

1 **RATE CONSIDERATIONS FOR SUB-TRANSMISSION**
2 **CUSTOMERS**

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4 This exhibit provides information in support of the derivation of Sub-Transmission
5 ("ST") rates. These rates are applicable to all customers grouped in the ST customer
6 class.

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8 **1.0 ST CLASS DESCRIPTION**

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10 The approved ST class consists of all supply points to Embedded LDCs, plus other
11 accounts whose supply from Hydro One Distribution assets is three-phase, between 44
12 kV and 13.8 kV inclusive, for whom Hydro One does not have the responsibility for the
13 local customer-site transformation and whose load is over 500 kW.

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15 **2.0 ST RATE DERIVATION**

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17 2010 proposed ST rates are developed using the results of the Cost Allocation
18 Methodology. Exhibit G2, Tab 1, Schedule 1, includes more details on the results of the
19 Cost Allocation and the basis for the proposed ST rates. The charges for the use of ST
20 line, High Voltage Distribution Stations, Low Voltage Distribution Stations with
21 Secondary voltages of 12.5 kV or below, Specific ST line and Specific Primary Line,
22 were derived using the Cost Allocation Methodology. In addition a fixed charge for
23 customers that do not own their meters was approved as part of Proceeding EB-2007-
24 0681.

25
26 For consistency with billing of RTSR charges, the ST line and HVDS charges are to be
27 billed to customers supplied from multiple feeders connected to the same TS or HVDS

1 based on their aggregated billing demand. This approach was approved in Proceeding
2 EB-2007-0681.

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4 For customers with Load Displacement generation above 1 MW or 2 MW for renewable
5 generation installed after October 1998, the ST volumetric charges will be billed on a
6 gross load basis, consistent with the methodology used to bill for Retail Transmission
7 Service Rates connections and approved in Proceeding EB-2007-0681.

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9 The following Table shows the current 2009 ST charges and the proposed 2010 ST
10 charges.

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Table 1
ST Proposed 2010 charges

ST 2009		ST 2010
Charge Type	Current Charges	Proposed Charges
Fixed Monthly Charge	183.92	277.46
Meter Charge	538.25	445.81
Common ST Line	\$0.550/kW	\$0.639/kW
HVDS-high	\$1.390/kW	\$1.402/kW
HVDS-low	\$2.590/kW	\$3.261/kW
LVDS-low	\$1.210/kW	\$1.859/kW
Specific ST Line	\$681.69/km	\$605.66/ km
Specific Primary Line	\$528.33/km	\$469.38/ km

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HVDS-High Rate

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18 For consistency purposes, the HVDS-high rate is set equivalent to the Retail
19 Transmission Service Rate (“RTSR”) – transformation. Customers in the ST group can
20 obtain transformation from above 50 kV to a voltage between 44 kV and 13.8 kV either

1 through the use of an HVDS–high, or through a TS owned by Hydro One Transmission.
2 Customers that obtain supply through a TS are charged the RTSR – transformation.

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4 *HVDS-low rate*

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6 Consistent with the current rate structure, the HVDS-low rate is set to be the sum of the
7 HVDS-high rate and LVDS-low rate. HVDS-low stations supply voltage at or below
8 12.5 kV.

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10 *LVDS-low rate*

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12 LVDS-low stations transform power from between 44 kV and 13.8 kV, to under 13.8 kV.
13 The rate is set to recover the portion of the Cost Allocation Methodology dollars
14 attributable to LVDS-low.

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16 *Specific ST Line and Specific Primary Line rates*

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18 A line section is “Specific” if it supplies solely one LDC and is within that LDC’s
19 territory. ST lines are between 44 kV and 13.8 kV, while Primary lines are between 12.5
20 kV and 4.16 kV. These Specific Line rates are set at values which would recover the
21 costs attributable to ST and Primary lines, and also reflect the relationship in unit costs
22 between ST and Primary lines. Specific Line rates are charged by km rather than by kW.

23
24 *Meter Charge for Hydro One Owned Meter*

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26 Most of the customers in the ST group provide their own metering facilities. To reflect
27 this, Hydro One has an additional fixed charge applicable only to customers for whom
28 Hydro One provides metering facilities.

1 *Fixed charge*

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3 Hydro One Distribution has a fixed charge per delivery point in cases where a customer
4 uses common ST lines, or uses HVDSs and the customer owns the lines emanating from
5 the HVDS. The fixed charge is intended to recover costs that do not vary with
6 consumption. The level of the fixed charge is proposed to be \$277.46 per account. This
7 value includes the proposed 2010 smart meter funding adder of \$2.17/customer and is
8 lower than the fixed charge that would be determined using the fixed Revenue
9 Requirement estimated by the Cost Allocation Methodology. The \$277.46 charge is
10 based on the Board Cost Allocation method c) of determining fixed charges: Minimum
11 System with PLCC Adjustment, adjusted to exclude Low Voltage meter costs. A lower
12 fixed charge results in a higher volumetric charge than estimated by the Cost Allocation
13 Methodology, to enable Hydro One Distribution to recover the revenue requirement
14 allocated to the ST class.

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16 **3.0 MILTON ISSUE**

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18 In the Board's Decision on Proceeding EB-2007-0681, Hydro One was directed to bring
19 forward a rate specific to address Milton's circumstances in case that Milton Hydro has
20 not purchased the two feeder connections to Palermo TS.

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22 There are other customers, (22 LDCs and 8 Direct), that have similar circumstances to
23 Milton's situation, that is, being supplied by feeders located outside the customer's
24 boundaries and that supply only one customer. All these customers are currently charged
25 on a per kW basis, as opposed to a per kilometer basis. If the Board were to approve a
26 charge for all these customers that is based on a per kilometer basis, as suggested by
27 Milton, all these customers would be charged on a per kilometer basis at the same rate as
28 the Specific ST Line rate and the revenues collected from these customers would be \$6.8

1 million lower than if they would be charged on a per kW basis. This shortfall would need
2 to be recovered from the ST common line charge. Under such a scenario, three LDCs
3 and four Direct customers would pay substantially more than under the current billing
4 determinants.

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6 Hydro One still considers the current rate design approach for these types of situations to
7 be appropriate.