

Follow up Questions

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Good Morning:

ENE did a rollup of the questions CO sent over yesterday. Think this must have been the items that Gillian and I discussed that were outcomes of Premier's briefing.

Two questions below and a 1 pager designed to be helpful, enclosed.

Please let us know if you should need anything further.

Andrew

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Begin forwarded message:

Q/ Will Hydro One be seeking OEB approval for rate increases to cover the cost of ICI expansion?

No, the cost of ICI expansion will not be recovered through distribution rates. The cost of ICI expansion would be recovered through the electricity line (for residential consumers, small businesses and farms) or Global Adjustment line (for business consumers) beginning in 2018.

Note: Most residential consumers, small businesses and farms pay Time-of-Use (TOU) prices. These prices are adjusted every six months (in May and November) by the Ontario Energy Board (OEB) based on projected supply cost over the next 12 months and true-up to actual costs incurred to date.

These OEB-approved rates comprise the "Electricity" line for residential consumers, small businesses and farms. The Electricity line shows the blended commodity cost that includes both the wholesale price of electricity as well as Global Adjustment charges. The cost of ICI expansion will flow to other consumers through increased Global Adjustment charges, which will increase the Electricity line for residential consumers.

Q/ What types of consumers fall between 0.05 MW and 1 MW and therefore will not be eligible for the 8% rebate or ICI expansion?

Consumers under 0.05 MW will be eligible for the 8% rebate. Consumers 1 MW and above will be

eligible for ICI expansion.

Examples of types of consumers that could fall into the 0.05 -1 MW category and will therefore not be eligible for the 8% rebate or ICI expansion are:

- Grocery stores
- Shopping malls
- Office buildings
- Government offices
- Restaurants
- Big box stores
- Hospitals
- Colleges
- Small manufacturing facilities

Note: There are likely also many consumers of the above types that are either over 1 MW (e.g., large shopping malls, office buildings) or under 0.05 MW (e.g., small restaurants, small government offices). For clarity, the 1 MW and above consumers will be eligible for ICI expansion and the consumers below 0.05 MW will be eligible for the 8% rebate.