

1 **TIME-OF-USE RATES**

2
3 This exhibit provides an update on the interim time-of-use (“TOU”) distribution rates
4 being applied to one Acquired LDC General Service customer.

5
6 **1.0 INTRODUCTION**

7
8 Hydro One Distribution received approval from the Board¹ to implement, on an interim
9 basis, distribution TOU rates for customers whose off-peak demand consumption (kW)
10 was at least twice their on-peak demand consumption. For customers on the interim TOU
11 rates, the Distribution rates were the same as for other comparable Distribution
12 customers, but the charge determinants are applied to billing demands (kW) established
13 only during the peak period. The pilot program was included as part of Hydro One
14 Distribution Conservation and Demand Management programs.

15
16 In the Board Decision in Proceeding EB-2007-0681, the Board directed Hydro One
17 Distribution to continue to apply the interim TOU rate to one customer. The customer
18 was to explore the necessary steps to become a customer served under an approved
19 customer class. The customer concluded that it can not absorb the costs necessary to
20 qualify for one of the approved customer classes.

21
22 **2.0 ALTERNATIVE**

23
24 The customer held various discussions with Hydro One Distribution exploring
25 alternatives. One alternative raised by the customer is to treat end use customers
26 similarly to how embedded distributors being supplied below 13.8 kV are being treated in
27 the Sub-Transmission class. That is, allow customers with average demands above 500

¹ Interim Order dated November 24, 2004, RP-2004-0203/EB-2004-0457

1 kW, that own their own transformation and are supplied at voltages below 13.8 kV to be
2 included in the Sub-Transmission class and be subject to additional transformation
3 charges.

4

5 If the Board were to approve this approach, Hydro One Distribution has identified 14
6 customers that would meet these criteria. These 14 customers would experience lower
7 bills, therefore, other customers would see a slight increase in their bills to allow Hydro
8 One to recover its full revenue requirement.