

1 **LOW USE SECONDARY CUSTOMER RATE CONSIDERATION**

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3 This exhibit describes the proposal to eventually eliminate the Low Use Secondary
4 customer rates.

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6 **1.0 LOW USE SECONDARY SERVICE**

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8 Hydro One is proposing to eventually eliminate its Low Use Secondary Service rates.
9 This rate design was introduced in 1996 as a mitigation measure when Ontario Hydro
10 changed the rate structure used to bill end-use customers from a declining block rate
11 structure to a fixed monthly charge and a volumetric charge. For customers with very
12 low consumption, the introduction of a fixed charge would have resulted in substantial
13 bill impacts. For 2008, Hydro One proposes to introduce a fixed monthly charge for this
14 rate design and bill the low use secondary service customer consumption at the General
15 Service energy billed customer classification consumption using the corresponding
16 applicable distribution rates. To mitigate large rate impacts the fixed charge is being
17 phased-in over 5 years. The target fixed charge is the General Service energy billed
18 service charge.

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