

1           **UNMETERED SCATTERED LOAD FIXED SERVICE CHARGE**

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3           This exhibit explains the development of a fixed service charge credit for unmetered  
4           scattered load customers based on the results of the Cost Allocation Study.

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6           **1.0    INTRODUCTION**

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8           Currently, Hydro One Distribution Legacy General Service class rate schedules include a  
9           separate and lower fixed service charge that is applicable to unmetered scattered load  
10          connections.

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12          In 2006 Hydro One Distribution established a fixed service charge applicable to  
13          unmetered scattered load (USL) customers within the Acquired LDC General Service  
14          customers. The charge was set at half of the fixed service charge applicable to the  
15          corresponding Acquired General Service customer class. This was consistent with the  
16          2006 EDR Handbook guidelines.

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18          **2.0    PROPOSAL**

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20          Hydro One has completed a Cost Allocation Study which enables a proper fixed charge  
21          credit to be established for USL customers. This credit reflects the nature of USL  
22          customers, that is, no meter or meter reading costs should be recovered from USL  
23          customers.

24

25          The fixed service charge credit will be applied to the proposed General Service energy  
26          billed fixed service charge for Legacy and Acquired customers.

1 **3.0 CALCULATIONS**

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3 The following table illustrates the development of the fixed service charge for unmetered  
4 scattered load based on the results of the Cost Allocation Study.

5  
6 **Table 1**  
7 **General Service Energy Billed Fixed Service charge**  
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	Fixed Service charge (\$/customer/month)
Fixed charge as per Cost Allocation Study	30.97
Credit for USL customers (Sheet O3.5 USL Metering Credit)	6.86
Net Fixed Charge for USL customers	24.11

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10 The number of unmetered scattered load connections and the revenue shortfall are shown  
11 in Table 2 below, based on the unmetered service charge credit in Table 1 above.

12  
13 **Table 2**  
14 **General Service number of 2006 Unmetered connections and revenue shortfall**  
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	Number of Unmetered connections in 2006	Revenue shortfall (\$)
General Service	4,917	404,767

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17 This revenue shortfall is re-allocated to the General Service energy billed customer class  
18 when determining Distribution fixed charges to ensure that Hydro One recovers the  
19 Revenue Requirement allocated to the General Service energy billed group.