

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
for the Direct and Embedded LDC Classes
Effective Date: May 1, 2007

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

APPLICATION

The application of these rates and charges shall be in accordance with The Licence of The Distributor and any Codes, Guidelines or Orders of The Board, and amendments thereto as approved by The Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES - May 1, 2007 for all consumption or deemed consumption services used on or after that date.

MISCELLANEOUS CHARGES - May 1, 2007 for all charges billed to customers on or after that date.

RETAIL TRANSMISSION RATES - May 1, 2007 for all consumption or deemed consumption services used on or after that date.

LOSS FACTOR ADJUSTMENT – May 1, 2007.

SERVICE CLASSIFICATIONS

Direct

This classification refers to industrial or commercial customers other than acquired Large Users or Sub-transmission (T class) Customers, whose monthly measured maximum demand averaged over the most recent calendar year or whose forecasted monthly average demand over twelve consecutive months is equal to or greater than 5000 kW and who are directly connected to Hydro One Distribution's Low Voltage (LV) system. The meaning of "directly" includes HONnot owning the local transformation.

Any new customer satisfying the criteria for Direct classification, will be classified as a Direct.

Further servicing details are available in the utility's Conditions of Service.

Embedded Local Distribution Company (LDC)

This classification refers to Embedded supply to Local Distribution Companies (LDCs), "Embedded" meaning receiving supply via Hydro One Distribution's Low Voltage (LV) system and where Hydro One is the Host distributor to the Embedded LDC. Situations where the LDC is supplied via Specific Facilities are included. Further servicing details are available in the utility's Conditions of Service.

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MONTHLY RATES AND CHARGES

Direct

Facility charge for shared LV Lines	\$ / kW (1)	0.633
Regulatory Asset Recovery - Rider #1	\$	note (4)
Regulatory Asset Recovery - Rider #2	\$	note (4)
Retail Transmission Service Rates (8)(9)(10):		
Network Service Rate (6)	\$ / kW	2.42
Line Connection Service Rate (7)	\$ / kW	0.73
Transformation Connection Service Rate (7)	\$ / kW	1.34
Both Line and Transformation Connection Service Rate (7)	\$ / kW	2.07
Wholesale Market Service Rate (9)	\$ / kWh	0.0052
Rural or Remote Rate Protection Rate (9)	\$ / kWh	0.0010

Embedded Local Distribution Company

Facility charge for Shared LV Lines	\$ / kW (1)	0.633
Facility charge for connection to Specific LV Lines	\$ / km (2)	526
Facility charge for connection to Specific Distribution Lines	\$ / km (2)	358
Facility charge for connection to shared high-voltage (≥ 24.9 kV) delivery High Voltage Distribution Station	\$ / kW (3)	1.678
Facility charge for connection to shared low-voltage (< 24.9 kV) delivery High Voltage Distribution Station	\$ / kW (3)	3.797
Facility charge for connection to shared Low Voltage Distribution Station	\$ / kW (3)	2.120
Regulatory Asset Recovery - Rider #1	\$	note (5)
Regulatory Asset Recovery - Rider #2	\$	note (5)
Retail Transmission Service Rates (8)(9)(10):		
Network Service Rate (6)	\$ / kW	2.52
Line Connection Service Rate (7)	\$ / kW	0.74
Transformation Connection Service Rate (7)	\$ / kW	1.35
Both Line and Transformation Connection Service Rate (7)	\$ / kW	2.09
Wholesale Market Service Rate (9)	\$ / kWh	0.0052
Rural or Remote Rate Protection Rate (9)	\$ / kWh	0.0010

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Loss factors

Supply Facilities Loss Factor	1.006
Distribution Loss Factors	
Embedded Delivery Points on Express Feeders	1.000
Embedded Delivery Points on Non-Express Feeders	1.028
Total Loss Factors	
Embedded Delivery Points on Express Feeders	1.006
Embedded Delivery Points on Non-Express Feeders	1.034

For Direct and Embedded LDC customers that are supplied through Express feeders, as defined below, and whom Hydro One requires to move the meter location from inside a Transformer Station (TS) or High Voltage Distribution Station (HVDS) to outside the TS or HVDS, the applicable Supply Facility Loss Factor and the Distribution Loss Factor will be determined for such customers on the basis of an engineering study to arrive at a Site Specific Loss Adjustment (SSLA) for this circumstance, including radial line loss as appropriate, and this calculated value would replace the average Total Loss Factor shown above.

Express feeders are feeders that supply only one customer, either an Embedded Distributor or Embedded Direct, with the meter currently located at the Transformer Station or High Voltage Distribution Station.

Distribution utilities receiving power directly through their own facilities from one of two dedicated High Voltage Distribution Stations (HVDS) which perform a transformation function from 115 kV to 27.6 kV, specifically distribution utilities who receive power from Hydro One Distribution's Vineland HVDS and Hydro One Distribution's Fallow field HVDS, have a Total Loss Factor of:

1.006

NOTES:

Note (1): The basis of the charge is the customer's monthly maximum demand by delivery point embedded in Hydro One Distribution's service territory.

Note (2): The basis of the charge is kilometres of line, within the supplied LDC's service area, supplying solely that LDC.

Note (3): These rates are based on the "non-coincident demand" at each delivery point of the LDC supplied by the station. This is measured as the kW demand at the delivery point at the time in the month of maximum load on the delivery point. For an LDC connected through two or more shared distribution stations, the total charge for the connection to the shared distribution stations is the sum of the relevant charges for each of the distribution stations.

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Note (4): Regulatory Asset Recovery "Rate Riders" are specific to each Direct.

Note (5): Regulatory Asset Recovery "Rate Riders" are specific to each LDC.

Note (6): The monthly billing determinant for the network service rate is the peak demand from 7 AM to 7 PM (local time) on IESO business days.

Note (7): The monthly billing determinant for the line and transformation connection service rate is the non-coincident peak by delivery point

Note (8): Delivery point with respect to Retail Transmission Rates is defined as the low side of the Transformation Station that steps down voltage from above 50 kV to below 50 kV. For a customer with delivery points served from multiple feeders connected to the same Transformation Station, the aggregated demand at the said delivery points on the low side of the Transformation Station will be the applicable billing determinant.

Note (9): These rates pertain to the IESO's defined point of sale; consequently, appropriate loss factors as approved by the Board and set out in Hydro One Distribution's loss factors must be applied to the metered load of energy-metered customers. Similarly, appropriate loss factors as approved by the Board and set out in Hydro One Distribution's loss factors must be applied to the applicable tariffs of demand-metered customers.

Note (10): The loss factors, and which connection service rates are applied, are determined based on the point at which the distribution utility or customer is connected to Hydro One Distribution's system. Hydro One Distribution's connection agreements with these distribution utilities and customers will establish the appropriate loss factors and connection rates to apply from Hydro One Distribution's tariff schedules.

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MISCELLANEOUS CHARGES

Specific Service Charges: Standard Amounts

Rate Code	Specific Service Charge - Standard Name	Calculation Method			
		2006 Rate Handbook	Standard Formula	Other Formula	Time and Materials
1	Temporary Service	\$500			
2	Dispute Meter Test	\$30 plus Measurement Canada fees			
3	Collection of account – no disconnection/load limiter	\$30			
4	Collection/Disconnect/load limiter/reconnect (at meter) trip – regular hours	\$65			
5	Collection/Disconnect/load limiter/reconnect (at meter) trip – after regular hours	\$185			
6	Collection/Disconnect/load limiter/reconnect (at pole) trip – regular hours	\$185			
7	Collection/Disconnect/load limiter/reconnect (at pole) trip – after regular hours	\$415			
8	Account Set-up Charge	\$30			
9	Arrears Certificate	\$15			
10	NSF Cheque Charge	\$15 + bank charges			
11	Easement Charge for Unregistered Rights	\$15			
12	Late Payment Charge	1.5%/month			
13a	Retailer Services – Establishing Service Agreements (refer to Handbook for all charges)	\$100/agreement/Retailer +\$20/month/Retailer +\$0.50/month/customer + other			
13b	Retailer Services – Other (includes Bill Ready for Retailers and Service Transactions Requests) as per the Handbook, Chapter 12	\$0.30/month/customer + \$0.25/request for request fee + \$0.50/request for process fee			
14	Special Meter Reads	\$30			
15	Billing Suspension and Terminations in Trailer Parks		\$130		
16	Service Layout Fee – Basic		\$405		
17	Service Layout Fee – Complex		\$580		
18	Crossing Application – Pipeline		\$2,065		
19	Crossing Application – Water		\$2,525		

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20	Crossing Application – Railroad		\$2,565		
21	Line Staking – per meter		\$3.10		
22	Central Metering – New service < 45 kW		\$115		
23	Conversion to Central Metering < 45 kW		\$795		
24	Conversion to Central Metering > 45 kW		\$680		
25	Tingle Voltage Test – In Excess of 4 Hours (per hour – average 2 additional hours)		\$105		
26	Standby Administration Charge per month (interim)		\$375		
27	Sentinel Lights Rental Rate per month – Mercury Vapor			\$7.00	
28	Guaranteed Units from Jan 01/91 to Aug 01/91			\$26.50 / month	
29	Guaranteed Units from Jan 01/87 to Dec 31/90			\$23.50 / month	
30	Joint Use for Cable and Telecom companies per pole			\$22.35	
31	Joint Use for LDCs per pole			\$28.61	