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**BY EMAIL ONLY**

July 25, 2005

**To: All Electricity Distribution Utilities**

**Re: 2006 Electricity Distribution Rates**

**Amended Regulatory Assets Worksheet for remaining distributors**

**Placeholder for Hydro One charges to embedded distributors for the period January 1, 2004 to April 30, 2006**

On July 12, 2005, the Board informed all distributors of changes made to the regulatory assets worksheet issued on June 16, 2005. Specifically, the Board informed distributors of minor changes that were made to some formulas as well as the addition of a placeholder for Hydro One's regulatory asset charges to embedded distributors in the form of an additional reporting period (January 1, 2004 to April 30, 2006). Also, on July 12, 2005, the Board issued revised versions of the worksheet, filing guidelines and worksheet documentation reflecting these changes.

Page 9 of the revised filing guidelines states that the Board will inform embedded distributors of their allocated amounts once they are provided by Hydro One. The regulatory asset amounts which are proposed to be allocated by Hydro One to its embedded distributors for the period January 1, 2004 to April 30, 2006 are attached as Appendix A.

Distributors should note that the allocators listed in row 3 of Appendix A are Hydro One's proposed allocators to the embedded distributors while row 4 lists the Board approved allocators that are used by the regulatory assets worksheet to allocate the respective account balances to customers.

In order to complete their regulatory assets filing, each embedded distributor should include its allocated amounts, proposed by Hydro One in Appendix A, in their corresponding accounts in column "M" of Sheet 1 of the revised worksheet ("Hydro One charges (if applicable) Jan.1-04 to Apr. 30-06") from cell M17 to M20 inclusive. Amounts relating to Low Voltage charges should be included in account 1586 or cell

M20 as per s.9.0.8 of the Board's Dec.9/04 Decision.

Distributors should note that Hydro One has also included amounts in account 1508 relating to Hydro One's pension and OEB costs. These amounts should be entered in cell M25 (currently not highlighted). Distributors should also amend the sum formula in cell N25 to include this new amount. The formula currently reads, "SUM(G25:J25)". The formula should be amended to read, "SUM(G25:M25)". The Board will not be issuing a revised worksheet to reflect this change; therefore, distributors should ensure that the amounts in cell M25 are included in the 1508 account total (cell N25).

The Board has not yet approved a class allocator for amounts in accounts 1508,1525,1574 and 2425 (other than amounts relating to rebate cheques and Hydro One's environmental and low voltage costs). Distributors may wish to propose distribution revenue as the appropriate class allocator for Hydro One's pension and OEB costs recorded in account 1508. Since the model does not include default allocators for amounts in the above accounts, distributors should ensure that the proposed allocator(s) are entered in column "D" of Sheet 2 of the worksheet and that the appropriate formulas are entered in column's "E" through "M" to apportion the appropriate amounts to the classes.

Finally, the allocated amounts that Hydro One has provided on the attached spreadsheet have not yet been approved for recovery by the Board. The amounts will form part of Hydro One's 2006 EDR application and are subject to approval by the Board as part of that application.

Any enquiries regarding the above amendments to the worksheet should be forwarded to Ted Antonopoulos at 416-440-8137.

Yours truly,

*Original Signed By*

John Zych  
Board Secretary