

1 **CUSTOMER CLASSIFICATION**

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3 In order to set the context for the allocation of Hydro One Distribution's revenue
4 requirement to customer classes, Exhibits G1, Tab 2, Schedule 2 to Schedule 3 provide a
5 review of the previous customer classes and the customers classes approved by the Board
6 in Proceeding EB-2007-0681.

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8 **1.0 CATEGORIES OF SERVICE**

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10 Within the Hydro One Distribution business there are two categories of service provided
11 to customers. The first category entails distribution service to over one million Retail
12 customers. Retail customers consist of Legacy customers (customers of the former
13 Ontario Hydro and its successor companies) and Acquired customers (customers of the
14 LDCs acquired by Hydro One Distribution, excluding Brampton Hydro which is a
15 subsidiary of Hydro One Inc. and whose customers are not part of this Application).
16 Retail customers previously fell into rate classes designated for residential, seasonal,
17 general service and farm customers.

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19 The second category entails distribution service to Sub-Transmission customers that are
20 directly connected to the Hydro One Distribution Sub-Transmission ("ST") system. ST
21 customers consist of all Embedded LDCs, all Embedded Direct delivery points with
22 demands above 5 MW, and large customers with demands above 500 kW that provide
23 their own transformation facilities and are connected to Hydro One's distribution system
24 at voltages of 13.8 kV or above.

1 **2.0 REDUCING THE NUMBER OF CUSTOMER CLASSES**

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3 One of the main objectives of the previous Board Application, (EB-2007-0681), was to
4 simplify the structure of Hydro One Distribution’s rate classes to better reflect utilization
5 of assets and services which impact cost causality. The simplified rate classes were also
6 designed to be more consistent with the number, and categorization of rate classes
7 typically used in other Ontario distribution companies (“LDCs”).

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9 The 12 Board approved customer classes are discussed in Exhibit G1, Tab 2, Schedule 3.

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11 **3.0 MAPPING EXISTING RATE CLASSES TO 12 APPROVED RATE**
12 **CLASSES**

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14 All of the existing Legacy rate classes and Acquired utility rate classes are mapped to the
15 12 approved rate classes using the harmonization process described in Exhibit G1, Tab 2,
16 Schedule 4.