

RETAIL TRANSMISSION SERVICE RATES

1.0 INTRODUCTION

This exhibit describes the proposal to revise the Retail Transmission Service Rates (RTSR) to reflect the proposed new customer classes and also to take into account the impact on RTSR of aggregation of demand for purposes of determining RTSR charges for customers supplied by multiple feeders emanating from the same TS. The proposed RTSR also reflects the new Uniform Transmission rates effective November 1, 2007, resulting from the Rate Order on proceeding EB-2007-0759.

Aggregation for purposes of billing RTSR charges was approved by the Board in Proceeding EB-2004-0451. For customers that are being aggregated for purposes of RTSR, the aggregated demand is arrived at by applying losses to the measured quantities, in situations where different loss factors are being applied to individual delivery points.

Hydro One Distribution developed its initial RTSR following the guidelines set out in Chapter 11 of the 2000 Distribution Rate Handbook. In this submission, Hydro One is proposing new customer classes and the corresponding RTSR have been developed using the methodology outlined in Chapter 11 of the 2000 Distribution Rate Handbook.

Supporting detail for the derivation of the new RTSR is presented in Exhibit G2, Tab 4, Schedule 1.

1.1 Hydro One Distribution Situation

Hydro One Distribution as a Host Utility is billed at each of its transmission delivery points for the transmission of power to its Retail (Legacy and Acquired) customers, its

1 Embedded LDCs and its Embedded Direct customers. Its total transmission charges are
2 the sum total of all the transmission charges at these delivery points. The charges at each
3 transmission delivery point are based on the loads of the customers downstream of the
4 delivery point and their contribution to the delivery point's total loading.

6 **1.2 Approved Transmission Rates**

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8 The Ontario Uniform Transmission Rates which result from the proceeding
9 EB-2007-0759, effective November 1, 2007 comprise the following charges:

- 11 • A Transmission Network charge of \$2.31/kW, to be applied to the demand at each
12 transmission delivery point based on billed demand which is defined to be the larger
13 of: a) 85% of non-coincident peak from 7 a.m. to 7 p.m. or b) the peak coincident
14 with the transmission system peak.
- 15
16 • Line and transformation connection charges of \$0.59/kW and \$1.61/kW,
17 respectively, which are applied to the non-coincident peak at each transmission
18 delivery point.

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20 These rates apply to the load at the deemed transmission delivery point which is set to be
21 on the high side of the transformation station. Metering is typically on the low voltage
22 side at the station, so appropriate loss factors have been applied to uplift the meter
23 readings to the high side of the transformation station.

1 **2.0 ESTIMATING RETAIL TRANSMISSION SERVICE CHARGES FROM**
2 **IESO**

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4 **2.1 Method**

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6 To estimate the charges from IESO for Transmission, Hydro One estimated the 2008 load
7 at each of its transmission connections and applying the currently approved Transmission
8 rates. This resulted in a total estimated charge of \$166.2 million for Network services,
9 \$114.8 million for Transformation charges and \$36.6 million for Line Connection
10 Charges for a total of \$317.6M.

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12 The estimated 2008 charges from the IESO need to be recovered from all Hydro One
13 customers. For the proposed ST customer group, sufficient connectivity data exists to
14 allow Hydro One to allocate the appropriate cost based on each customer's coincident
15 peak with the IESO billing time per month per their transmission delivery point. This
16 resulted in 46% of the \$317.6M being allocated to the ST customer class with the residual
17 54% being recovered from the other Retail (Legacy and Acquired) customers. Within the
18 Retail customer classes, Hourly Load Shape data was used to allocate to each individual
19 customer classes consistent with the methodology of Chapter 11 of the 2000 Electricity
20 Distribution Rate Handbook.

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22 The following Table shows the estimated 2008 IESO charges allocated to the proposed
23 customer classes.

Table 1
2008 IESO charges

	Tx Network	Tx Line	Tx Transformation	Total IESO Bill	Share
IESO Bill	\$ 166,226,978	\$ 36,611,777	\$ 114,776,007	\$ 317,614,762	
ST	\$ 76,899,232	\$ 16,207,183	\$ 51,593,835	\$ 144,700,250	46%
Retail	\$ 89,327,746	\$ 20,404,594	\$ 63,182,172	\$ 172,914,512	54%
UR	\$ 7,570,443	\$ 1,769,046	\$ 5,477,795	\$ 14,817,285	
R1	\$ 22,697,678	\$ 5,351,517	\$ 16,570,801	\$ 44,619,996	
R2	\$ 28,517,822	\$ 6,467,960	\$ 20,027,830	\$ 55,013,611	
Seasonal	\$ 3,374,629	\$ 809,307	\$ 2,505,993	\$ 6,689,929	
Uge	\$ 1,674,964	\$ 370,818	\$ 1,148,225	\$ 3,194,007	
Ugd	\$ 3,289,432	\$ 727,263	\$ 2,251,945	\$ 6,268,640	
GSe	\$ 8,807,534	\$ 1,967,457	\$ 6,092,168	\$ 16,867,159	
GSd	\$ 12,932,797	\$ 2,841,350	\$ 8,798,148	\$ 24,572,294	
Lighting	\$ 449,148	\$ 96,938	\$ 300,166	\$ 846,252	
Dgen	\$ 13,298	\$ 2,939	\$ 9,101	\$ 25,338	

In total, Hydro One Distribution needs to collect \$166.2 million for RTSR Network and \$151.4 million for RTSR Connection and Transformation.

3.0 PROPOSED 2008 RTSR RATES

Using the available Load Research data, the amounts allocated to each customer class divided by the corresponding billing parameters resulted in the proposed 2008 RTSR Rates by customer class shown in Table 2 below. Table 2 below also shows the currently approved RTSR. Customers billed based on energy will be charged these RTSR applied to meter quantities uplifted for losses. Customers billed on demand will be charged the rates below uplifted for losses. For customers that install load displacement generation after October 1998, RTSR connection is billed at the gross demand level consistent with the guidelines in the Distribution Rate Handbook, section 11.3.2.5. The proposed RTSR

1 rates are included in the rate Schedules for Legacy, Acquired, and ST customer groups
 2 shown in Exhibits G2, Tabs 5 to 94, Schedule 1.

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Table 2
Proposed 2008 RTSR

RATE CLASS	Current rates		Proposed rates		
	¢/kWh or \$/kW	¢/kWh or \$/kW	¢/kWh or \$/kW	¢/kWh or \$/kW	
	Network	Connection	Network	Line Con.*	Tran.
Urban	0.52-0.55	0.42-0.47	0.47	0.45	N/A
R1	0.52-0.55	0.42-0.47	0.47	0.46	N/A
R2	0.52	0.42	0.46	0.43	N/A
Seasonal	0.41	0.40	0.44	0.43	N/A
Urban General Service energy	0.50 – 0.52	0.33 – 0.43	0.36	0.33	N/A
Urban General Service demand (\$/kW)	1.584 – 1.94	0.998 – 1.61	1.41	1.27	N/A
General Service energy	0.48-0.52	0.33-0.39	0.35	0.32	N/A
General Service demand (\$/kW)	1.584-1.8	0.998-1.329	1.11	1.00	N/A
Distributed Generator (\$/kW)	0.52	0.34	0.25	0.23	N/A
Street and Sentinel Lights	0.3	0.23	0.29	0.25	N/A
ST (\$/kW)	1.734-2.52	1.083-2.09	2.01	0.50	1.38

7 * For customer classes that do not have separate proposed Line and Transformation charges, the Line Connection charges shown include
 8 Transformation charges

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10 The current RTSR for all Acquired LDC customers are based on the default value
 11 guidelines for RTSR established by the Board. The same rates apply to all Acquired
 12 LDCs. The proposed RTSR for Acquired LDCs are the rates shown above and will
 13 depend on what customer classes the Acquired Customers are being mapped into.

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15 As in the case for Legacy customers, Acquired customers billed based on energy will be
 16 charged these RTSR applied to meter quantities uplifted for losses. Customers billed on
 17 demand will be charged the above RTSR uplifted for losses.

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