

Ontario's Fair Hydro Plan (OFHP)

Understanding Ontario's Fair Hydro Plan

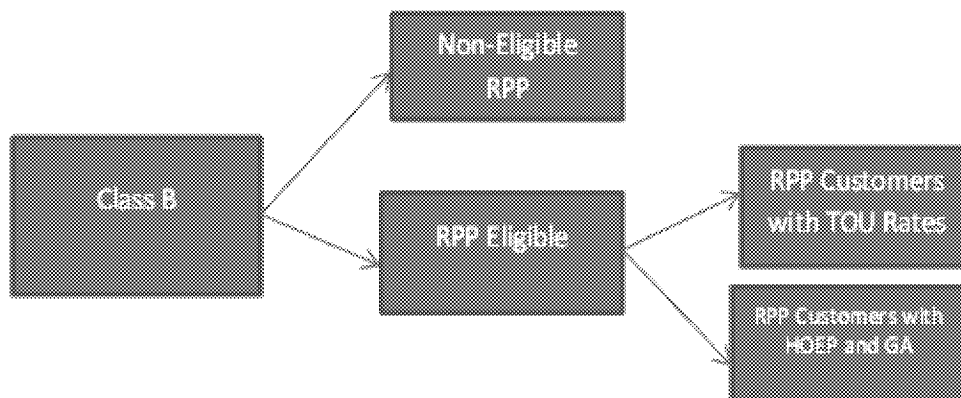
March 26, 2017



Purpose

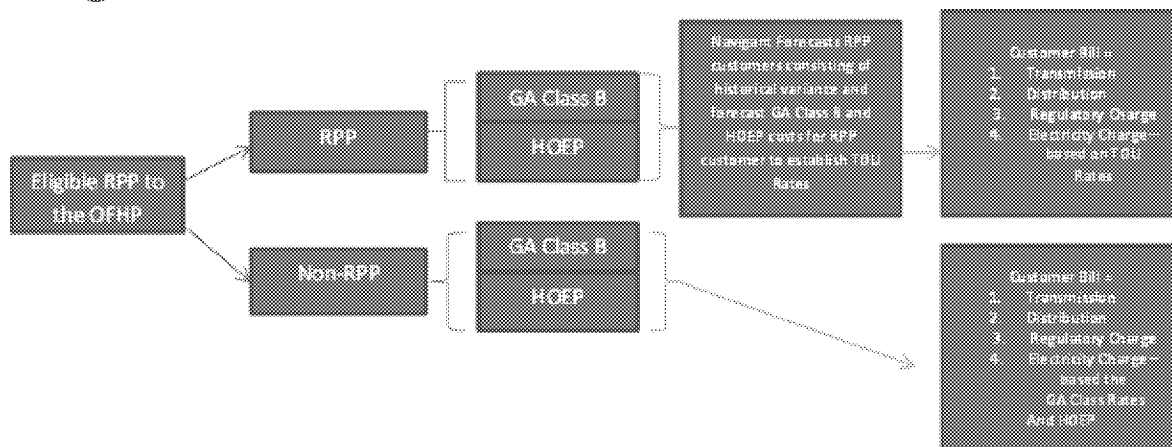
- Illustrative understanding of how the Ontario Fair Hydro Plan could possibly operate
- To be used only for discussion purposes
 - To develop a consensus in our understanding

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 rate as it is still required for non-eligible RPP customers

Flow of Generation Costs to Customer's bill for Eligible RPP Customers



- Cost adjustment for Ontario Fair Hydro Plan will flow to customer through the electricity portion of the bill
- For RPP customers can obtain a the OFHP via new TOU rates that includes a GA credit, or as bottom line rate credit. Likely a one-line rate credit
- For eligible Non-RPP customers it is likely via a rate credit

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

- Example: below of 25% decline based on 2017 Toronto Hydro Bill as per MOE analysis
- If based on prior year's bill, base bill may differ but mechanics will be the same

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

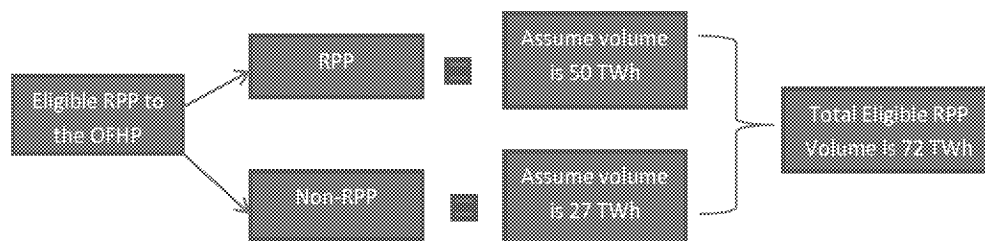
item 6	Total Bill Before Taxes	\$ 145.43
	Adjustments	
	RRRP and OESP moved to Gov't	-\$2.00
	Pre-Tax Financing Required	-\$25.34
	Pre-Tax Sub-Total	\$117.39
	8% Rebate from Gov't	-\$9.39
	HST	\$15.26
	New Bill after Taxes	\$123.26

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

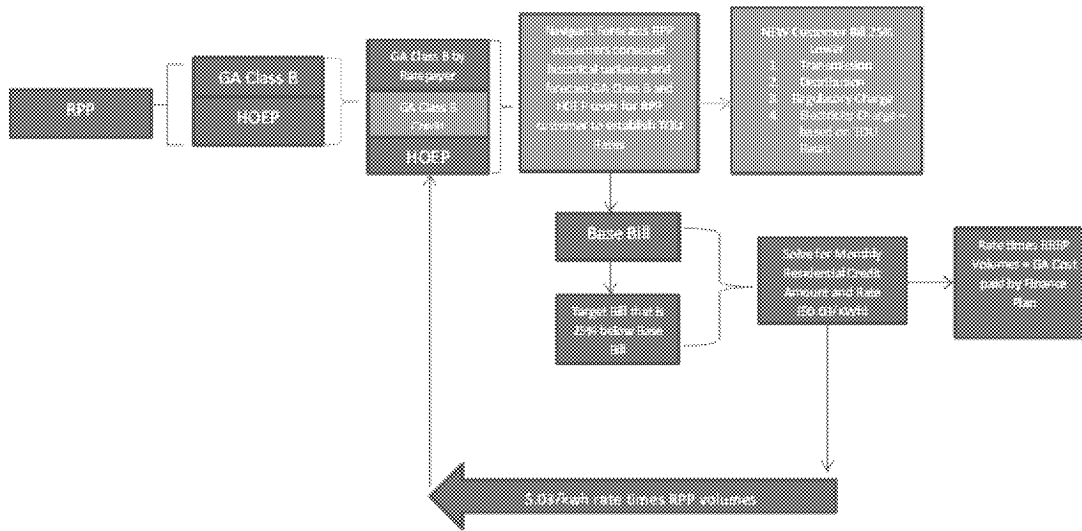
Gov't Funds 8% Rebate

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

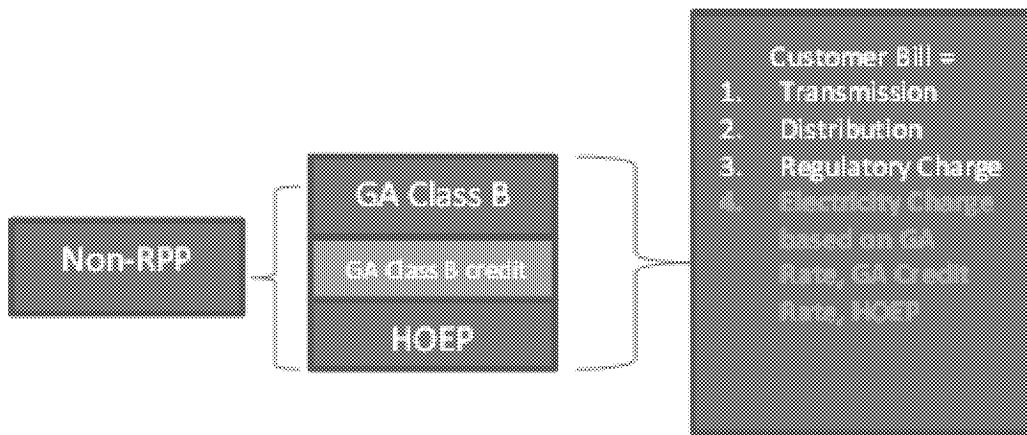


Translate the Monthly Bill Reduction into the Financing GA amount

- 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
- Or the credit rate could be used as a single line adjustment after the bill normal bill calculation

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

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	\$ 13.10	\$ 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 5	Total Bill Before Taxes	\$ 145.43	\$ 147.86
	Adjustments		
	RRRP and OESP moved to Gov't	-\$2.00	-\$2.00
	Pre-Tax Financing Increase	\$36.04	\$36.02
	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 for 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

