



EB-2005-0020
EB-2005-0378

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 distribution
of electricity commencing May 1, 2006.

BEFORE: Pamela Nowina
Presiding Member and Vice Chair

Paul Vlahos
Member

Bob Betts
Member

RATE ORDER

On August 17, 2005, Hydro One Networks Inc. ("Hydro One") filed an application (the "Application") with the Ontario Energy Board (the "Board") under section 78 of the Ontario Energy Board Act, 1998; S.O. c.15, Schedule B, for an order or orders approving or fixing just and reasonable rates for the distribution of electricity effective May 1, 2006. The Board assigned file number RP-2005-0020/EB-2005-0378 to the Application.

On April 12, 2006 the Board released its Decision with Reasons (the "Decision"). The Board directed Hydro One to file with the Board and all intervenors of record, a draft Rate Order and its Tariff of Rates and Charges to reflect the Board's findings.

Hydro One filed its draft Rate Order with the Board on April 18, 2006 and reflected changes to Hydro One's original submission as required in the Decision, which are summarized below.

- The total balance in the Regulatory Asset deferral accounts due to the lowered interest rates approved by the Board amounts were reduced from \$103,731,000 to \$100,007,000 reflecting a decrease in the Deferred Pension Account of \$2,894,000, a decrease in the acquired MEU rate mitigation account of \$11,600 and a reduced LV charge of \$818,000.
- The change in the AFUDC interest rate to 6.2% reduced the 2006 Revenue Requirement by \$100,000. This was apportioned among all customer classes as per the 2006 EDR Handbook between fixed and variable revenues to determine the incremental rates.
- The allowance for funding for smart meters increased the 2006 revenue requirement by \$3.8 million.
- The revised rates and charges for the Acquired LDCs were filed without harmonization.

In its April 12, 2006 Decision, the Board provided 5 calendar days for intervenors to comment on the draft Rate Order. No comments were received by the Board.

Upon reviewing the materials as submitted by Hydro One, the Board finds it appropriate to issue the final 2006 Rate Order effective May 1, 2006, reflecting the Board's EB-2005-0020/EB-2005-0378 Decision. All proposed distribution revenue requirement allocations to the various customer groups and other proposed rates and charges are accepted by the Board.

THE BOARD ORDERS THAT:

1. The rates and charges set out in Appendices "A" to "I" to this Order are approved, effective May 1, 2006, for electricity consumed or estimated to have been consumed on and after May 1, 2006.

2. The rates and charges set out in Appendices "A" to "I" to this Order supersede all previous distribution rates and charges approved by the Ontario Energy Board for Hydro One Networks Inc., and are final in all respects, except for the standby rate which is interim.
3. Hydro One Networks Inc. shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

ISSUED at Toronto, April 27, 2006

ONTARIO ENERGY BOARD

A handwritten signature in black ink, appearing to read "P. O'Dell", written over a horizontal line.

Peter H. O'Dell
Assistant Board Secretary