

1 **3.0 BILL IMPACT MITIGATION**

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3 This account will record the difference between Hydro One's requested revenue
4 requirement and distribution rates resulting from the Application of the Cost Allocation
5 for Electricity Distributors report issued by the Board on November 28, 2007. In this
6 report the Board indicated that Distributors should endeavor to move their revenue-to-
7 cost ratios within an acceptable range which is closer to one but should not move them
8 away from one and be cognizant of customer bill impacts. To comply with these
9 requirements, Hydro One Distribution proposed rates will result in a revenue differential
10 of \$2.5 million. The establishment of the Bill Impact Mitigation variance account will
11 enable this balance to be recorded and submitted for recovery at a future proceeding. The
12 intent of this account is similar in nature to the MEU Rate Mitigation account approved
13 by the Board in their RP-2005-0014/EB-2005-0099 to 0185 decision At that time, the
14 Board directed Hydro One to limit the rate increase to no more than 10 percent on the
15 average customer's total bill and recognized that Hydro One would have a revenue
16 shortfall. The Board wrote that they would allow for the recovery of this deferred
17 revenue in future years.

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19 **4.0 ACCOUNTING AND CONTROL PROCESS**

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21 The variance accounts requested above will be managed in the same manner as existing
22 Hydro One Distribution variance accounts. Accounts will be updated monthly and
23 interest applied consistent with the Board approved rate. Balances will be reported to the
24 Board as part of the quarterly reporting process. The outstanding balance whether in a
25 debit or credit position will be submitted for approval by the Board as part of Hydro One
26 Distribution's next rate filing.