

1 **RETAIL TRANSMISSION SERVICE RATE DETAILS**

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3 This exhibit shows the details in support of the derivation of the Retail Transmission
4 Service Rates (RTSR) for 2008.

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6 **1.0 INTRODUCTION**

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8 The process follows the steps as outlined in the 2000 Distribution Rates Handbook
9 Chapter 11 Section 3.2 which provides a 3-Step process:

- 10 Step 1: Estimating retail transmission service costs
11 Step 2: Cost Allocation to customer classes
12 Step 3: Calculating Retail Transmission Service Rate

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14 **2.0 ESTIMATING RETAIL TRANSMISSION SERVICE COSTS**

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16 **2.1 Transmission Delivery Point Forecasts**

17 For each of Hydro One Networks Distribution's 230 Transmission Delivery Points, the
18 weather normal hourly forecast was generated for 2008. At each Transmission Delivery
19 point, the Network and Connection kW's were determined per month and totaled.

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Network kW's (annual)	71,959,731
Line Connection kW's (annual)	62,053,860
Transformation Connection kW's (annual)	71,289,445

1 **2.2 Rates Used**

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3 The latest monthly Uniform Transmission Rates being employed are:

Network Rate [\$/kW]	2.31
Line Connection Rate [\$/kW]	0.59
Transformation Connection Rate [\$/kW]	1.61

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5 **2.3 Estimated Charge**

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Transmission Charge	kWs	\$/kW	\$ Charges
Network Charge	71,959,731	2.31	\$166,226,978
Line Connection Charge	62,053,860	0.59	\$ 36,611,777
Transformation Connection Charge	71,289,445	1.61	\$114,776,007
Estimated 2008 Charge			\$317,614,762

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9 **3.0 Cost Allocation To Customer Classes**

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11 **3.1 New ST Class**

12 With the new ST Class, customer connectivity is available to connect each customer to a
13 Transmission Delivery Point. Using the time of each monthly peak per Transmission
14 Delivery Point from Step 2 of above and the hourly profiles per customer delivery point
15 the coincident peak for each ST customer delivery point is calculated.

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17 The allocation of each Transmission Delivery Points charge to the ST connected
18 customer is derived using the following formula:

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$$\text{Allocated Charge} = \text{Estimated IESO Charge} \times \frac{\text{Coincident Peak kW}}{\text{Transmission peak kW}}$$

The summation of these allocated charges across all the ST connected Transmission Delivery points results in 46% of the \$317.6 million being allocated to this class.

3.2 Retail Classes

The residual 54% is allocated to the remaining Retail customer classes. The process follows that outlined in Chapter 11 Section 11.3.2.3, each customer class was allocated its share based on class monthly demand coincident with the monthly transmission or distributor’s peak, for the Network or Connection Cost Pools respectively.

Equation 11.3(a) re-stated:

$$\text{Class Alloc Network Cost} = \text{Network Cost Pool} \times \frac{\text{Class Monthly Demand}^2}{\text{Total Class Monthly Demand}^2}$$

² = Class monthly demand coincident with the monthly transmission system peak

Equation 11.3(b) re-stated:

$$\text{Class Alloc Connection Cost} = \text{Connection Cost Pool} \times \frac{\text{Class Monthly Demand}^3}{\text{Total Class Monthly Demand}^3}$$

³ = Class monthly demand coincident with the distributor’s monthly peak

3.3 Allocation of Retail Transmission Service Charges

The following table summarizes the estimated Retail Transmission Service Costs and the allocation to customer classes consistent with the methodology laid out in Chapter 11 of the Distribution Rate Handbook.

	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	

4.0 CALCULATING RETAIL TRANSMISSION SERVICE RATE

4.1 ST Customer Class

Based on the Charge Determinants laid out in Table 11.4 of the Distribution Rate Handbook, the following Charge Determinants Table and Rates are derived for these Interval Metered customers:

Network: Peak kW demand in month from 7 AM to 7 PM weekdays

1 Connection: Peak kW demand in month

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	Tx Network	Tx Line	Tx Transformation
ST Allocated Cost	\$ 76,899,232	\$ 16,207,183	\$ 51,593,835
Charge Determinant [kW]	38,272,898	32,136,412	37,417,280
\$/kW	2.01	0.50	1.38

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5 **4.2 Retail Customer Class**

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7 Following Charge Determinant Table 11.4 of Distribution Rate Handbook, the Retail
 8 customer class charge determinants and rates derived and summarized in the following
 9 table. For Retail classes, there is no distinction between the Line Connection and
 10 Transformation Connection Charges and these Cost Pools are summed together. Energy
 11 billed customers are billed based on class energy while demand billed customers are
 12 billed based on peak demand per month.

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	Allocation Cost Pools		Charge Determinants		Network	Connection	Network	Connection
	Network	Connection	kWh	kW	c/kWh	c/kWh	\$/kW	\$/kW
UR	\$ 7,570,443	\$ 7,246,842	1,610,732,413		0.47	0.45		
R1	\$22,697,678	\$21,922,317	4,782,076,285		0.47	0.46		
R2	\$28,517,822	\$26,495,789	6,141,936,529		0.46	0.43		
Seasonal	\$ 3,374,629	\$ 3,315,300	771,742,703		0.44	0.43		
Uge	\$ 1,674,964	\$ 1,519,043	463,185,604		0.36	0.33		
Ugd	\$ 3,289,432	\$ 2,979,208		2,337,698			1.41	1.27
GSe	\$ 8,807,534	\$ 8,059,625	2,510,853,555		0.35	0.32		
GSd	\$12,932,797	\$11,639,498		11,691,631			1.11	1.00
Lighting	\$ 449,148	\$ 397,104	156,172,049		0.29	0.25		
Dgen	\$ 13,298	\$ 12,040		52,409			0.25	0.23

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