

1 Exhibit G2, Tab 4 to Tab 93, Schedule 1, shows the Total Loss Factors that Hydro One
2 Distribution proposes for 2010 and 2011 for its Legacy, Acquired and ST customers,
3 (including Embedded LDC). The loss factors are unchanged from the 2009 approved
4 loss factors.

5

6 Table 1 shows the proposed loss factors for the customer classes, including SFLF and
7 DLF.

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9

10

Table 1
Loss Factors

| Customer Class | SFLF % | DLF | TLF % |
|------------------------------|---------------|-------------|--------------|
| Urban Residential | 0.6 | 7.2 | 7.8 |
| R1 | 0.6 | 7.9 | 8.5 |
| R2 | 0.6 | 8.5 | 9.2 |
| Seasonal | 0.6 | 8.5 | 9.2 |
| Urban General Service energy | 0.6 | 8.5 | 9.2 |
| Urban General Service demand | 0.6 | 5.5 | 6.1 |
| General Service energy | 0.6 | 8.5 | 9.2 |
| General Service demand | 0.6 | 5.5 | 6.1 |
| Street Light | 0.6 | 8.5 | 9.2 |
| Sentinel Lights | 0.6 | 8.5 | 9.2 |
| Distributed Generator | 0.6 | 5.5 | 6.1 |
| Sub-Transmission | 0.6 | 0.0* or 2.8 | 0.6* or 3.4 |

11

* Express Feeder

12

13 Measurement Canada requires that meters used for billing must be sealed and re-verified
14 on a periodic basis. The IESO market rules require that legacy metering installations
15 must be brought into compliance with the IESO's metering standards upon the earliest
16 seal expiry date after market opening. These metering installations are substantially more
17 complex than a meter used for residential customers and the installation requires design

1 engineering. This results in many meters requiring either a substantial upgrade or total
2 replacement, depending on the degree of equipment replacement needed to achieve
3 compliance with IESO market rules.

4
5 Hydro One Distribution requested and received Board approval as part of the 2006
6 Distribution rates, that if the meter is located at the TS or HVDS, at time of reseal of the
7 meter, if Hydro One requires the customer to relocate the meter to either inside the fence
8 or immediately outside the TS or HVDS, for safety, security and access reasons,
9 depending on physical characteristics of the station, then the applicable Total Loss Factor
10 is 0.6% for customers supplied by express feeders¹. This applies to all ST customers
11 whose meter is being relocated and was implemented as of May 1, 2006.

12
13 Also, if the meter is relocated away from the TS or HVDS, losses must be based on
14 engineering studies. Hydro One will add non-technical losses consistent with the method
15 inherent in the existing Distribution Loss Factors.

16
17 Customers also requested that they be allowed to estimate losses based on engineering
18 studies, instead of using average loss factor, in cases where the meter is being relocated.
19 In these situations, this would result in more accurate loss adjustments and would be
20 consistent with the mechanism to apply loss adjustments in the IESO administered
21 market.

22
23 The above deal with situations in which Hydro One Distribution does not want the
24 metering within the TS or HVDS. However, Hydro One Distribution proposes that in all
25 situations in which a feeder delivers to solely one supply point, and in which the metering
26 is located away from the supplying station, that the customer calculates applicable losses

¹ Feeder used by only one customer and the meter is located at the station

1 based on engineering studies. Hydro One will add non-technical losses consistent with
2 the method inherent in the existing Distribution Loss Factors.

3

4 Also, Hydro One Distribution proposes that in situations in which the metering is at the
5 supplying TS or HVDS (either inside the fence or immediately outside the fence), that the
6 DLF not be applied, but solely the losses associated with the transformation at the station,
7 i.e. the approved Supply Facility Loss Factor be applied.

8

9 There are situations in which there is no metering at the customer supply point, and
10 quantities are calculated by taking the differences between other metering (for example,
11 feeder total minus the only other customer on the feeder). In such situations, the normal
12 application of the DLF to the difference in metering quantities could result in double-
13 counting the feeder losses. Therefore, Hydro One Distribution proposes that in such a
14 situation, the application of loss adjustment avoids double-counting the feeder losses by
15 adjusting appropriately the meter quantities separately.