatory Asset balances up to April 30,
14 2008. Balances as of April 30, 2008 are reasonably predictable. Allowing disposition of
15 balances up to April 30, 2008 is more efficient as it provides the opportunity to close out
16 certain deferral accounts. For the purposes of this filing, April 30, 2008 was chosen as it is
17 assumed approved Distribution rates will be in place at the beginning of May 2008.
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19 Hydro One Distribution's requested reduction to the Revenue Requirement of \$(48.7) million
20 is detailed in Table 1:
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Table 1
Distribution
Disposition of Regulatory Asset Balances (\$ Millions)

Description	Balance April 30, 2008
OEB Costs Account	(0.9)
Tax Changes Account	(5.0)
Smart Meter Minimum Functionality Under-recovery to May 31, 2007	6.9
Smart Meter Exceeding Minimum Functionality Under- recovery	5.7
Smart Meter Minimum Functionality Under-recovery between June 1, 2007 and April 30, 2008	9.4
Retail Settlement Variance Accounts	(64.8)
Total Requested for Disposition	(48.7)

Hydro One Distribution is requesting a reduction to the Revenue Requirement by the amounts detailed in Table 1 over a four year period to maintain consistency with previous recovery periods approved for Regulatory Accounts within the Electricity Transmission and Distribution Businesses, such as the 2006 Distribution Rate Proceeding (RP-2005-0020 / EB-2005-0378) and the 2004 Regulatory Assets Review Proceeding (RP-2004-0117/0118).

A Regulatory Asset Recovery Account will be established for any difference between the amount of Regulatory Assets approved and the actual value of the Regulatory Assets detailed above as at April 30, 2008. This variance will continue to be tracked and will be interest improved on a monthly basis (using a simple interest calculation) at the OEB approved rate. This account will be reported to the Board on a quarterly basis consistent with the Electricity Reporting and Record Keeping Requirements and subject to the Board's annual Regulatory Asset Review.