

1 **CURRENT CUSTOMER CLASSIFICATION**

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3 This exhibit describes Hydro One's current customer classification.

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5 **1.0 CURRENT CUSTOMER CLASSES**

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7 Hydro One Distribution currently has three basic distribution customer groups that have
8 281 customer classes and their own distinct rate structures:

- 9
10 • Legacy Retail customers,
11 • Acquired Utility customers, and
12 • Embedded customers.

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14 **1.1 Legacy Retail Rate Classes:**

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16 Hydro One Distribution has 13 Retail rate classes for its Legacy customers to reflect its
17 diverse customer and geographical base, while each of the Acquired LDCs have three to
18 four rate classes that are more typical of urban-based utilities.

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20 Table 1 summarizes the existing Legacy Retail rate classes with a brief description. A
21 more detailed description of the rate classes follows the table.

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Table 1
Existing Legacy Retail Rate Classes

<u>Symbol</u>	<u>Description</u>
UR2	Residential Year Round Class – Urban Density
R1	Residential Year Round Class - High Density
R2	Residential Year Round Class - Normal Density
R3	Seasonal Class - High Density
R4	Seasonal Class - Normal Density
F1	Farm Class - Single Phase
F3	Farm Class - Three Phase
UG2	General Service Class – Urban Class
G1	General Service Class - Single Phase
G3	General Service Class – Three Phase
T	Transmission Class
Light	Street Lighting Sentinel Light

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Existing Density Criteria:

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Urban Density: areas containing 3,000 or more customers with a line density of at least 60 customers per kilometer

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High Density: areas containing 100 or more customers with a line density of at least 15 customers per kilometer.

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Normal Density: areas that are neither High Density nor Urban Density.

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Existing Legacy Retail Customer Classes

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Residential - Year-Round: This classification applies to a customer's main place of residence and may include additional buildings served through the same meter, provided

1 they are not rental income units. To be classified as year-round residential, all of the
2 following criteria must be met:

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- 4 a. Occupants must state that this is their principle residence for purposes of the *Income*
5 *Tax Act*.
- 6 b. The occupant must live in this residence for at least 8 months of the year.
- 7 c. The address of this residence must appear on the occupant's electric bill, driver's
8 license, credit card invoice, property tax bill, etc
- 9 d. Occupants who are eligible to vote in Provincial or Federal elections must be
10 enumerated for this purpose at the address of this residence.

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12 **Residential – Seasonal:** This classification is comprised of cottages, chalets, and camps,
13 any residential service not meeting the Residential - Year-Round criteria.

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15 **Farm:** This classification is applicable to properties actively engaged in agricultural
16 production as defined by Statistics Canada. It does not include tree, sod, or pet farms.
17 Services to year-round pumping stations or other ancillary services remote from the main
18 farm shall be classed as farm. It includes single-phase and three-phase customers that can
19 be energy or demand billed.

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21 **General Service:** This classification is applicable to any service that does not fit the
22 description of the Residential or Farm classes. Generally, it is comprised of commercial,
23 industrial, educational, administrative, auxiliary and government services. It also includes
24 combination services where a variety of uses are made of the service by the owner of one
25 property, and all multiple services except residential. It includes single-phase and three-
26 phase customers that can be energy or demand billed.

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1 **Transmission:** This classification is applicable for General class customers supplied by
2 the sub-transmission system up to 5,000 kW.

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4 **Street Lighting:** Classification for street lighting service only.

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6 **Sentinel Lighting:** Classification for sentinel lighting service only.

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8 **1.2 Existing Acquired LDCs Customer Classes**

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10 The Acquired LDCs customer classes consist of: Residential customer class, General
11 Service energy billed for customers with average demands below 50 kW, General Service
12 demand billed for customers with average demands above 50 kW, and Large User for
13 Acquired LDCs with customers that have average demand exceeding 5,000 kW. In 2006,
14 Unmetered Scattered Load rates for Acquired General Service customers were developed
15 following the 2006 EDR guidelines.

16
17 Currently each Acquired LDC has separate and distinct rates as derived from the Board's
18 Rate Unbundling and Design (RUD) model. Therefore, Hydro One Distribution is
19 currently maintaining approximately 270 rates for the approximately 160,000 Acquired
20 LDC customers.

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22 One of the goals of this Submission is to harmonize the Acquired LDCs' more than 270
23 rate classes into Hydro One's new proposed customer classes to achieve a smaller and
24 more manageable set of rates. This manageable set is achieved through the
25 Harmonization process described in Exhibit G1, Tab 2, Schedule 5.

1 **Special Subclasses:**

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3 **Low Use Secondary Services:** Applicable only for low use secondary services located
4 on the same property as the main service, supplied from the same transformer, with the
5 same owner and consumes less than annual threshold levels. There is no service charge
6 applicable for consumption not exceeding the following thresholds per rate class:

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8 Residential year-round	<1,500 kWh / annum
9 Residential – seasonal	< 500 kWh / annum
10 General Service & Farm	< 2,500 kWh / annum

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12 There are 2,500 customers with these accounts in 2007. Their consumption is included
13 within the rate classes where they reside to derive total revenues per rate class. However,
14 to derive revenues the customer counts need to be reduced to reflect that this sub-class of
15 customers pays no monthly service charge.

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17 **Unmetered Scattered Loads:** This category captures services to phone booths, bill
18 boards, cable boxes, etc., but excludes street and sentinel lighting, which are separate
19 classes. Unmetered loads reside in rate classes G1, G3 and UG2. The analysis of these
20 classes included these customers to derive the total revenues for each rate class.

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22 **1.3 Embedded (LV) Rate Classes:**

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24 The LV rates consist of the following rate structures that were approved by the OEB in
25 proceeding RP-2000-0023:

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27 *Shared LV line* – line used by more than one embedded customer, LDC or Direct

28 *HVDS hi* – provides transformation service from above 50 kV to 44 kV or above 24.9 kV

1 *Shared LVDS* - provides transformation service from above 44 kV or 24.9 kV to lower
2 voltages

3 *HVDS low* - provides transformation service from above 50 kV to 13.8 kV or lower
4 voltage

5 *Specific LV line* – LV line used by one embedded customer and the line is located in their
6 territory

7 *Specific DX line* – DX line used by one embedded customer and the line is located in
8 their territory

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10 Currently only the Shared LV line charge applies to Direct customers due to the fact that
11 these are the only facilities that Direct customers utilize. Embedded LDCs are subject to
12 all of the above LV rates depending on the facilities they use.

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