

1 **RATE CONSIDERATIONS FOR ACQUIRED LDC CUSTOMERS**

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3 This exhibit presents information in support of the process that Hydro One Distribution
4 has used for setting the rates of the Acquired LDC customer classes.

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6 **1.0 INTRODUCTION**

7
8 Hydro One Distribution derives its retail distribution rates for the Acquired LDC
9 customer classes using the Board approved harmonization plan for Residential and
10 General Service customers of the Acquired LDCs. For 2010, Hydro One Distribution
11 will be in the third of the four steps phase-in plan to the target distribution rates, so that
12 for 2011 all Acquired LDCs' customers would have been migrated to Urban, Residential
13 R1, Urban General Service energy billed, Urban General Service demand billed, General
14 Service energy billed or General Service demand billed customer classes.

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16 The rates per Acquired customer rate classes are derived using the six rates for the
17 customer classes that the Acquired LDCs customers are being migrated to. In addition to
18 the phase-in approach, additional impact mitigation measure as discussed in Exhibit G1,
19 Tab 8, Schedule 1, will be required to keep total average bill impacts at below 10% as per
20 the 2006 EDR Handbook for 2010.

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22 **2.0 DISTRIBUTION RATES**

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24 Using the information on 2010 Revenue Requirement and the harmonized rates for 2010
25 the proposed Acquired Distribution Rates have been derived.

2.1 Residential and General Service Classes Adjustments.

Table 1 shows how the Acquired rate classes map to the target rates. The proposed target rates are the same as described in Exhibit G1, Tab 4, Schedule 2.

**Table 1
 Harmonized target rates**

Customer Group	Distribution Charge	Target Rates
Acquired Residential migrated to Urban Residential	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	16.06 2.79
Acquired Residential migrated to R1 Residential	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	21.03 3.17
Acquired General Service migrated to Urban General Service energy billed	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	15.64 2.24
Caledon Residential OH 06	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	26.93 * 3.44
Caledon OH 07	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	21.02 7.76
Acquired General Service migrated to Urban General Service demand billed	Fixed service charge (\$/customer) Volumetric charge (\$/kW)	34.32 7.82
Acquired General Service migrated to General Service energy billed	Fixed service charge (\$/customer) Volumetric charge (¢/kWh)	35.79 3.77
Acquired General Service migrated to General Service demand billed	Fixed service charge (\$/customer) Volumetric charge (\$/kW)	47.81 10.01

*Net of \$28.50 RRRP

1 The target rates in Table 1 were used to derive harmonized rates for Residential and
 2 General Service customers, following the methodology described in Exhibit G1, Tab 2,
 3 Schedule 4. These target rates, adjusted for the increase in 2011 revenue requirement,
 4 would be the proposed end-state rates effective January 1, 2011. Table 2 summarizes the
 5 harmonized 2010 distribution rates for Acquired LDCs Residential and General Service
 6 customer classes.

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8 Rates for the various Residential and General Service customer classes in Caledon follow
 9 the same methodology outlined above for other Acquired LDCs that are being
 10 harmonized.

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12 The exceptions are for existing Residential OH 06 and OH 07 rate classes of Caledon.
 13 The proposed distribution rates for these two classes are based on the R2 and Seasonal
 14 Legacy proposed Distribution rates. Table 2 shows the proposed rates for all Acquired
 15 LDC Residential and General Service customer classes prior to the application of any
 16 mitigation plan required to keep bill impacts at below 10% of total bill for 2010 as per the
 17 2006 EDR Handbook.

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Table 2
Proposed 2010 Distribution Rates for Acquired Residential and General Service
classes

	Res		GS<50		GS>50	
	SrChg [\$ /month]	VarChg [¢ /kWh]	SrChg [\$ /month]	VarChg [¢ /kWh]	SrChg [\$ /month]	VarChg [\$ /kW]
Ailsa Craig	18.57	3.30	30.22	3.81	40.40	10.07
Arkona	16.92	3.30	26.73	3.81	36.91	10.07
Arnprior	17.90	3.30	29.49	3.81	38.54	10.07
Arran-Elderslie	17.70	3.30	28.63	3.81	37.80	10.07
Artemesia	18.12	3.30	30.79	3.81	40.97	10.07

	Res		GS<50		GS>50	
	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [\$/kW]
Bancroft	18.80	3.30	32.47	3.81	41.65	10.07
Bath	18.78	3.30	29.08	3.81	38.25	10.07
Blandford-Blenheim	18.35	3.30	31.84	3.81	41.01	10.07
Blyth	17.25	3.30	31.29	3.81	41.46	10.07
Bobcaygeon	19.55	3.30	31.67	3.81	41.85	10.07
Brighton	18.34	3.30	32.10	3.81	41.28	10.07
Brockville	18.59	3.30	29.56	3.81	38.60	10.07
Caledon CH 02	19.22	3.30				
Caledon OH 06	27.70	3.50				
Caledon OH 07	25.44	7.32				
Caledon CH			32.42	3.81	41.60	10.07
Caledon OH			32.26	3.81	42.43	10.07
Campbellford-Seymour	19.01	3.30	30.44	3.81	39.62	10.07
Carleton Place	19.04	3.30	30.05	3.81	39.10	10.07
Cavan-Millbrook-North Monaghan	19.18	3.30	31.94	3.81	41.12	10.07
Centre Hastings	18.36	3.30	30.98	3.81	40.16	10.07
Chalk River	19.44	3.30	31.21	3.81	41.39	10.07
Champlain	18.53	3.30	31.53	3.81	40.71	10.07
Cobden	18.70	3.30	31.36	3.81	40.54	10.07
Deep River	20.08	3.30	31.86	3.81	41.03	10.07
Deseronto	18.16	3.30	28.94	3.81	38.12	10.07
Dryden	19.07	3.30	28.93	3.81	38.97	10.07
Dundalk	19.55	3.30	31.76	3.81	41.94	10.07
Durham	20.01	3.30	32.40	3.81	41.57	10.07
Eganville	18.90	3.30	31.22	3.81	41.39	10.07

	Res		GS<50		GS>50	
	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [\$/kW]
Erin	18.72	3.30	36.42	3.81	45.59	10.07
Exeter	19.20	3.30	28.75	3.81	38.92	10.07
Fenelon Falls	17.48	3.30	30.84	3.81	40.02	10.07
Forest	19.24	3.30	32.60	3.81	41.78	10.07
GBE	17.44	3.30	26.37	3.81	36.42	10.07
Georgina	18.37	3.30	30.24	3.81	40.42	10.07
Glencoe	18.16	3.30	28.75	3.81	38.93	10.07
Grand Bend	18.83	3.30	31.92	3.81	41.10	10.07
Hastings	20.03	3.30	32.10	3.81	41.28	10.07
Havelock	19.22	3.30	31.92	3.81	41.10	10.07
Kirkfield	16.79	3.30	30.07	3.81	39.25	10.07
Lanark Highlands	18.27	3.30	31.00	3.81	40.17	10.07
Larder Lake	19.39	3.30	31.42	3.81	40.60	10.07
Latchford	18.76	3.30	26.15	3.81	36.33	10.07
Lindsay	18.95	3.30	30.13	3.81	39.17	10.07
Lucan Granton	18.37	3.30	30.64	3.81	39.82	10.07
Malahide	18.23	3.30	29.86	3.81	39.07	10.07
Mapleton	18.80	3.30	31.27	3.81	41.44	10.07
Markdale	19.50	3.30	32.62	3.81	41.80	10.07
Marmora	18.34	3.30	28.91	3.81	38.09	10.07
McGarry	18.15	3.30	30.88	3.81	40.60	10.07
Meaford	18.13	3.30	32.38	3.81	41.56	10.07
Middlesex Centre	19.48	3.30	30.23	3.81	40.41	10.07
Napanee	19.60	3.30	31.92	3.81	41.10	10.07
Nipigon	19.49	3.30	31.70	3.81	41.88	10.07

	Res		GS<50		GS>50	
	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [\$/kW]
North Dorchester	17.19	3.30	29.87	3.81	39.04	10.07
North Dundas	18.23	3.30	29.28	3.81	39.46	10.07
North Glengarry	17.38	3.30	30.32	3.81	39.50	10.07
North Grenville	19.53	3.30	31.48	3.81	40.66	10.07
North Perth	18.61	3.30	33.23	3.81	43.41	10.07
North Stormont	16.81	3.30	27.27	3.81	37.45	10.07
Omeme	18.68	3.30	31.20	3.81	41.37	10.07
Perth	18.12	3.30	29.14	3.81	38.18	10.07
Perth East	16.95	3.30	30.06	3.81	39.24	10.07
Prince Edward	19.49	3.30	32.09	3.81	41.27	10.07
Quinte West	16.17	3.30	25.14	3.81	34.18	10.07
Rainy River	19.18	3.30	30.71	3.81	40.88	10.07
Ramara	17.58	3.30	31.63	3.81	40.80	10.07
Red Rock	19.23	3.30	31.29	3.81	41.46	10.07
Rockland	17.80	3.30	27.74	3.81	37.91	10.07
Russell	18.71	3.30	30.70	3.81	40.87	10.07
Schreiber	20.00	3.30	31.56	3.81	40.73	10.07
Severn	18.59	3.30	31.92	3.81	41.10	10.07
Shelburne	19.46	3.30	31.38	3.81	40.56	10.07
Smiths Falls	17.67	3.30	26.65	3.81	35.69	10.07
South Glengarry	17.81	3.30	30.24	3.81	40.42	10.07
South River	19.48	3.30	31.90	3.81	41.08	10.07
Springwater	18.39	3.30	31.52	3.81	40.69	10.07
Stirling-Rawdon	19.07	3.30	32.40	3.81	41.57	10.07
Terrace Bay	20.12	3.30	36.15	3.81	109.56	10.07

	Res		GS<50		GS>50	
	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [¢/kWh]	SrChg [\$/month]	VarChg [\$/kW]
Theford	18.13	3.30	30.35	3.81	39.53	10.07
Thessalon	19.32	3.30	31.11	3.81	40.29	10.07
Thorndale	17.04	3.30	30.03	3.81	39.21	10.07
Thorold	18.43	3.30	29.30	3.81	39.35	10.07
Tweed	17.08	3.30	28.48	3.81	37.66	10.07
Wardsville	17.85	3.30	29.48	3.81	38.66	10.07
Warkworth	19.24	3.30	31.21	3.81	41.38	10.07
West Elgin	18.76	3.30	29.74	3.81	39.92	10.07
Whitchurch Stouffville	17.15	3.30	29.61	3.81	38.66	10.07
Warton	19.39	3.30	31.82	3.81	41.99	10.07
Woodville	16.41	3.30	30.62	3.81	39.80	10.07
Wyoming	18.32	3.30	30.23	3.81	40.41	10.07

2010 Proposed Distribution Rates for Urban Residential and General Service customer classes						
Arnprior	14.99	2.91	16.69	2.26	29.93	7.92
Brockville	14.68	2.91	16.76	2.26	29.99	7.92
Caledon OH 01	16.21	2.91				
Carleton Place	15.14	2.91	17.25	2.26	30.49	7.92
GBE	14.53	2.91	13.57	2.26	26.81	7.92
Lindsay	16.05	2.91	17.33	2.26	30.56	7.92
Perth	15.21	2.91	16.33	2.26	29.57	7.92
Quinte West	13.26	2.91	12.34	2.26	25.57	7.92
Smiths Falls	14.76	2.91	13.84	2.26	27.08	7.92
Thorold	15.52	2.91	16.50	2.26	30.74	7.92
Whitchurch Stouffville	14.24	2.91	16.81	2.26	30.05	7.92

1 **3.0 2011 PROPOSED RATES FOR ACQUIRED LDCS**

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3 For the Residential and General Service classes of the Acquired LDCs that are being
4 harmonized, the proposed 2011 Distribution rates are the harmonized target distribution
5 rates shown in Table 1 of Exhibit G1, Tab 4, Schedule 2. These rates would become
6 effective January 1st, 2011 i.e. in the fourth year of the harmonization phase-in process
7 and will reflect the Revenue Requirement approved by the OEB for Hydro One for 2011.