

1 **UNMETERED SCATTERED LOAD FIXED SERVICE CHARGE**

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3 This exhibit explains the development of a fixed service charge credit for unmetered
4 scattered load customers based on the results of the Cost Allocation Study.

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6 **1.0 INTRODUCTION**

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8 Hydro One Distribution General Service class rate schedule includes a separate and lower
9 fixed service charge that is applicable to unmetered scattered load connections.

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11 In 2006 Hydro One Distribution established a fixed service charge applicable to
12 unmetered scattered load (“USL”) customers within the Acquired LDC General Service
13 customers. The charge was set at half of the fixed service charge applicable to the
14 corresponding Acquired General Service customer class. This was consistent with the
15 2006 EDR Handbook guidelines.

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17 **2.0 PROPOSAL**

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19 Hydro One has completed a Cost Allocation Study which enables a proper fixed charge
20 credit to be established for USL customers. This credit reflects the nature of USL
21 customers, that is, no meter or meter reading costs should be recovered from USL
22 customers. This approach was approved by the Board in Proceeding EB-2007-0681.

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24 The fixed service charge credit will be applied to the General Service energy billed fixed
25 service charge for Legacy and Acquired customers.

1 **3.0 CALCULATIONS**

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3 The following table illustrates the development of the fixed service charge for unmetered
4 scattered load based on the results of the Cost Allocation Study.

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6 **Table 1**
7 **General Service Energy Billed Fixed Service charge**
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	Fixed Service charge (\$/customer/month)
Fixed charge as per Cost Allocation Study	33.95
Credit for USL customers (Sheet O3.5 USL Metering Credit)	6.15
Net Fixed Charge for USL customers	27.80

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10 The number of unmetered scattered load connections and the revenue shortfall are shown
11 in Table 2 below, based on the unmetered service charge credit in Table 1 above.

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13 **Table 2**
14 **General Service number of 2008 Unmetered connections and revenue shortfall**
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	Number of Unmetered connections in 2008	Revenue shortfall (\$)
General Service	5,244	387,091

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17 This revenue shortfall is re-allocated to the General Service energy billed customer class
18 when determining Distribution fixed charges to ensure that Hydro One Distribution
19 recovers the Revenue Requirement allocated to the General Service energy billed class.