

1 Service customers, the consumption threshold is 750 kWh. For non-eligible customers,
2 commodity costs were assumed to be 5.2 ¢/kWh when calculating the class average
3 impact.

4

5 Bill impacts are calculated as a change in customer bills in relation to their existing bills
6 that are based on distribution rates and other charges in effect as of May 1, 2007.

7

8 The Legacy customers that meet the Urban density criteria will be re-classified as Urban
9 customers in 2008.

10

11 **2.0 RECAP PROPOSED RETAIL CUSTOMER RATES**

12

13 At the conclusion of Exhibit G1, Tab 4, Schedule 2, Hydro One Distribution summarized
14 the proposed set of distribution rates for Legacy Retail customers. Table 1 below recaps
15 the proposed rates.

1
 2
 3

Table 1
Proposed Target Distribution Rates

Rate Class	Service Charge [\$/month]	Volumetric Charge [¢/kWh or \$/kW]
Urban Residential (High Density)	14.32	2.29
R1 Residential (Medium Density)	19.04	2.60
R2 Residential (Low Density)	21.41*	3.10
Seasonal	19.51	6.38
Urban General Service energy billed (UGS e)	12.33	2.09
Urban General Service demand billed (UGS d) \$/kW	29.19	7.25*****
General Service energy billed (GS e)	30.97***	3.39
General Service demand billed (GS d) \$/kW	46.75	9.22*****
Distributed Generator (\$/kW)	36.66	7.07*****
Street Lights	1.00**	4.57
Sentinel Light	1.00**	5.30

4 * Net of RRRP ** Per Connection *** Excludes \$0.35 adder for USL credit

5 *****Excludes \$0.07/kW adder for CSTA

6

7 At the conclusion of Exhibit G1, Tab 5, Schedule 3, Hydro One Distribution summarized
 8 a set of proposed Regulatory Asset Rate Rider # 3. Table 2 below recaps those riders.

Table 2
Proposed Regulatory Asset Rate Rider # 3

	Rate Rider # 3 ¢/kWh or \$/kW
Urban Residential (High Density)	(0.02)
R1 Residential (Medium Density)	(0.04)
R2 Residential (Low Density)	(0.05)
Seasonal	0.02
Urban General Service energy billed (UGS e)	(0.06)
Urban General Service demand billed (UGS d) \$/kW	(0.27)
General Service energy billed (GS e)	(0.06)
General Service demand billed (GS d) \$/kW	(0.22)
Distributed Generator	(0.04)
Street Lights	(0.08)
Sentinel Light	(0.08)

At the conclusion of Exhibit G1, Tab 6, Schedule 1, Hydro One Distribution summarized a set of proposed RTSR for Legacy Retail customers. Table 3 below recaps those RTSR.

Table 3
Proposed RTSR

	RTSR Network ¢/kWh or \$/kW	RTSR Connection ¢/kWh or \$/kW
Urban Residential (High Density)	0.47	0.45
R1 Residential (Medium Density)	0.47	0.46
R2 Residential (Low Density)	0.46	0.43
Seasonal	0.44	0.43
Urban General Service energy billed (UGS e)	0.36	0.33
Urban General Service demand billed (UGS d) \$/kW	1.41	1.27
General Service energy billed (GS e)	0.35	0.32
General Service demand billed (GS d) \$/kW	1.11	1.00
Distributed Generator	0.25	0.23
Lights (Street and Sentinel)	0.29	0.25

3.0 IMPACT BY CUSTOMER CLASSES

Combining the proposed Distribution rates in Table 1, Regulatory Asset Rate Rider # 3 in Table 2 and RTSR rates in Table 3 with other applicable charges including loss factors, the customer bill can be calculated for all customer classes based on average consumption. Table 4 provides the impacts of the Distribution revenue increase only on the distribution portion of the bill, total bill impacts including Rate Rider # 3 and excluding RTSR changes and the impacts of all rate changes on total bill.

The third column from the left in Table 4 shows the impact of 2008 distribution Revenue Requirement on the distribution portion of the bill, excluding Regulatory Rate riders. The impacts reflect moving the various customer classes to revenue to cost ratios that closer reflect cost causality and the reclassification of certain customers to Urban Density. The fourth column in Table 4 shows the impact of the 2008 distribution

1 Revenue Requirement on the distribution portion of the bill including Regulatory Rate
 2 rider # 3. The variability in the results reflects the different amounts for regulatory rate
 3 riders recovered from each customer class. The fifth column on Table 4 shows the impact
 4 of the 2008 distribution Revenue Requirement on total customer bill. The variability in
 5 the results reflects the fact that distribution revenues and regulatory rate riders comprise a
 6 different proportion of the total bill for each customer class. The sixth column in Table 4
 7 shows the impact of the 2008 distribution Revenue Requirement, Rate Rider # 3, total
 8 loss factors, and the new RTSR on total customer bill. The variability in the results
 9 reflects the fact that distribution revenues and RTSR comprise a different proportion of
 10 the total bill for each customer class. The impact shown below excludes the effect of the
 11 \$0.07/kW rate adder for CSTA.

12
 13

Table 4
Impacts by Customer classes

New Class	Existing Class	Basic Distribution Bill Only	Distribution Bill incl Riders	Total Bill incl Distribution and Riders	Total Bill incl Distribution and Riders plus RTSR
UR	UR	14.2%	6.8%	1.3%	1.0%
	R1	-13.0%	-16.7%	-6.5%	-6.9%
	R2	-23.4%	-26.6%	-10.8%	-11.1%
	F1 wRRA	-26.9%	-29.0%	-11.9%	-11.8%
R1	R1	5.2%	0.8%	0.0%	-0.2%
R2	R2	7.7%	4.0%	1.5%	1.1%
	F1 wRRA	2.6%	0.1%	0.0%	0.0%
	F3 wRRA	-11.3%	-12.5%	-4.1%	-3.3%
Seasonal	R3	47.8%	40.8%	20.9%	21.3%
	R4	2.3%	-0.8%	-0.5%	-0.1%
UGe	F1 nRRA	-48.8%	-51.0%	-20.0%	-21.6%
	G1	-45.1%	-47.6%	-18.0%	-19.3%
	G3	-50.0%	-51.2%	-19.2%	-20.1%
	UG	-22.8%	-24.9%	-7.4%	-8.9%
UGd	G1	-24.2%	-29.8%	-10.0%	-10.2%

New Class	Existing Class	Basic Distribution Bill Only	Distribution Bill incl Riders	Total Bill incl Distribution and Riders	Total Bill incl Distribution and Riders plus RTSR
	G3	-27.2%	-30.3%	-8.9%	-9.1%
	UG	-12.6%	-16.6%	-5.7%	-5.9%
GSe*	F1 nRRA	-6.5%	-8.7%	-3.4%	-5.2%
	F3 nRRA	-11.6%	-13.0%	-4.0%	-5.0%
	G1	0.3%	-2.6%	-1.0%	-2.5%
	G3	-8.7%	-10.0%	-2.7%	-3.8%
	T	-68.2%	-68.4%	-44.1%	-44.7%
	Unmtr	54.2%	47.2%	14.6%	13.1%
GSd	F1 nRRA	27.3%	19.5%	3.1%	0.4%
	F3 nRRA	-15.1%	-17.5%	-5.4%	-8.4%
	F1 wRRA	31.6%	23.2%	3.8%	1.1%
	F3 wRRA	-13.8%	-16.2%	-5.0%	-7.9%
	G1	-2.9%	-7.4%	-3.6%	-5.5%
	G3	-6.7%	-9.4%	-2.8%	-4.7%
	T	-5.5%	-7.9%	-2.3%	-4.4%
DGen	G3d	-28.3%	-28.9%	-7.1%	-12.7%
	Td	-23.4%	-23.9%	-14.8%	-30.9%
	G3e	32.2%	32.3%	17.4%	15.1%
	Te	-22.0%	-21.6%	-17.6%	-15.9%
	GS Eganville	110.0%	111.7%	109.3%	111.9%
Street Lgts	Street Lgts	17.1%	14.6%	4.9%	5.0%
	Terrace Bay	89.4%	48.8%	17.8%	21.9%
Sentinel Lgts	Sentinel Lgts	74.5%	70.9%	25.0%	25.0%

* Excludes impact of \$0.35 adder for USL credit,

4.0 CONCLUSION

Based on the results shown in the tables above, to mitigate customer class impacts to less than 10% of total bill per year, using the 2006 EDR guidelines, Hydro One proposes to phase-in basing Distribution rates on the target fixed and volumetric charges calculated

1 using the Cost Allocation Study over a period of four years. The phase-in process is
2 similar to the harmonization plan described in Exhibit G1, Tab 2, Schedule 5.

3

4 The total bill impact to Sentinel Lights is estimated to be less than \$1.80 per connection
5 per month.

6

7 Exhibit G1, Tab 8, Schedule 1, describes the mitigation plan proposed for Legacy
8 customer classes.

9