



EB-2007-0759

IN THE MATTER OF the *Ontario Energy Board Act* 1998, S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Hydro One Networks Inc. for an Order or Orders approving or fixing just and reasonable rates and other charges for the transmission of electricity commencing January 1, 2007.

AND IN THE MATTER OF the review by the Board of its Decision and Order dated December 8, 2005 which approved just and reasonable rates for the transmission of electricity.

PROCEDURAL ORDER NO. 1

Hydro One Networks Inc. (“Hydro One” or the “Company”) filed an Application, dated September 12, 2006, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act*, S.O. 1998, c.15, Schedule B. The Board assigned file number EB-2006-0501 to the Application and issued a Notice of Application dated October 17, 2006.

In its application, Hydro One requested that the Board approve new transmission revenue requirements and new transmission charge determinants for 2007 and 2008. On September 28, 2007, the Board approved revenue requirements and charge determinants for Hydro One’s transmission business through its EB-2006-0501 decision and order.

Hydro One also requested that the uniform transmission rate for the province of Ontario be adjusted to allow Hydro One to recover its new revenue requirement. This procedural order prescribes the procedure for the completion of the application by setting uniform transmission rates and the revenue allocations for

all transmitters in the Ontario transmission rate pool. The Board has assigned file number EB-2007-0759 to this proceeding.

The uniform transmission rates also apply to the other Ontario transmitters: Great Lakes Power Inc., Canadian Niagara Power Inc. and Five Nations Energy Inc. The Board will review its December 8, 2005 Decision and Order that set existing uniform rates (joint proceeding RP-2001-0034, RP-2001-0035, RP-2001-0036, RP-1999-0044 and RP-2005-0241). The Board has combined the hearing of this review with the EB-2006-0501 Hydro One transmission proceeding. All intervenors in the Hydro One proceeding have been deemed as intervenors in the combined proceeding.

Hydro One Networks Inc. has provided the Board with an exhibit that sets out the newly approved revenue requirements and charge determinants for Hydro One and the currently approved revenue requirements and charge determinants for the other Ontario transmitters. This includes the calculation of the allocation factors required by the Independent Electricity System Operator (IESO) to allocate the appropriate revenues to the transmitters. The exhibit is attached to this procedural order as Appendix A.

The Board invites submissions from all parties on Appendix A.

THEREFORE, THE BOARD ORDERS THAT:

1. All parties to the joint proceeding, other than Hydro One Networks Inc., may make written submissions to the Board regarding the calculation of the uniform transmission rates and the revenue shares. The submissions must be received by the Board and copied to all other parties no later than October 9, 2007.
2. Hydro One Networks Inc. may provide reply submissions to the submissions received from other parties on October 15, 2007.
3. All parties shall file their submissions with the Board Secretary, 2 hard copies and one electronic copy in searchable PDF format at boardsec@gov.on.ca , by 4:00 pm on the date indicated, and copy all parties. Parties must also include the Case Manager, Harold Thiessen harold.thiessen@oeb.gov.on.ca

and Board Counsel, Donna Campbell donna.campbell@oeb.gov.on.ca on all electronic correspondence related to this case.

DATED at Toronto, September 28, 2007.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"

TO PROCEDURAL ORDER NO. 1

BOARD FILE NO. EB-2007-0759

DATED SEPTEMBER 28, 2007

HYDRO ONE NETWORKS INC.
Exhibit establishing Uniform Transmission Rates
And
Charge Determinants
Effective
November 1, 2007

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Summary Uniform Transmission Rates and Revenue Disbursement Factors
 (for Period November 1, 2007 to December 31, 2008)

Transmitter	Revenue Requirement (\$) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$3,327,919	\$813,625	\$1,899,456	\$6,041,000
CNPI	\$2,964,434	\$724,758	\$1,691,992	\$5,381,184
GLPL	\$22,356,716	\$5,465,870	\$12,760,407	\$40,582,992
H1N (Note 1)	\$666,300,000	\$162,900,000	\$380,300,000	\$1,209,500,000
All Transmitters	\$694,949,069	\$169,904,252	\$396,651,855	\$1,261,505,176

Transmitter	Total Annual Charge Determinants (MW) (Note 3, Note 4)			
	Network	Line Connection	Transformation Connection	
FNEI	52.401	52.401	52.401	
CNPI	680.657	780.033	780.033	
GLPL	4,842.248	3,321.537	3,240.922	
H1N (Note 2)	295,022.000	281,845.000	242,192.000	
All Transmitters	300,597.305	285,998.972	246,265.356	

Transmitter	Uniform Rates and Revenue Allocators (Note 4)			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	2.31	0.59	1.61	
	↓	↓	↓	
FNEI Allocation Factor	0.00479	0.00479	0.00479	
CNPI Allocation Factor	0.00427	0.00427	0.00427	
GLPL Allocation Factor	0.03217	0.03217	0.03217	
H1N Allocation Factor	0.95877	0.95877	0.95877	
Total of Allocation Factors	1.00000	1.00000	1.00000	

Note 1: Hydro One Networks (H1N) Revenue Requirement per Exhibit 2.0

Note 2: Hydro One Networks (H1N) Charge Determinant per Exhibit 3.0

Note 3: Data for Other Transmitters per Exhibit 4.1.

Note 4: Calculated data in shaded cells.

Hydro One Networks Inc.
 Implementation of Decision with Reasons on EB-2006-0501

Revenue Requirement and Charge Determinant Assumptions for Other Transmitters

Table 1
Approved Annual Revenue Requirement and Charge Determinants

Transmitter	Annual Revenue Requirement (\$)	Annual Charge Determinants (MW)			Approval Reference
		Network	Line Connection	Transformation Connection	
Five Nations Energy (FNEI)	5,178,000	44.915	44.915	44.915	Note 1
Canadian Niagara Power (CNPI)	4,612,443	583.420	668.600	668.600	Note 2
Great Lakes Power (GLPL)	34,785,422	4,150.498	2,847.032	2,777.933	Note 3

Note 1: Board Decision on RP-2001-0036 dated April 24, 2002, pages 23 and 26.

Note 2: Board Decision on RP-2001-0034 dated December 11, 2001, pages 8 and 10.

Note 3: Revenue Requirement per Settlement Agreement on EB-2005-0241, Appendix B, page 5 of 5, approved by the Board September 15, 2005. Charge Determinants per Board Decision on RP-2001-0035 dated December 11, 2001, page 11.

Table 2
Revenue Requirement for 14 Month Period
from November 1, 2007 to December 31, 2008

Transmitter	2007 *		
	Nov.1 to Dec.31	2008	Total
Five Nations Energy (FNEI)	\$863,000	\$5,178,000	\$6,041,000
Canadian Niagara Power (CNPI)	\$768,741	\$4,612,443	\$5,381,184
Great Lakes Power (GLPL)	\$5,797,570	\$34,785,422	\$40,582,992

* Assume 2/12 of values from Table 1 for November and December 2007

Table 3
Charge Determinants for 14 Month Period from November 1, 2007 to December 31, 2008
(MW)

	2007 * Nov.1 to Dec.31			2008			Total		
	Network	Line Connection	Transformation Connection	Network	Line Connection	Transformation Connection	Network	Line Connection	Transformation Connection
Five Nations Energy	7.486	7.486	7.486	44.915	44.915	44.915	52.401	52.401	52.401
Canadian Niagara Power	97.237	111.433	111.433	583.420	668.600	668.600	680.657	780.033	780.033
Great Lakes Power	691.750	474.505	462.989	4,150.498	2,847.032	2,777.933	4,842.248	3,321.537	3,240.922

* Assume 2/12 of values from Table 1 for November and December 2007