

**DRAFT**  
**Terms of Reference – Density Study**

**Introduction**

Provide background material on the following:

- Evidence submitted on this issue in Hydro One Network’s 2010/2011 Distribution Rates Application (EB-2009-0096).
- Decision with Reasons in EB-2009-0096.
- Decision with Reasons in Hydro One Network’s 2008 Distribution Rates Application (EB-2007-0681).
- Existing density based rate classes and weighting factors used in Cost Allocation model

**Scope of Work**

Hydro One is seeking the services of an expert in the field of cost allocation and rate design to complete a Density Study. The consultant is required to complete the following items of work:

1. Develop options for the “density” definitions that will be evaluated as part of this study.
2. Develop methodology for collecting the data required to assess the relationship between costs and density for the various options.
3. Collect the necessary data.
4. Analyse data collected to develop rate class and weighting factor alternatives that will be put through the cost allocation model.
5. Evaluate cost allocation model results and assess the impact on customer’s bills.
6. Prepare a final report documenting the work undertaken.

**Schedule**

Issue RFP and award contract: *by Dec 2010*

Develop study methodology and collect necessary data: *Jan to Apr 2011*

Analyze data and propose cost allocation model inputs: *May 2011*

Run cost allocation model, evaluate results and customer impacts: *Jun to Jul 2011*

Prepare final report: *Aug 2011*