

Ontario's Fair Hydro Plan (OFHP)

Understanding Ontario's Fair Hydro Plan

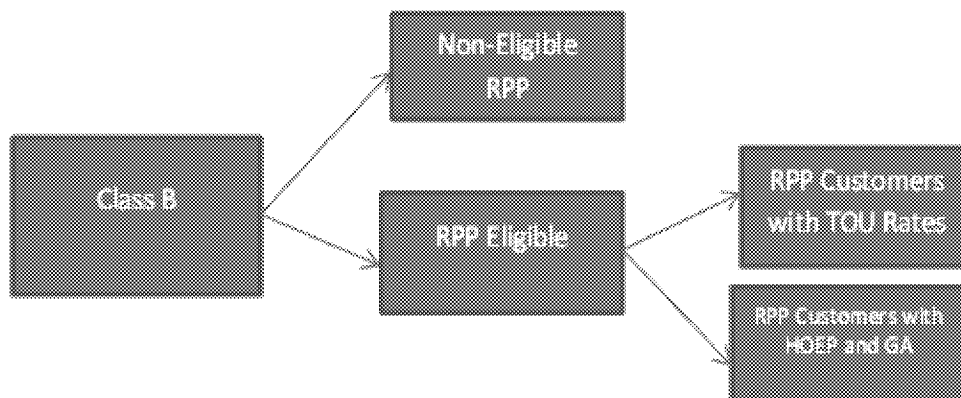
March 25, 2017



Purpose

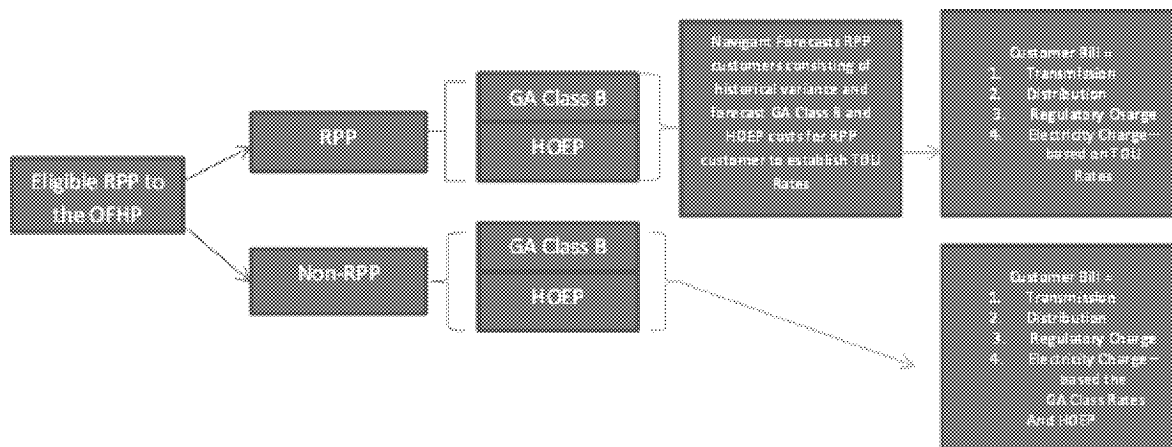
- Illustrative understanding of how the Ontario Fair Hydro Plan could possibly operate
- To be used only for discussion purposes
 - To develop a consensus in our understanding

Not all Class B customers are eligible for Ontario's Fair Hydro Plan



- No change to GA Class A and Class B cost calculation
- No change to GA Class B GA rate is still required for non-eligible RPP customers

Flow of Generation Costs to OFHP Eligible RPP Customer's Bill



- Cost adjustment for Ontario Fair Hydro Plan will flow to customer through the electricity portion of the bill
- For RPP customer via new TOU rates that includes a GA credit or as bottom line rate credit
- For Non RPP customer via rate credit to the GA

RPP Customer Bill to determine the targeted residential monthly bill reduction of 25% by MOE is based on Toronto Hydro 750KWh/Mth in 2017

Base Bill in 2017

Item	Toronto Hydro Residential Monthly Bill (750KWh/Mth)	2017
1	Distribution	\$ 41.61
2	Transmission	\$ 13.10
3	Regulated Charges (includes OESP and RRRP)	\$ 5.72
4	Commodity	\$ 85.00
5	Total Bill before Taxes	\$ 145.43
6	HST	\$ 18.91
7	Total Bill with Taxes - Base Bill for targeting a 25% reduction from	\$ 164.34
	Target Bill = Reduce Total Bill shown in Item 7 by 25%	\$ 123.26

How to figure out amount of the bill from FINANCING PLAN

Item 6	Total Bill Before Taxes	\$ 145.43
	Adjustments	
	RRRP and OESP moved to Gov't	-\$2.00
	Pre-Tax Financing Required	-\$26.04
	Pre-Tax Sub-Total	\$117.39
	8% Rebate from Gov't	-\$9.39
	HST	\$15.26
	New Bill after Taxes	\$123.26

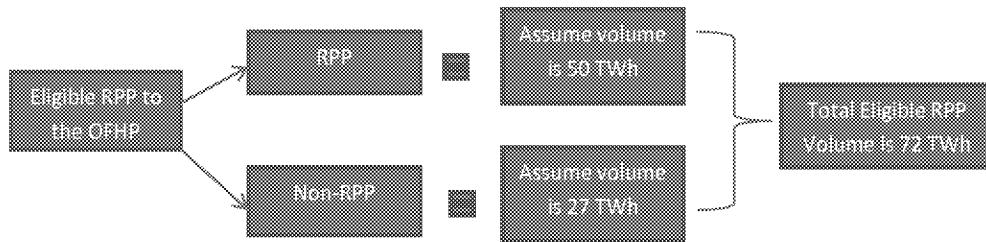
Move from Ratepayer to Gov't
Goal sought to obtain New Bill Target

Gov't Funds 8% Rebate

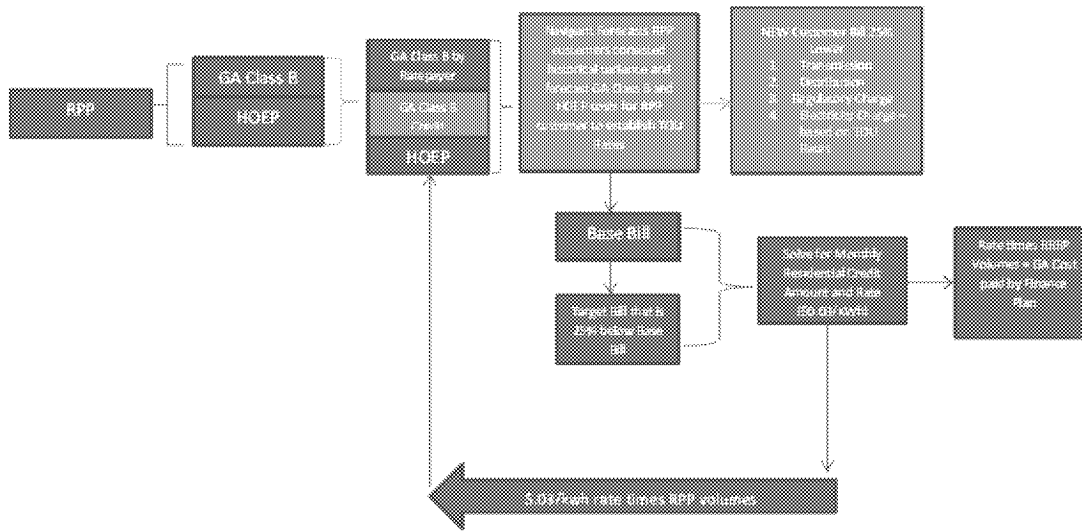


Estimated Volumes for illustration to calculate the GA Financing Amounts

Assume the following Volumes



RPP rate credit flows back via the TOU process or could be a separate credit line



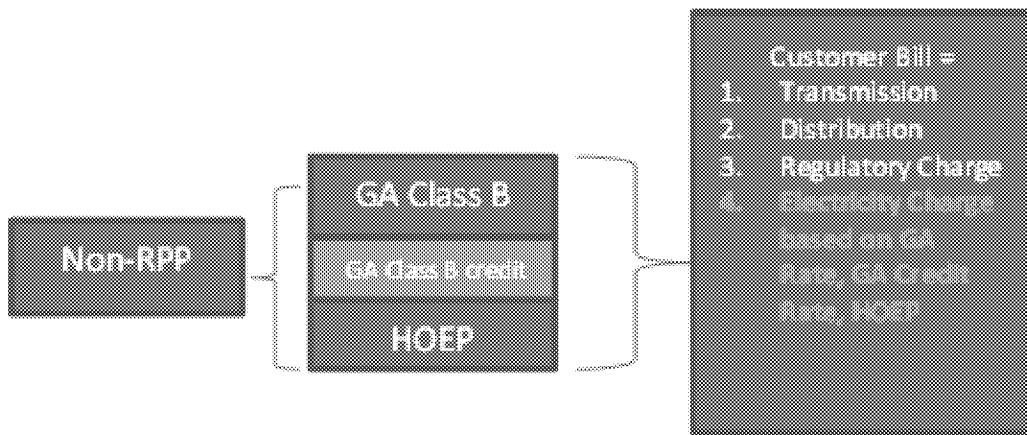
Translate the Monthly Bill Reduction into the Financing GA amount

- The \$26.04/Month credit from FINANCING is converted into a unit rate by dividing by 750/KWh, which is equal to \$0.03/KWh.
- Take the rate of \$0.03/KWh times all eligible RPP volumes of 72 TWh to calculate the total amount of the GA is required to finance 25% bill reduction for all the eligible customers
- This is about \$2.5 Billion as shown below

Monthly Bill Amount to be Financed	\$26.04
Based on 750 KWh Monthly Bill	750
Rate (\$/KWh)	\$0.03 \$/kWh
Assume All Eligible RRP volumes	72 TWh
GA Amount Required from FINANCING	\$2,500,172,626



Eligible Non-RPP customers



- Rate credit from the bill calculation could be used as the GA Class B credit for the eligible Non-RPP customers

Illustration of residential bill calculation for 2018 with the 2% bill cap

Base Bill is Toronto Hydro 750 KWh/Mth in 2017

2% Cap increase from 2017

Item	Toronto Hydro Residential Monthly Bill (750KWh/Mth)	2017	2018
1	Distribution	\$ 41.61	\$ 43.26
2	Transmission	\$ 13.30	\$ 13.40
3	Regulated Charges (includes OESP and RRRP)	\$ 5.72	\$ 5.89
4	Commodity	\$ 85.00	\$ 85.31
5	Total Bill before Taxes	\$ 145.43	\$ 147.86
6	HST	\$ 18.91	\$ 19.22
7	Total Bill with Taxes - Base Bill for targeting a 25% reduction from	\$ 164.34	\$ 167.08
	Target Bill = Reduce Total Bill shown in Item 7 by 25%	\$ 123.26	\$ 125.72

2018 target is 2% increase from prior year

How to figure out amount of the bill from FINANCING PLAN

Item 6	Total Bill Before Taxes	\$ 145.43	\$ 147.86
Adjustments			
RRRP and OESP moved to Gov't	-\$2.00	-\$2.00	
Pre-Tax Financing Required	-\$26.08	-\$26.12	
Pre-Tax Sub-Total	\$117.39	\$119.73	
8% Rebate from Gov't	-\$9.39	-\$9.58	
HST	\$15.26	\$15.57	
New Bill after Taxes	\$123.26	\$125.72	

Move from Ratepayers to Gov't

Goal: seeked to obtain New Bill Target

Gov't Funds 8% Rebate

GA Finance Amount in 2018

	2017	2018
Monthly Bill Amount to be Financed	\$26.04	\$26.12
Based on 750 KWh Monthly Bill	750	750
Rate (\$/KWh)	\$0.03	\$0.03 \$/kWh
Assume All Eligible RRP volumes	72	72 TWh
GA Amount Required from FINANCING	\$2,500,172,626	\$2,507,959,732

Discussion and Next Steps