Hydro One Brampton Networks Inc.
175 Sandalwood Pkwy West
Brampton, Ontario L7A 1E8
Tel: (905) 840 6300
www.HydroOneBrampton.com

June 30, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli,

Re: Hydro One Brampton Networks Inc.'s 2011 Cost of Service Electricity Distribution Rate Application;
EB-2010-0132

Hydro One Brampton Networks Inc. ("Hydro One Brampton") is pleased to file its 2011 Cost of Service Electricity Distribution Rate Application with the Ontario Energy Board ("the Board").

Hydro one Brampton is filing this Application through the OEB Regulatory Electronic Submission System ("RESS") followed by two (2) hard copies of Hydro One Brampton's 2011 Cost of Service Electricity Distribution Rate Application, one (1) electronic copy and all supporting materials.

We would be pleased to provide any additional information that the Board requires in the processing of these documents. If additional information is required, please contact the undersigned.

Sincerely,

Scott Miller
Manager of Regulatory Affairs
Hydro One Brampton Networks Inc.
(905) 452-5504
smiller@hydroonebrampton.com

Roger A. Albert, President & CEO, Hydro One Brampton Networks Inc.
Jamie Gribbon, VP of Finance and Administration, Hydro One Brampton Networks Inc.
Remy Fernandes, VP of Engineering and Operations, Hydro One Brampton Networks Inc.

Enc.

EXHIBIT 1

ADMINISTRATIVE DOCUMENTS

EXHIBIT 1 TAB 1

ADMINISTRATION

HYDRO ONE BRAMPTON NETWORKS INC.
APPLICATION FOR APPROVAL OF ELCTRICITY DISTRIBUTION RATES
EFFECTIVE JANUARY 1, 2011

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APPLICATION

IN THE MATTER OF the Ontario Energy Board Act, 1998, Schedule B to the *Energy Competition Act, 1998, S.O. 1998, c.15;*

AND IN THE MATTER OF an Application by Hydro One Brampton Networks Inc. (HOBNI) for an Order or Orders approving or fixing just and reasonable distribution rates and other charges, effective January 1, 2011.

Title of Proceeding:	An Application by Hydro One Brampton Networks Inc. for an Order or Orders fixing just and reasonable distribution rates and other charges, effective January 1, 2011.
Applicant's Name:	Hydro One Brampton Networks Inc.
Applicant's Address:	175 Sandalwood Parkway West Brampton, Ontario L7A 1E8 Attention: Scott Miller, Regulatory Affairs Manager Telephone: (905)-452-5504 Fax: (905)-840-0967 E-mail: SMiller@hydroonebrampton.com

Applicant's Counsel: Michael Engelberg
483 Bay Street, North Tower, 15th Floor
Toronto, Ontario M5G 2P5
Telephone: (416) 345-6305
Fax: (416) 345-6972
E-mail: mengelberg@HydroOne.com

INTRODUCTION

1) The Applicant is Hydro One Brampton Networks Inc. (referred to in this Application as "the Applicant", "Hydro One Brampton", "HOBNI", "the Company", or "the Utility") a subsidiary of Hydro One Inc. The Applicant is a corporation incorporated pursuant to the Ontario Business Corporations Act with its head office in the City of Brampton. The Applicant carries on the business of distributing electricity within the City of Brampton.

2) Hydro One Brampton Networks Inc. hereby applies to the Ontario Energy Board, (referred to in this Application as "the OEB"), pursuant to section 78 of the Ontario Energy Board Act, 1998, as amended, for approval of its revenue requirement and proposed electricity distribution rates and other charges commencing January 1, 2011. A list of specific approvals requested is set out in Exhibit 1, Tab 1, Schedule 3 of this Application.

3) Hydro One Brampton seeks approval of a revenue requirement of $66,581,755 for the 2011 Test Year. As part of the application, Hydro One Brampton is seeking the inclusion of smart meter costs into ongoing operations and rate base for those smart meters installed up to and including the period ending December 31, 2009 in accordance with the Smart Meter Funding and Cost Recovery Guideline G-2008-0002 issued October 22, 2008.

4) Hydro One Brampton seeks approval to dispose of all Group 2 regulatory assets with a net balance of $4,402,506, to be collected over a two-year period at $2,201,273 per year as calculated in Exhibit 9 Tab 2 Table 1.

5) The resulting total bill increase (before tax) for the average customer, relative to 2010 rates, will be approximately 0.8 % pertaining to a distribution revenue increase, and an additional 2.3% increase associated with the disposition of deferral and variance accounts and other rate riders.

6) Hydro One Brampton requests approval for an updated smart meter funding adder of $1.03 per month per metered customer to provide funding for the 2010 and 2011 forecast smart meter in-service additions and associated OM&A expenditures. In addition, Hydro One Brampton seeks approval of final disposition of $0.36 per month per metered customer to cover all costs (capital and operating) incurred for the smart meter program from inception (2006) to the end December 2009.

7) This Application is currently not requesting approval of new Retail Transmission Service Rates as the current rates reflect the Board's approval of new Uniform Transmission Rates effective January 1, 2010. At the time of this rate application, HOBNI is not aware of any proposed changes to the current Uniform Transmission Rates. As a result, HOBNI requests that it be permitted to revise its 2011 Retail Transmission Service Rates should additional information pertaining to Uniform Transmission Rates become available. Until that time HOBNI is asking for the approval of the continuance of the previously approved Retail Transmission Service Rates.

8) The Company seeks approval for deferral accounts for recovery related to impacts of IFRS standard changes, costs associated with early retirement IFRS changes and costs pertaining to IESO's provincial Smart Meter Entity (SME).

9) Hydro One Brampton seeks approval of the Company's Green Energy Plan filed as part of this Application in accordance with the Deemed Conditions of Licence: Distribution System Planning Guidelines G-2009-0087 issued June 16, 2009.

10) The written evidence filed with the Board may be amended from time to time prior to the Board's final decision on the Application. Further, the Applicant may seek meetings with Board staff and interveners in an attempt to identify and reach agreements to settle issues arising out of this Application.

11) Hydro One Brampton requests approval for, and collection of a Lost Revenue Adjustment Mechanism and Shared Service Mechanism in the amount of $2,395,597.

The Company is proposing to collect this amount over a two-year period at $1,197,799 per year.

12) Hydro One Brampton seeks approval to collect costs associated with a Late Payment Class Action suit in the amount of $447,111.18. The Company is proposing to collect this amount by adjusting the monthly service charge for all customers in the amount of $0.28 per customer per month for one year.

Except where specifically identified in the Application, the Applicant followed Chapter 2 of the OEB's Filing Requirements for Transmission and Distribution Applications dated May 27, 2009 (the "Filing Requirements") in order to prepare this Application.

PROPOSED DISTRIBUTION RATES AND OTHER CHARGES

The Tariffs of Rates and Charges proposed in this Application are identified in Exhibit 1, Tab 1, Schedule 4.0 and Exhibit 8, Tab 6, Schedule 5.2, and the material being filed in support of this Application sets out HOBNI's approach to its 2011 distribution rates and charges.

PROPOSED EFFECTIVE DATE OF RATE ORDER

HOBNI requests that the OEB make its Rate Order effective for the forward Test Year beginning January 1, 2011 in accordance with the Filing Requirements.

THE PROPOSED DISTRIBUTION RATES AND OTHER CHARGES ARE JUST AND REASONABLE

The Applicant submits that the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

- The proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements and reflect traditional rate making and cost of service principles;
- The proposed rates are necessary to meet the Applicant's Market Based Rate of Return ("MBRR") and Payments in Lieu of Taxes ("PILs") requirements;

- There are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by the Applicant or the implementation of any other mitigation measures;
- The other service charges proposed by the Applicant are consistent with those previously approved by the OEB; and
- Other grounds as may be set out in the material accompanying this Application summary.

RELIEF SOUGHT

1) The Applicant applies for an Order or Orders approving the proposed distribution rates and other charges set out in Exhibit 1, Tab 1, Schedule 4 of this Application as just and reasonable rates and charges pursuant to Section 78 of the OEB Act, to be effective January 1, 2011.

2) In the event that the effective date does not coincide with the Board's decided implementation date for 2010 distribution rates and charges, Hydro One Brampton requests to be permitted to recover the incremental revenue from the proposed effective date, January 1, 2011, to the implementation date.

FORM OF HEARING REQUESTED

The Applicant requests that this Application be disposed of by way of a written hearing.

DATED at Brampton, Ontario, this 30th day of June, 2010.

All of which is respectfully submitted,

Hydro One Brampton Networks Inc.

Original signed by

Mr. Scott Miller,

Manager of Regulatory Affairs

CONTACT INFORMATION

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Toronto, Ontario M5G 2P5
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Fax: (416) 345-6972
E-mail: mengelberg@HydroOne.com

SPECIFIC APPROVALS REQUESTED

In this proceeding Hydro One Brampton is requesting the following approvals:

- Approval to charge rates effective January 1, 2011 to recover a revenue requirement of $66,581,755. The schedule of proposed rates is set out in Exhibit 1, Tab 1, Schedule 4
- Approval of the proposed loss factor.
- Approval of the Company's revised depreciation rates.
- Approval of Smart Meter capital and operating costs to December 31, 2009.
- Approval to increase the Smart Meter rate adder to fund the completion of the Smart Meter program.
- Approval to collect Lost Revenue Adjustment Mechanism and Shared Service Mechanism amounts.
- Approval to establish a deferral account to record and recover changes and costs pertaining to IESO's provincial Smart Meter Entity (SME)
- Approval to dispose of Regulatory Asset and Liability accounts.
- Approval of deferral accounts for IFRS related costs.
- Approval for a change in Hydro One Brampton's rate year from May 1, 2011 to April 30, 2012 to January 1, 2011 to December 31, 2011, to coincide with its fiscal year.

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account where the electricity is used supplied exclusively to single-family dwelling units for domestic or household purposes, including seasonal occupancy. This includes, but is not limited to, detached houses, one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex also qualify as residential customers. Further servicing details are available in the distributor's Conditions of Service**.**

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	11.27
Smart Meter Funding Adder	$	1.03
Late Payment Recovery – effective until December 31, 2011	$	0.28
Distribution Volumetric Rate	$/kWh	0.0160
Rate Rider for LRAM/SSM Recovery – effective until December 31, 2012	$/kWh	0.0010
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	$/kWh	0.0013
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kWh	(0.0020)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kWh	0.0010
Retail Transmission Rate – Network Service Rate	$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Multi-unit residential establishments such as apartment buildings supplied through one service (bulk metered) shall normally be classified as general service.

Where service is provided to combined residential and business, or residential and agricultural, whether seasonal or all-year premises, and the wiring does not provide for separate metering, the service shall normally be classed as general service.

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	19.19
Smart Meter Funding Adder	$	1.03
Late Payment Recovery – effective until December 31, 2011	$	0.28
Distribution Volumetric Rate	$/kWh	0.0166
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	$/kWh	0.0013
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kWh	(0.0020)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0044

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

GENERAL SERVICE 50 TO 699 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 700 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	121.67
Smart Meter Funding Adder	$	1.03
Late Payment Recovery – effective until December 31, 2011	$	0.28
Distribution Volumetric Rate	$/kW	2.7269
Rate Rider for LRAM/SSM Recovery – effective until December 31, 2012	$/kW	0.0079
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	$/kW	0.4861
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kW	(0.7321)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kW	0.1357
Retail Transmission Rate – Network Service Rate	$/kW	2.1307
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.6973

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

GENERAL SERVICE 700 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 700 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	1,333.27
Smart Meter Funding Adder	$	1.03
Late Payment Recovery – effective until December 31, 2011	$	0.28
Distribution Volumetric Rate	$/kW	3.7887
Rate Rider for LRAM/SSM Recovery – effective until December 31, 2012	$/kW	0.0378
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	$/kW	0.5881
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kW	(0.8881)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kW	0.1778
Retail Transmission Rate – Network Service Rate – Interval Metered	$/kW	2.3896
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	1.8245

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand over 12 consecutive months used for billing purposes is equal to or greater than 5,000 kW, or is forecast to be equal to or greater than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	5,208.02
Smart Meter Funding Adder	$	1.03
Late Payment Recovery – effective until December 31, 2011	$	0.28
Distribution Volumetric Rate	$/kW	2.5225
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	$/kW	0.7109
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kW	(1.0611)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kW	0.1574
Retail Transmission Rate – Network Service Rate – Interval Metered	$/kW	2.7045
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	2.1088

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	$	1.21
Distribution Volumetric Rate	$/kWh	0.0222
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	$/kWh	0.0013
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kWh	(0.0020)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0044

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – APPROVED ON AN INTERIM BASIS

Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).	$/kW	1.5047

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

STREET LIGHTING SERVICE CLASSIFICATION

All service supplied to roadway lighting equipment owned by or operated by the City of Brampton, Regional Municipality of Peel, or the Ministry of Transportation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	$	1.34
Distribution Volumetric Rate	$/kW	13.6018
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	$/kW	0.4461
Rate Rider #1 for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	$/kW	(0.6678)
Rate Rider #2 for Deferral/Variance Account Disposition (2011) – effective until December 31, 2012	$/kW	0.1074
Retail Transmission Rate – Network Service Rate	$/kW	1.7741
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4130

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	5.25

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Board, that is provided electricity by means of this distributor's facilities. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES

Distribution Wheeling Service Rate	$/kW	0.0612

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

ALLOWANCES

Transformer Allowance for Ownership		
General Service 50 to 699 kW- per kW of billing demand/month	$/kW	(0.7202)
General Service 700 to 4,999 kW - per kW of billing demand/month	$/kW	(0.8952)
Primary Metering Allowance for transformer losses – applied to measured demand and energy		%(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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Customer Administration

Arrears certificate	$	15.00
Pulling post dated Cheques	$	15.00
Duplicate invoices for previous billing	$	15.00
Request for other billing information	$	15.00
Easement letter	$	15.00
Income tax letter	$	15.00
Account history	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque charge (plus bank charges)	$	15.00
Legal letter charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Special Billing Service (aggregation)	$	125.00
Special Billing Service (sub-metering charge per meter)	$	25.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	$	30.00
Disconnect/Reconnect at meter - during regular hours	$	65.00

Hydro One Brampton Networks Inc.
PROPOSED TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011

Non-Payment of Account – Continued

Disconnect/Reconnect at meter - after regular hours	$	185.00
Disconnect/Reconnect at pole - during regular hours	$	185.00
Disconnect/Reconnect at pole - after regular hours	$	415.00
Disconnect/Reconnection for >300 volts - during regular hours	$	60.00
Disconnect/Reconnection for >300 volts - after regular hours	$	155.00
Owner Requested Disconnection/Reconnection - during regular hours	$	120.00
Owner Requested Disconnection/Reconnection - after regular hours	$	155.00
Specific Charge for Access to the Power Poles - per pole/year	$	22.35

RETAIL SERVICE CHARGES (IF APPLICABLE)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	$	100.00
Monthly Fixed Charge, per retailer	$	20.00
Monthly Variable Charge, per customer, per retailer	$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	$	0.25
Processing fee, per request, applied to the requesting party	$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	$	2.00

Hydro One Brampton Networks Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0349
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0247
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

PROPOSED ISSUES LIST

The Applicant would expect the following matters pertaining to the 2011 Test Year may constitute issues in this application:

- The amount of proposed revenue requirement.
- The reasonableness of the capital program.
- The reasonableness of the Operations Maintenance and Administration budget.
- The weather normalized forecast.
- The reasonableness of the collection costs associated with the Group 2 Regulatory Asset accounts.
- The reasonableness of the collection costs associated with final disposition of Payments in Lieu of taxes.
- The reasonableness of the proposed distribution rates.
- The reasonableness of the collection of a Lost Revenue Adjustment Mechanism and Shared Service Mechanism.
- The reasonableness of the collection costs associated with a Late Payment Class Action suit.
- The impacts associated with the conversion to IFRS.

ACCOUNTING ORDERS REQUESTED

As part of this proceeding, the Applicant is requesting the following accounting orders:

- The continuation of Hydro One Brampton's existing regulatory deferral and variance accounts.
- The continuation of IFRS transition costs and new deferral accounts for:
  - IFRS - Gains and Losses on disposal of fixed assets.
  - IFRS - Impact for Changes in IFRS accounting.
- The continuation of its Smart Meter Variance Accounts until final disposition.
- Approval to establish a deferral account to record and recover changes and costs pertaining to IESO's provincial Smart Meter Entity (SME)
- The disposition of all Group 2 Regulatory Asset accounts

DISTRIBUTION SERVICE TERRITORY AND DISTRIBUTION SYSTEM

Community Served:	City of Brampton
Total Service Area:	269 sq km
Distribution Type:	Electricity distribution
Service Area Population:	510,000 (est. 2011)
Municipal Population:	510,000 (est. 2011)
Customers Serviced:	131,000 (Dec. 2009)
Boundaries:	West: Winston Churchill Blvd.
	North: Mayfield Rd.
	East: Highway 50
	South: Utility Corridor

Hydro One Brampton Networks Inc. owns and operates the electricity distribution system within the municipal boundaries of the City of Brampton. As the local distribution company (LDC), Hydro One Brampton services approximately 131,000 Residential, General Service, Large Use, streetlight, and embedded distributor customers.

Electrical supply is sourced from four Hydro One Networks Inc. owned 230 kV transformer stations, (Goreway TS, Bramalea TS, Pleasant TS and Woodbridge TS), with output voltages of 44 kV and 27.6 kV. Hydro One Brampton owns and operates one 230 kV transformer station, (Jim Yarrow TS), built in 2001, with output voltages at 27.6 kV. The Utility connects to the source transformer stations via 55 feeder breakers. In addition, the Utility transforms 44 kV and 27.6 kV sub-transmission voltages through its 15 municipal sub-stations (MS) to primary distribution voltages of 13.8 kV, 8.32 kV and 4.16 kV, and connects to this distribution system via 50 feeder breakers.

HOBNI delivers electricity to its customers through a combination of 2,231 km of overhead primary distribution lines utilizing some 13,500 pole structures and 2,926 km of underground primary cables. Primary voltage is stepped down to utilization voltages through approximately 15,600 LDC-owned transformers.

Hydro One Brampton's distribution system is monitored through a Supervisory Control and Data Acquisition system (SCADA) which is monitored twenty-four hours per day, seven days per week, by Hydro One Brampton's Control Room Operators. The SCADA system was recently enhanced to include an Outage Management System (OMS) which was implemented to improve response time to outages and recording of system events.

In 2011, the capabilities of this system will be leveraged by adding additional applications intended to minimize manual processes in the Control Room.

The following information is available on the City of Brampton's web site.

THE CITY OF BRAMPTON

BRAMPTON FACTS

- Second fastest growing and 11th largest city in Canada.
- Average annual growth rate: 6.6%.
- 2006 census population: 433,806; 2011 projected population: 510,000. Population represents people from more than 175 distinct ethnic backgrounds who speak over 70 different languages.
- Land area: 269 square kilometers.
- Open space/parks: 4,000 acres.
- Third largest local economy within the Greater Toronto Area's regional centre (140,892 employees - 2006).
- Estimated median household income of $94,127 (2007).
- The City of Brampton's 2009 operating budget was $400.8 million and approved funding for its overall capital program stands at $700 million.
- Immediately adjacent to Canada's largest international airport – Pearson International.

ENVIRONMENT

- In 2001, the City launched a 10-year citywide valley re-naturalization planting program.
- For 2008, approximately $1 million had been allocated for new plantings.
- By 2012, the City will have planted approximately 24,000 trees, 200,000 shrubs and 60,000 native perennials in more than 400 acres of valley lands.
- The City of Brampton is home to the Heart Lake and Claireville conservation areas.
- The City is committed to protecting the natural environment and encouraging pedestrian-friendly, transit-oriented development.
- The City hosts a procurement strategy that focuses on greening - from cleaning products to furniture to building fixtures to vehicles.
- The entire Brampton transit and corporate fleet uses renewable and sustainable bio-diesel fuel.
- Brampton Environmental Planning Advisory Committee (BEPAC) was formed to provide advice on sound environmental management policies city-wide.

GROWTH MANAGEMENT

Brampton has the largest supply of vacant, designated and developable residential and employment land within 40 kilometres of Pearson International Airport.

- The Province of Ontario has designated the City of Brampton as an Urban Growth Centre.
- Brampton is expected to accommodate a population of 725,000 by the year 2031.
- The City of Brampton Official Plan charts the course for land use decision-making within the municipality for approximately the next 20 – 30 years.
- Since 2003, the City has implemented a Growth Management Program (GMP) to respond to the challenges and opportunities of a high rate of growth.
- Brampton's Development Allocation, a major component of the City's Growth Management Program, caps limit of residential units that can be draft-approved each year.

SUSTAINABLE GROWTH

- Downtown revitalization is a priority with significant investments including the $55 million Rose Theatre Brampton, which has spurred economic activity in the downtown core.
- The City is currently planning for Mount Pleasant community development project – an environmentally sensitive approach to urban planning.
    - A signature transit-oriented community, Mount Pleasant features a mix of residential and commercial areas that preserve elements of the natural space.
    - Mount Pleasant favours transit, walking, and cycling over cars and will be supported by a strong central transit spine, mixed use, and green corridors.
- Züm is an exciting multi-year project that will introduce rapid-transit bus service in the City's main corridors connecting to the neighbouring municipalities of York and Mississauga.
    - The City has committed $95 million to Züm; provincial and federal governments each contributed $95 million for a total project cost of $285 million.
    - First phase of Züm becomes operational in 2010; completion is expected in 2013.

COMMUNITY

- In 2007, Brampton became the first city in the GTA and one of 10 in North America to be designated as an International Safe Community by the World Health Organization.
- The Flower City Strategy engages citizens in various projects that have helped Brampton achieve its status as Canada's Flower City.
- Brampton was the first recipient of the "Best Blooming Community in Canada" in 2006 and has received numerous awards since then.
- Play Works, a partnership of organizations concerned about youth development, gave the City a Youth Friendly Community Recognition Award in 2007 and 2008. In 2009 the City achieved a Platinum status.
- In 2006, visible minorities accounted for 57.03% (or 246,145 persons) of Brampton's total population.

- South Asians accounted for 31.69% of the total population and was the largest minority group in 2006.
- More than 42,000 seniors attend over 100 dedicated programs each year at the seniors' centres.
- The William Osler Health Centre - Brampton Civic Hospital that opened in 2007 provides the community with a modern facility, advanced medical equipment and a comprehensive range of health services.

ECONOMY

- Brampton enjoys a Triple 'A' (AAA) credit rating by Standard & Poor reflecting a debt-free position, exceptional liquidity levels, and an excellent economy.
- Over 80% of businesses in Brampton are small and medium sized.
- Major economic sectors include: automotive/aerospace; retail administration/logistics; ICT; food and beverage; life sciences and business services.
- Diversified economy (68% services-producing; 32% goods-producing).
- Some of the multinational corporations include MD Robotics, Chrysler Canada, Rogers, ABB, and Loblaw, just to name a few.
- Youngest median age labour force in the GTA (32.9 years - 2001).
- Growing multicultural labour force supply (6% per year).
- Sustainable physical infrastructure (highways, rail, airport).
- Productivity of Brampton labour force: GDP per employee = $64,000.
- Home to the Sheridan Institute of Technology and Advanced Learning - Davis Campus, a leading centre for emerging technologies, science, and business education.

INFRASTRUCTURE

- The Rose Theatre Brampton is a state-of-the-art facility that includes an 880-seat theatre, a 140-seat secondary hall and community space for meetings.
- 90 kms of trails and pathways and 400 parks.

- 120 recreation centres, corporate buildings/properties, and other specialized facilities that include: ice rinks, pools, fitness areas, racquet sports courts, indoor soccer centre, curling rinks, ski hill, indoor tennis centre, seniors centre.
- The $120 million “Making Great Things Happen” initiative included construction of the Brampton Soccer Centre (July 2007), Cassie Campbell Community Centre (Sept 2008) and refurbishment of Earnscliffe (Sept .2007) and Century Gardens (Oct .2008) recreation centres.
- 11 fire stations.
- The new 285,000 square foot, state-of-the-art Brampton Transit Sandalwood Facility (June 2008) houses a maintenance garage, control centre and call centre.

**** Source: http://www.brampton.ca/en/City-Hall/News/Pages/Brampton-Facts-Stats.aspx***

HOBNI’S COMMITMENT TO COMMUNITY

Hydro One Brampton and its employees have always been active participants in the Brampton community.

The Company sponsors events and charities in the community as well as offers a scholarship to a Secondary School student going to University or College. Some of the more recent sponsorships of events include the Children’s Safety Village, the Winterlights Celebration (to promote energy efficient LED lights), Brampton Safe City, the Association of Municipalities of Ontario’s 2009 Urban Symposium and the literacy program “One Book, One Brampton”.

Employees have contributed their own time to the community by participating in organizations or sitting on Boards such as the Hospital Board, Safe City and the Board of Trade, to name a few. Employees also participate in city events such as Canada Day, Emergency Planning exercises, Carabram, Fall Fairs, etc. Most importantly, employees volunteer their time and donate extensively to charities in Brampton. Many employees volunteer with the Knights Table -an organization that provides meals to less fortunate people by donating funds, preparing Christmas baskets, and serving meals especially at Christmas and Easter. Employees participated in events such as the CIBC Run for the Cure for Breast Cancer, the Big Bike Ride for Heart & Stroke, Beach Volleyball for Sick Kids Hospital, and Easter Seals Skate-a-thon.

Employees have always been strong supporters of the United Way. Annual campaigns have yielded participation rates of over 80% and the 200 or so employees have donated in excess of $130 - $150 per employee average each year over the last 10 years.

Most notably, employees raised all the funds required to send a Brampton World War II veteran to the opening of the Canadian Juno Beach pavilion in 2003. This event led to the creation of a Charity Committee to raise funds for various charities within Brampton. Employees also volunteer their time to organize and hold a charity golf tournament. Since its inception five years ago, a total of $316,000 was raised for the Brampton Civic Hospital, the Wellspring Chinguacousy Cancer Centre, the Ross Tilley Burn Unit at Sunnybrook Hospital, and the Knights Table.

Employees have also contributed funds to other causes such as sponsoring needy families at Christmas time, sending kids to summer camp, the Ride to Conquer Cancer, the Autism Society, the Alzheimer's Society, and the Salvation Army to name a few.

MAP OF DISTRIBUTION SERVICE TERRITORY

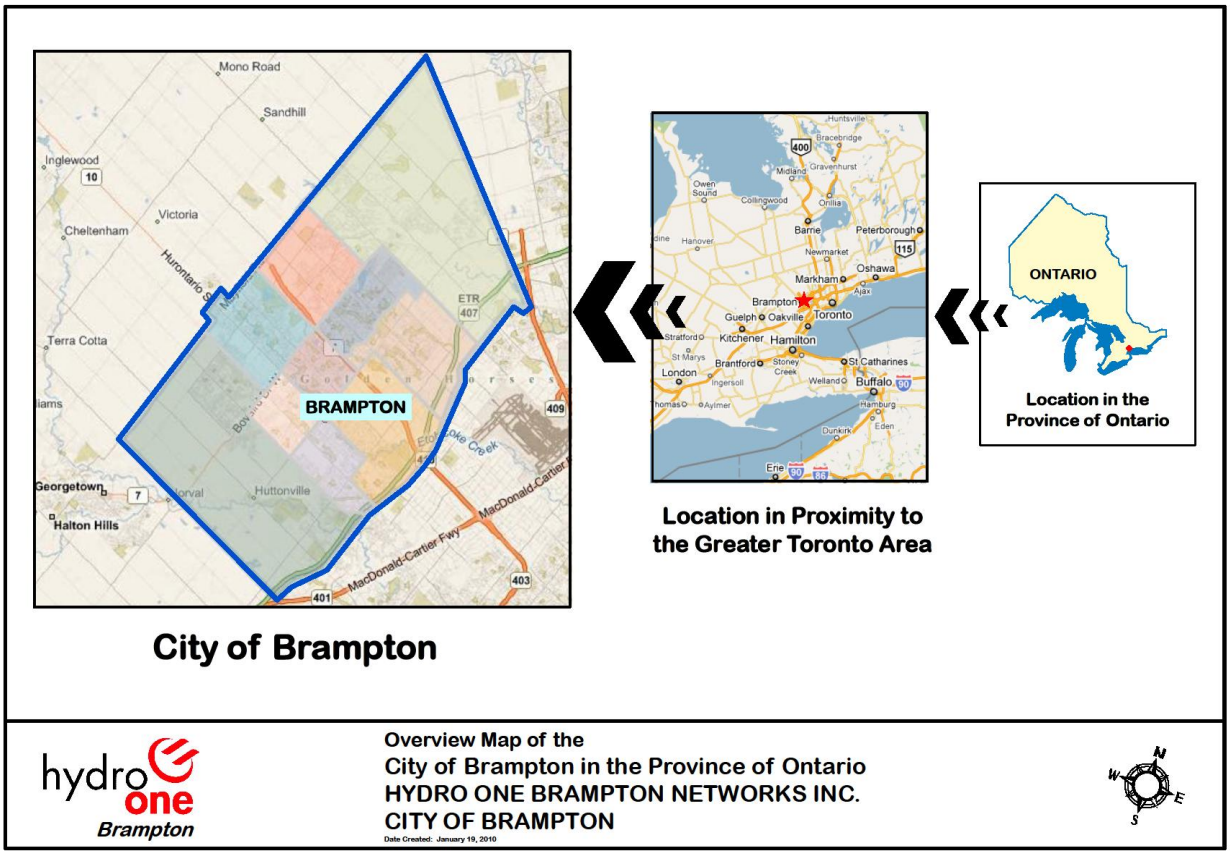


Figure 1: Map of Distribution and Service Territory

MAP OF DISTRIBUTION SYSTEM

MAP OF 4.16 kV DISTRIBUTION CONDUCTOR

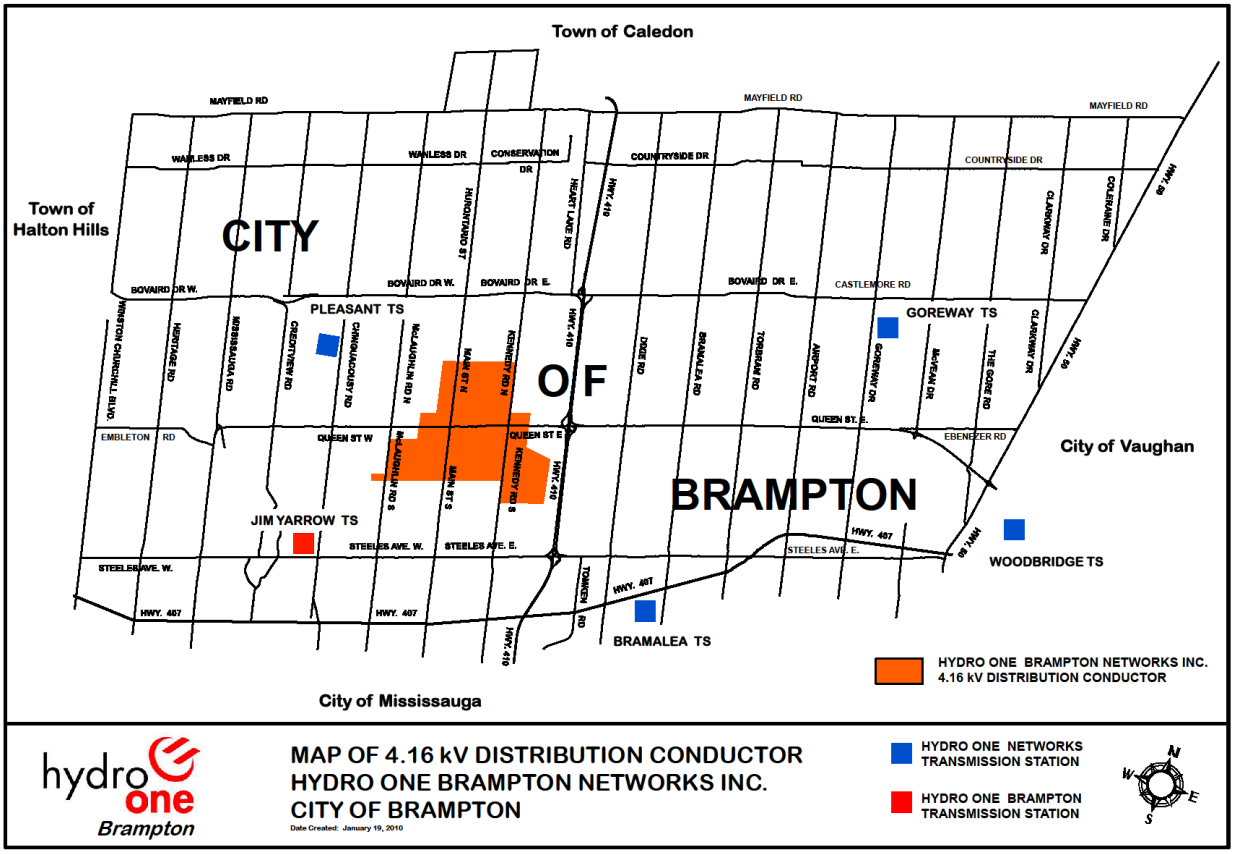


Figure 1: Map of 4.16 kV Distribution Conductor

MAP OF 8 kV DISTRIBUTION CONDUCTOR

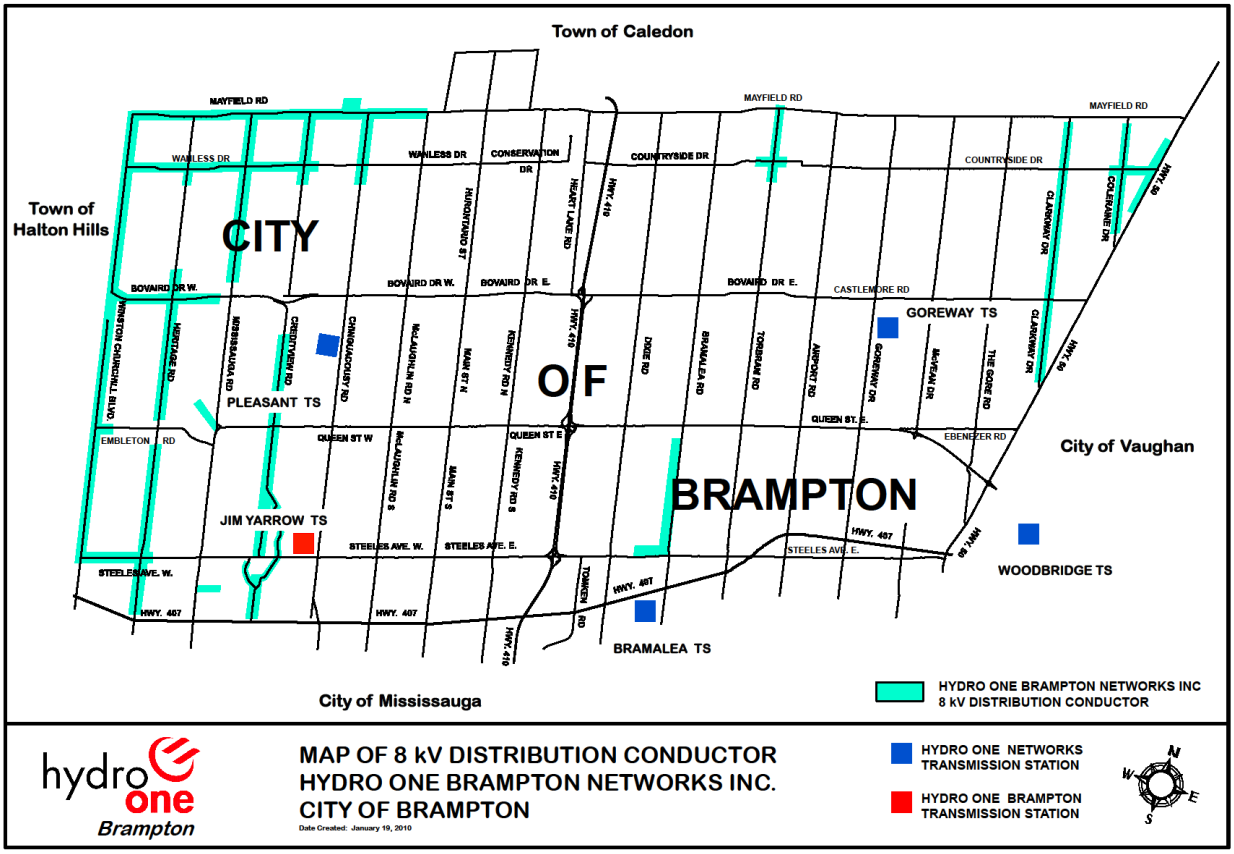


Figure 1: Map of 8kV Distribution Conductor

MAP OF 13.8 kV DISTRIBUTION CONDUCTOR

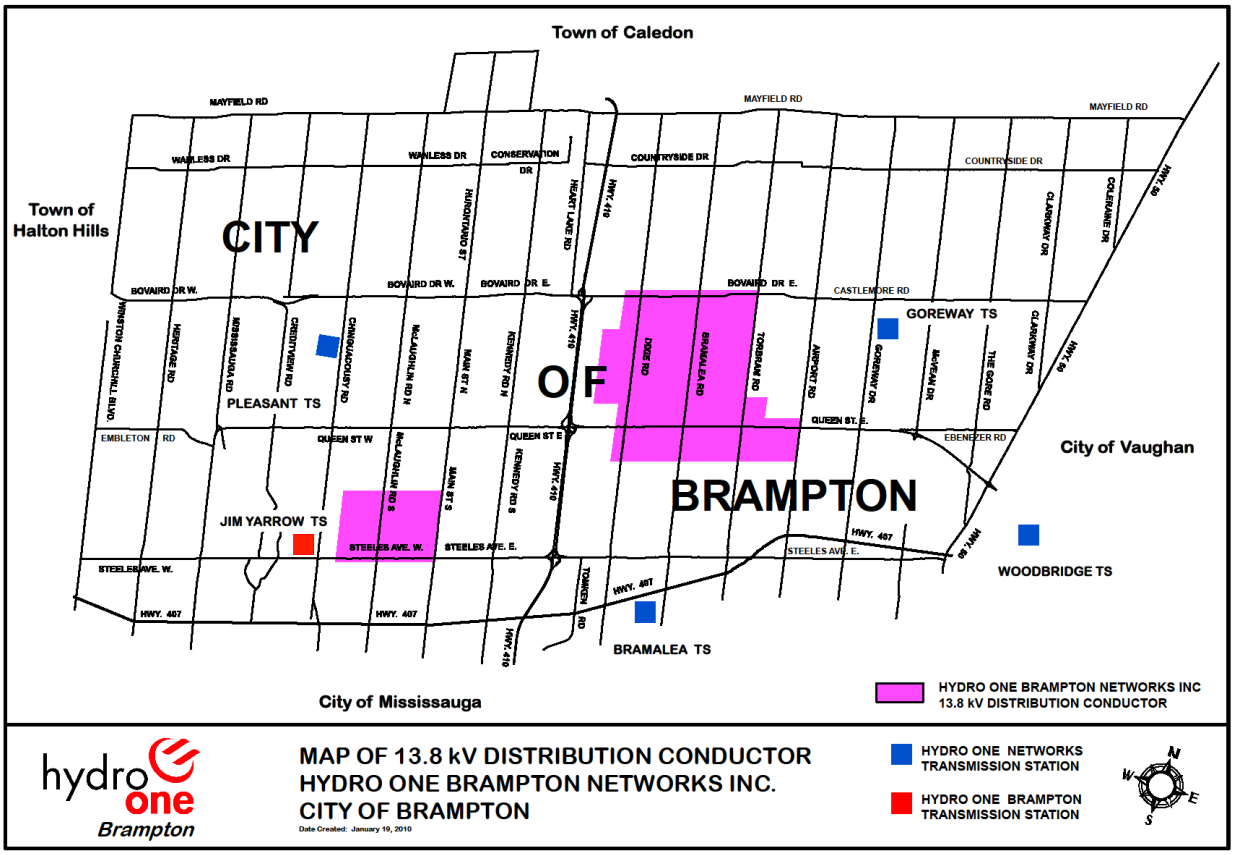


Figure 1: Map of 13.8 kV Distribution Conductor

MAP OF 27.6 kV DISTRIBUTION CONDUCTOR

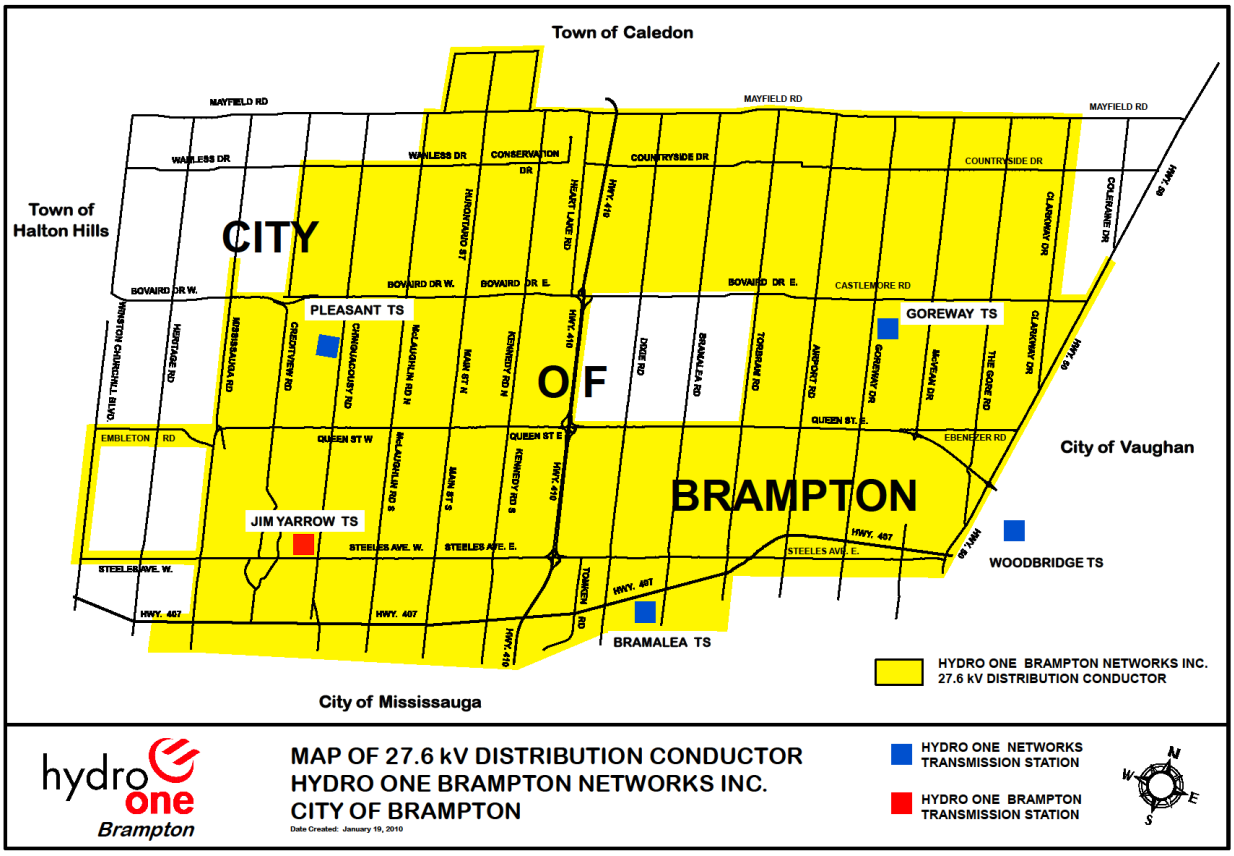


Figure 1: Map of 27.6 kV Distribution Conductor

MAP OF 44 kV DISTRIBUTION CONDUCTOR

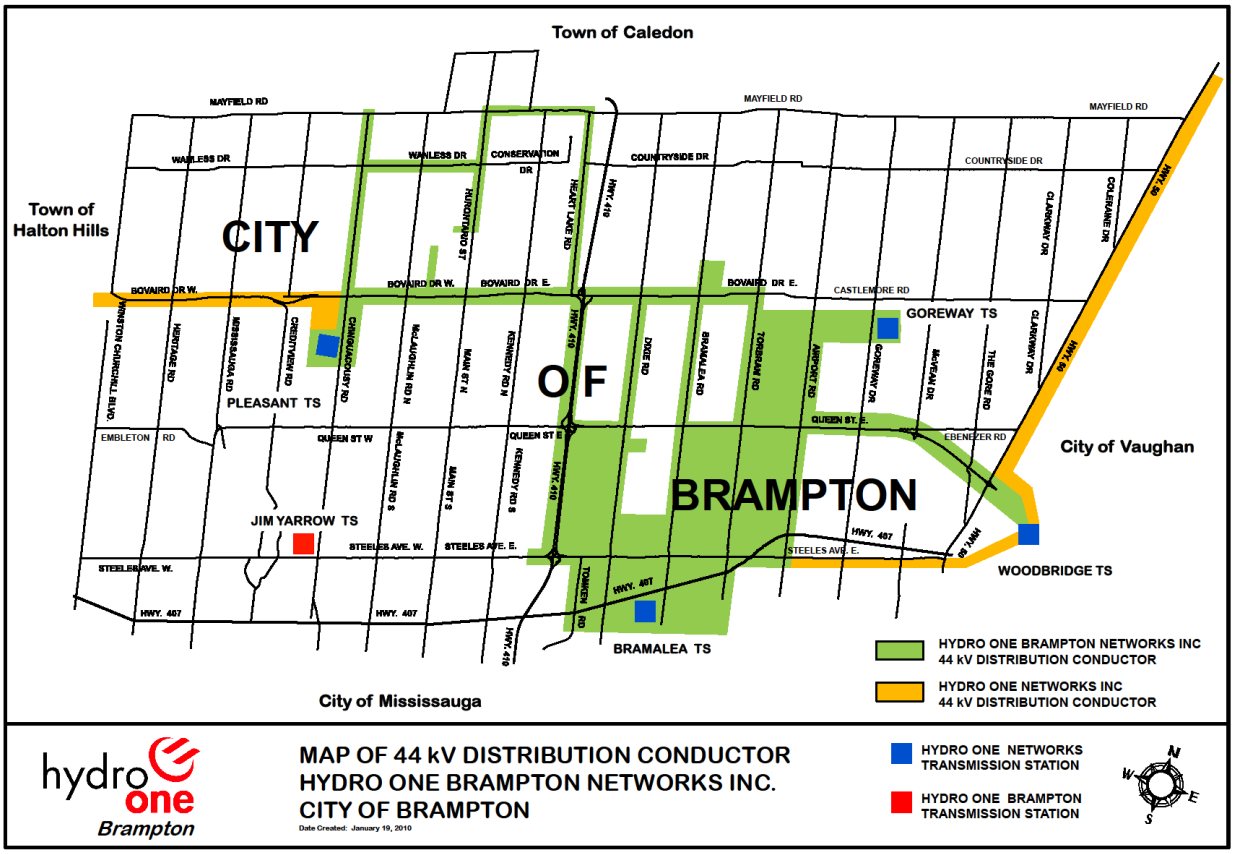


Figure 1: Map of 44 kV Distribution Conductor

NEIGHBOURING UTILITIES

Hydro One Brampton's service territory is predominately urban in nature and includes a mixture of customer classifications typically associated with the Greater Toronto Area. Adjacent distributors to Hydro One Brampton's service territory include the following, and are illustrated in **Figure 1**, below:

Hydro One Networks Inc.
185 Clegg Road
Markham, Ontario L7G 1B7

Toronto Hydro Electric
14 Carlton Street
Toronto, Ontario M5B 1K5

PowerStream
161 Cityview Boulevard
Vaughan, Ontario L4H 0A9

Halton Hills Hydro
43 Alice Street
Acton, Ontario L7J 2A9

Enersource Hydro Mississauga
3240 Mavis Road
Mississauga, Ontario L5C 3K1

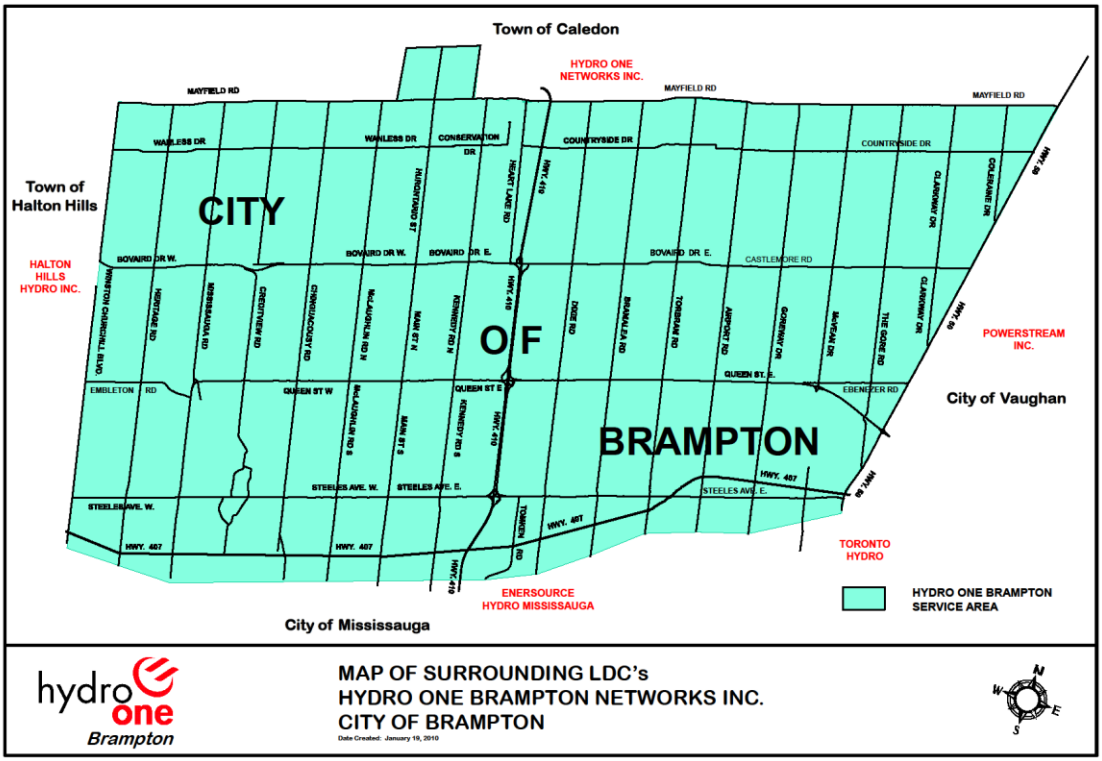


Figure 1: Neighbouring Utilities

EXPLANATION OF HOST AND EMBEDDED UTILITIES

Hydro One Brampton receives most of its power requirements from Transformer Stations located within the City of Brampton boundaries. However, Hydro One Brampton is an embedded LDC for a single feeder. One of Hydro One Brampton's embedded supply points is a 44 kV distribution line that emanates from a Hydro One Networks Inc. Transformer Station located in the City of Vaughan. In this respect, Hydro One Brampton also supplies a distribution substation in Hydro One Networks Inc.'s service territory and is therefore considered a host distributor for that feeder.

UTILITY ORGANIZATION STRUCTURE

HOBNI's Hierarchical Management Structure is represented in **Figure 1** bellow. The Company's Organizational Chart is included as **Figure 2**

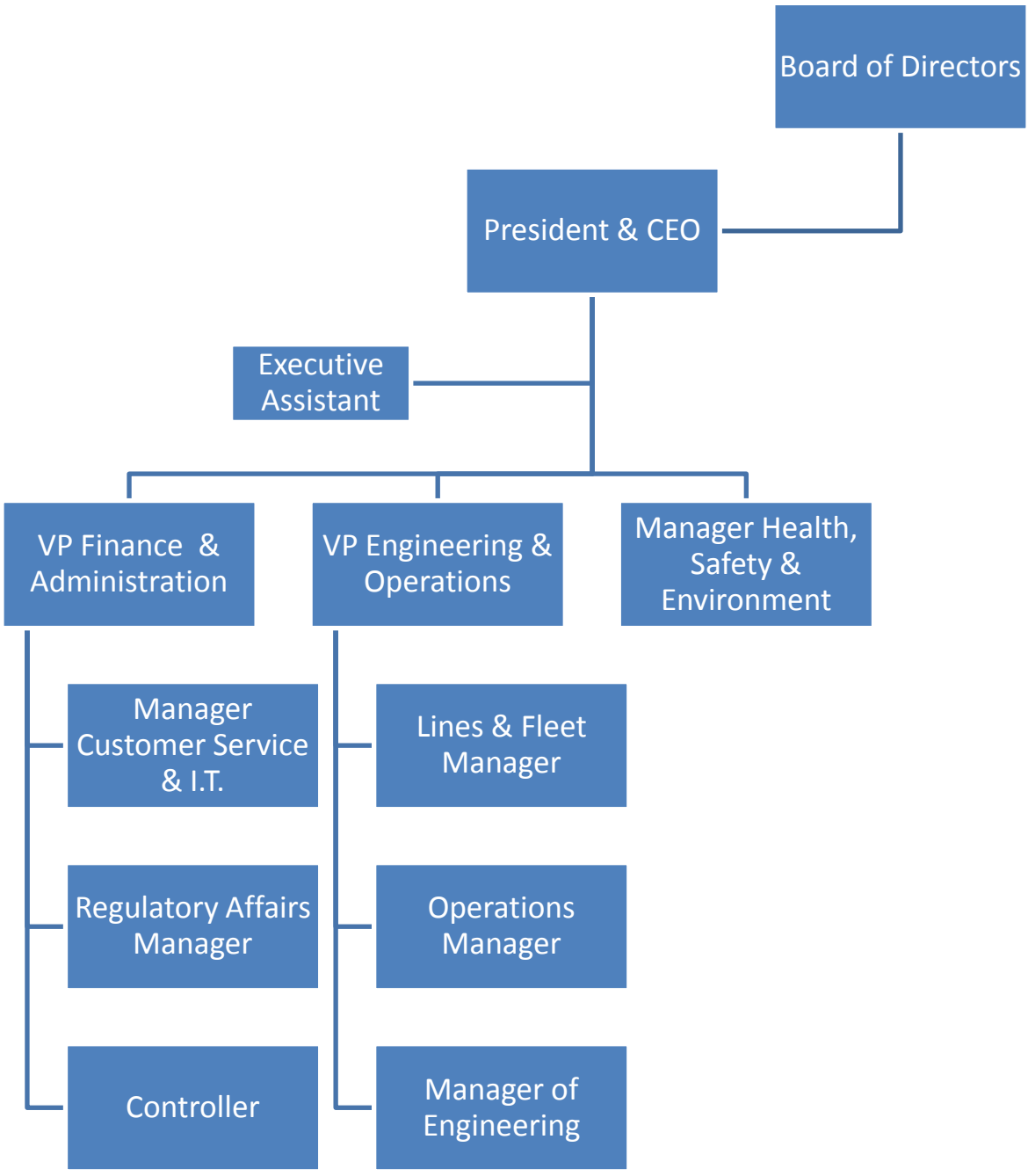


Figure 1: HOBNI Hierarchical Management

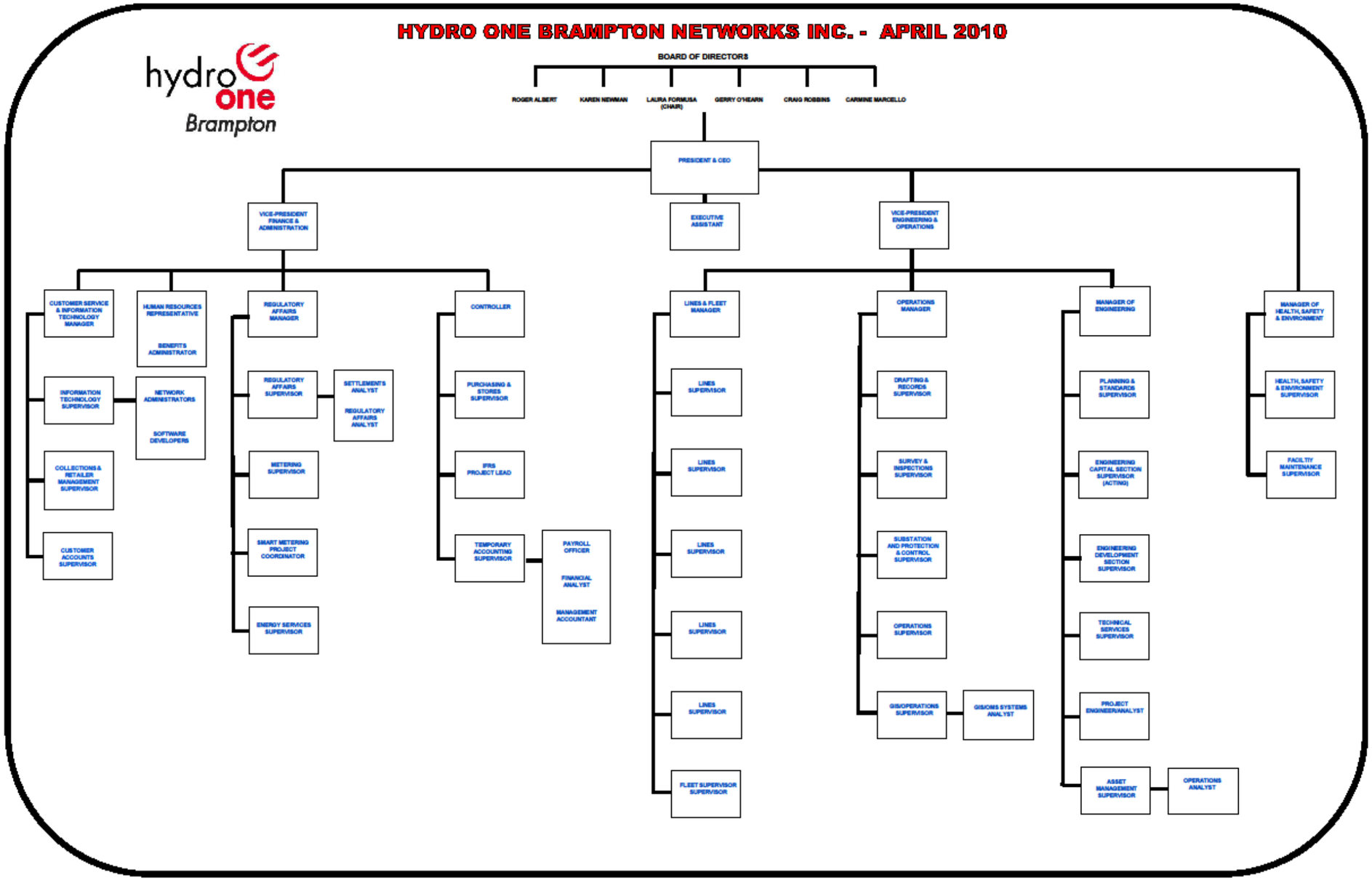


Figure 2: Hydro One Brampton Networks Inc. Organizational Chart

CORPORATE ENTITIES RELATIONSHIPS CHART HYDRO ONE GOVERNANCE AND CONTROL FRAMEWORK

INTRODUCTION

Hydro One Brampton is a subsidiary of Hydro One Inc. The Company was purchased by Hydro One Inc. in July 2001 and is the electricity distributor in the City of Brampton. This schedule describes the current organization of Hydro One's electricity distribution business, beginning with an overview of the parent company (Hydro One Inc.), a discussion of Hydro One Brampton, and a brief summary of affiliates and related parties.

A BRIEF OVERVIEW OF HYDRO ONE INC.

Following the enactment of the Electricity Act, 1998, and the anticipated restructuring of the former Ontario Hydro, Hydro One Inc. was incorporated under Ontario's Business Corporations Act on December 1, 1998 as Ontario Hydro Services Company Inc. and commenced carrying on business on May 1, 1999. On May 1, 2000, the company's name was changed to Hydro One Inc. In accordance with Section 48.1 of the Electricity Act, 1998, as amended, Hydro One Inc. is a holding company operating through its subsidiaries.

Figure 1: Hydro One Inc. Principal Subsidiaries, below, shows Hydro One Inc.'s principal subsidiaries, each of which is wholly-owned and incorporated under the laws of Ontario. The business functions of Hydro One Brampton Networks Inc. and of the remaining active subsidiaries are discussed below.

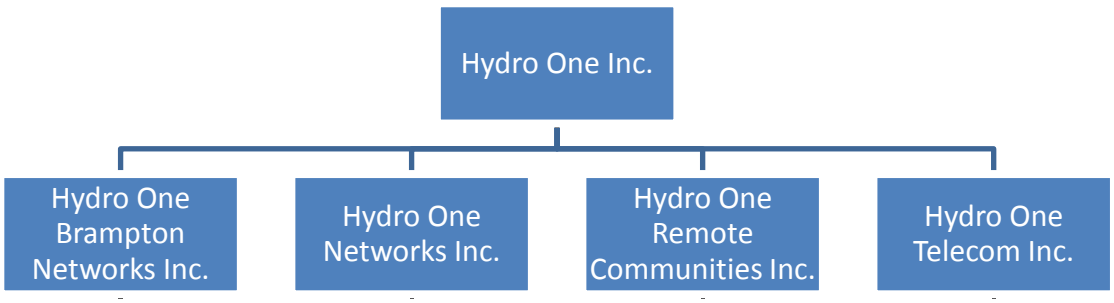


Figure 1: Hydro One Inc. Principal Subsidiaries

SHARED SERVICES

Hydro One utilizes a centralized shared services model to deliver its common services. This serves as the most economic approach. Accordingly, common services are provided to all businesses of Hydro One subsidiaries on a centralized basis. The costs of these services and assets are assigned to business units on the basis of cost causation. These costs and assets are directly assigned where it is possible to do so. All other costs are allocated based on cost drivers, direct benefits or other methods as appropriate.

Hydro One Networks Inc. commissioned R. J. Rudden Associates to conduct studies to recommend appropriate allocation methods for the assignment of these costs ("Rudden study"). The Rudden study was presented for examination during Hydro One Networks Inc. 2006 Distribution Rates proceeding, RP-2005-0020/EB-2005-0378 and was accepted by the Board as an appropriate methodology for allocating costs among the subsidiaries. Updates by R. J. Rudden Associates to the cost allocation report, specific to the Distribution and Transmission businesses, were accepted by the Board during the EB-2007-0681 Distribution Rate Proceeding as well as the EB-2006-0501 and EB-2008-0272 Transmission Rate Proceedings. The Rudden methodology has been used to derive the 2011 common cost allocation to Hydro One Brampton. In 2009, R. J Rudden Associates reviewed and confirmed that Hydro One applied the OEB-accepted methodology to its Business Plan 2010-2014 data for Hydro One Brampton's 2011 Distribution Rate Filing, and the results reflect a cost-based distribution of costs of providing the Common Corporate Functions and Services.

AFFILIATES AND RELATED PARTIES

Other Subsidiaries of Hydro One Inc.

As noted in schedule 10 of this exhibit, Hydro One Inc. holds three other active subsidiaries - Hydro One Remote Communities Inc., Hydro One Networks Inc., and Hydro One Telecom Inc. The business function of each is provided below:

i) Hydro One Remote Communities Inc. carries on all business relating to ownership, operation, maintenance and construction of generating and distribution assets used in the supply of electricity to remote communities throughout northern Ontario that are not connected to the transmission grid.

ii) Hydro One Networks Inc. is mandated and licensed to provide both the transmission and distribution of electricity to customers in Ontario.

iii) Hydro One Telecom Inc. carries on all business relating to leasing dark fibre and providing capacity to other telecommunications carriers, large corporations, government, health care and education institutions.

Related Parties

The Ontario Electricity Financial Corporation (the "OEFC"), the Independent Electricity System Operator (the "IESO"), the Ontario Power Authority (the "OPA") and Ontario Power Generation Inc. ("OPG") are related parties of Hydro One Inc., due to their ownership by the Province. Each is described below:

i) The OEFC was established with the passage of the Electricity Act, 1998. Its primary responsibility is the management and retirement of Ontario Hydro's outstanding debt and other obligations.

ii) The IESO is the centralized independent electricity system operator responsible for maintaining the security and reliability of electricity supply in Ontario and for directing the operations of the IESO-controlled grid. The Board approves the licence, business plan and fees of the IESO.

iii) The OPA is mandated to ensure the adequacy and efficiency of electricity supply in the Province through planning of electricity supply and demand.

iv) OPG's principal business is the generation and sale of electricity to customers in Ontario and in inter-connected markets. OPG is licensed by the Ontario Energy Board

PLANNED CHANGES IN CORPORATE AND ORGANIZATIONAL STRUCTURE

There are no significant changes planned in corporate or operational structure.

STATUS OF BOARD DIRECTIVES FROM PREVIOUS BOARD DECISIONS

In the Company's 2010 rate decision, the OEB directed that, beginning July 1, 2010, Hydro One Brampton shall record in deferral account 1592 (PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs)) the incremental ITC it receives on distribution revenue requirement items that were previously subject to PST and now become subject to HST. Tracking of these amounts is directed to continue in the deferral account until the effective date of Hydro One Brampton's next cost of service rate order. 50 % of the confirmed balances in the account are directed to be returnable to the ratepayers. Due to the timing of this cost of service rate filing, we would request that clearing this account be deferred until the next cost of service rate filing post 2011.

In the Company's 2010 rate decision, the OEB directed that the December 31, 2009 audited balances in the following Group 1 accounts as reported will be included as rate riders for a period of two years from May 1, 2010. Hydro One Brampton's approved rates in the Decision and Order EB-2009-0199 reflected this disposition.

Account	Number Total Claim	Amount
LV Variance Account	1550	128,908
RSVA - Wholesale Market Service Charge	1580	(11,918,856)
RSVA - Retail Transmission Network Charge	1584	149,959
RSVA - Retail Transmission Connection Charge	1586	(2,110,933)
RSVA - Power (Excluding Global Adjustment)	1588	(955,550)
RSVA - Power (Global Adjustment Sub-account)	1588	6,469,456
Recovery of Regulatory Asset Balances	1590	(603,792)
		(8,840,808)

PRELIMINARY LIST OF WITNESSES AND CURRICULUM VITAE

Hydro One Brampton will file a list of its witnesses, by panel or otherwise, shortly after the Ontario Energy Board approves and provides the Issues List for this proceeding. Hydro One Brampton proposes to provide a witness or a panel, as the case may be, for each issue or group of related issues.

The curriculum vitae of each witness will be filed at the same time as, or shortly thereafter, Hydro One Brampton's list of witnesses is established.

CUSTOMER SATISFACTION SURVEY INTRODUCTION

Hydro One Brampton provides the highest quality service to its customers in support of its mission statement and values. HOBNI's customers have come to expect reliability in everything the Utility does for them, from keeping the lights on through to customer billing and inquiries.

Hydro One Brampton is committed to continuous improvement in its performance and in seeking smart and simple solutions to fulfil its customers' needs. HOBNI's management systems are improved continuously.

Efforts to meet customers' expectations are reflected in the results of the customer survey included as **Appendix A** as part of Schedule 14.1 of Tab 1 of this Exhibit (on the following pages).

12th Annual Electric Utility Customer Satisfaction Survey

June 2010

Hydro One Brampton

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information that will support discussions about improving customer care at every level in your utility.

The UtilityPULSE Report Card® and survey analysis contained in this report do not merely capture state of mind or perceptions about your customers' needs and wants - the information contained in this survey provides actionable and measurable feedback from your customers.

All comments and questions should be addressed to:

Sid Ridgley, Simul Corporation

Toll free: 1-888-291-7892 or Local: 905-895-7900

Email: sridgley@simulcorp.com

Executive summary

Customers remain consistently clear about what is foundationally important to them, namely: provide consistent reliable energy, quickly and professionally handle outages, accurately bill, and deliver on promises made to customers. Straight forward and certainly what everyone in the industry would expect the LDC to focus on. After all, it is the core business of the electric utility. The 2010 survey respondents in our benchmark survey have placed the attributes of being respected as a company and being trusted/trustworthy as number 5 and 6 in importance. The data for the 2010 survey for Hydro One Brampton is consistent with the customer trend of placing more importance on respect and trust. Your customers, give Hydro One Brampton solid marks for delivering on the tangibles of providing safe reliable energy to their homes or small businesses. For 2010, respondents Agree strongly that Hydro One Brampton is an organization that can be trusted and is worthy of respect. In addition, they also Agree strongly that the utility is actively involved in the industry, in the community and in things that affect the customer.

One of the keys to maintaining a strong connection with your customers is to deliver safe reliable energy ***AND*** be a company that is respected and trusted.

Customer Care Expectations

Customer Care Expectations	Hydro One Brampton	National	Ontario
The time it took someone to answer the phone	70%	73%	67%
The time it took someone to deal with your problem	71%	73%	69%
The helpfulness of the staff who dealt with you	79%	79%	72%
The knowledge of the staff who dealt with you	80%	77%	71%
The level of courtesy of the staff who dealt with you	86%	84%	79%
The quality of information provided by the staff who dealt with you	81%	79%	70%

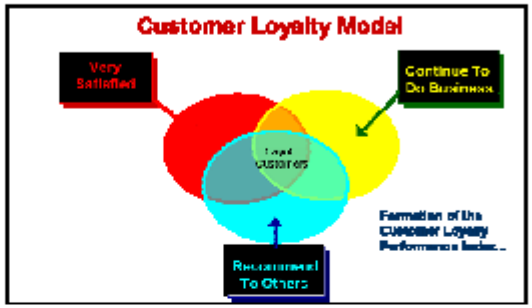
Top 2 Boxes: 'very + fairly satisfied'

Every interaction with a customer is an opportunity to generate higher levels of affinity. It is foolhardy to view the ratings shown above as ratings for the "call-centre" because every person in Hydro One Brampton interacts with a customer or supports those who do have person-to-person contact with a customer. Most of the items listed are intangible which means it is the customer who determines the measurement to be used. What might be a high level of courtesy to one customer is not necessarily a high level of courtesy from another. The inability to put hard measures on an important customer expectation frustrates many in the electric utility business – a business very used to hard measures of performance. Everyone in the organization has to learn it is the intangibles not the tangibles which create satisfied customers.

When time-pressed customers get their questions and issues dealt with professionally ***AND*** they are treated as important people the reward is inevitably higher levels of satisfied customers.

❒ ***Customer Loyalty and Satisfaction with Hydro One Brampton***

Simul uses three factors to compute a loyalty score: satisfaction with bill payers' "local electricity utility," how likely they are to continue with the utility, and how likely they are to recommend it. Based on their opinions, Simul sorts the bill payers into four loyalty groups: the Secure group (the most loyal), Still Favorable, Indifferent, and At Risk.



Why measure loyalty when customers can't defect to competitors?

It is about emotional connection. Engaged customers will speak positively about you, disengaged customers will spread their unhappiness. While electricity is considered a commodity the reality is the customer is expecting more from their utility. Every year respondents are asked for suggestions that their hydro could use to improve service. Data from our earlier surveys shows 40% of the comments received were directed towards lowering prices, now we are getting a broader range of comments or suggestions. 'Be more environmentally friendly' comments were barely seen – if at all – 8 to 10 years ago, about 9% of the comments received have something to do with the environment.

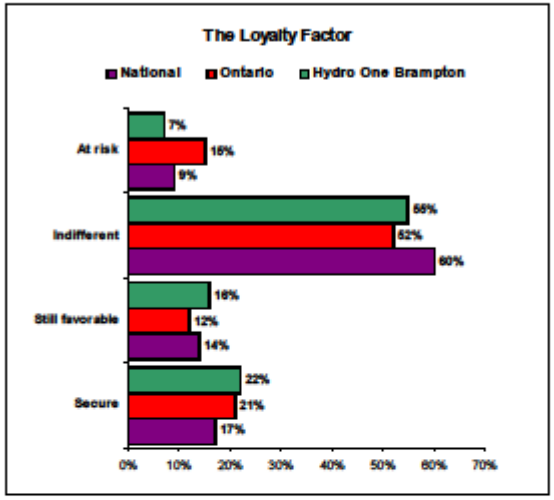
The customer expects a diligent focus on delivering the core product ***AND*** they expect a personal focus as well.

Simul/UtilityPULSE Loyalty Performance Score Factors	Hydro One Brampton	National	Ontario
'Very + somewhat satisfied' with 'the local electricity utility that supplies the electricity you use'	91%	86%	80%
'Definitely + probably' would continue to do business with it	82%	73%	84%
'Definitely + probably' would recommend it	71%	64%	65%

Simul/UtilityPULSE Loyalty Performance Score Factors	Hydro One Brampton	Buy Direct from utility	Purchase from retailer
'Very + somewhat satisfied' with 'the local electricity utility that supplies the electricity you use'	91%	93%	81%
'Definitely + probably' would continue to do business with it	82%	88%	31%
'Definitely + probably' would recommend it	71%	76%	31%

Simul/UtilityPULSE Customer Loyalty Score Segments	Hydro One Brampton	National	Ontario
Secure	22%	17%	21%
Still Favorable	16%	14%	12%
Indifferent	55%	60%	52%
At Risk	7%	9%	15%

A review of our total survey data clearly shows that At Risk customers have a different view than Secure customers. Data from the 2010 survey shows that there are substantially less customers buying their hydro from an independent retailer than just a scant 3 years ago. Could it possibly be a tie-in to the deteriorating loyal levels that the UtilityPULSE survey has tracked? We absolutely believe there is a relationship between the numbers for retailers and customer behaviour. The "independent retailer" customer is returning to their LDC.



It appears then that the customer will take action – even in the electric utility industry - when they get dissatisfied. The good news is, the customer can not leave the electric utility [unless they choose to move their home or business to another geographic area]; the bad news is the utility can not "fire" a customer. So beyond the data saying so, it is important for Hydro One Brampton to continue to enhance its customer care practices. Customers with higher affinity levels complain less about having outages and billing problems than others.

The utility has to be operationally effective ***AND*** know what it takes to generate higher levels of affinity/loyalty.

❒ *Customer Satisfaction Pre and Post*

Top 2 Boxes	Hydro One Brampton	National	Ontario
Initially	91%	86%	80%
End of Interview	96%	92%	89%

Top 2 Boxes: 'very + fairly satisfied'

At the end of the survey we ask respondents how they would rate customer satisfaction "now that we've been talking about Hydro One Brampton for awhile". The data has been consistently clear over the years: the more a customer learns about their utility the higher the satisfaction level.

❒ *Bills and Blackouts*

Every interaction with a customer is an opportunity to create and demonstrate the professionalism of the people who work in Hydro One Brampton. Recognizing that Bills and Blackouts – we call them the killer B's – are the biggest issues. Ensuring that the utility is seen as being proactive to reduce these is good use of customer marketing and communications.

Percentage of respondents indicating that they had a Blackout or Outage in the last 12 months:

	Hydro One Brampton	National	Ontario
2010	39%	45%	41%
2009	18%	51%	46%
2008	-	49%	41%
2007	-	47%	49%
2006	24%	42%	39%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

Percentage of respondents indicating that they had a billing problem in the last 12 months:

	Hydro One Brampton	National	Ontario
2010	6%	10%	12%
2009	8%	9%	10%
2008	-	8%	8%
2007	-	9%	11%
2006	7%	5%	6%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

Other reasons for contacting the utility include: moving/setting up a new account or requesting a maintenance or repair. Whether it is an outage, or a billing issue or another issue, when a customer contacts the utility it is a moment of truth. After all, customers are not having outage problems every day, nor are they moving from one location to another every month. The reality is, for most customers the frequency of contacting their utility is low, hence the heightened need to ensure that everyone handles the transaction professionally and in a timely way. A poor experience will be remembered for a very long time. Customers expect effectiveness ***AND*** efficiency when dealing with their issues.

❒ *Corporate image*

Corporate image is comprised of a number of interrelated variables: corporate identity, corporate communication, corporate image, and corporate reputation. Eleven attributes measured in the annual UtilityPULSE survey are strongly linked to corporate image. Customers expect that your utility will conduct its business professionally ***AND*** be a proactive enterprise.

Attributes strongly linked to a hydro utility's image		
	Hydro One Brampton	**Ontario**
Company Leadership		
Is a respected company in the community	89%	84%
Can be counted on to keep its promises to customers and the community	83%	79%
Influential in the electric utility industry	85%	82%
Influential in local business community	85%	78%
A leader in promoting energy conservation	82%	78%
Corporate Stewardship		
Maintains high standards of business ethics	86%	80%
Can be counted on to tell the truth	83%	74%
Takes steps to reduce the impact of its operations on the environment	83%	76%
Beyond providing jobs and paying taxes, is socially responsible	82%	77%
Considered a fair and equitable employer	84%	82%
Is trusted and trustworthy	86%	80%

Base: total respondents with an opinion

❒ **Utility*PULSE Report Card®*: *Simul examines six drivers of customer perception as it relates to utility performance.***

Customer care begins with the reliable delivery of electricity to customers. Utilities are expected to maintain high levels of operational service. Nine in 10 bill payers surveyed for the Hydro One Brampton Simul/Utility*PULSE* survey agree (strongly or somewhat) that Hydro One Brampton provides "consistent, reliable energy."

It might seem obvious to say that the simplest route to customer satisfaction is to maintain high levels of operational service and avoid outages. In truth, people often judge organizations more by how they behave when things go wrong than when they go right. Communications with customers during crisis events, power outages and billing issues play a crucial role in satisfaction.

The **Utility*PULSE Report Card®*** provides feedback in two ways. The ***first*** helps you understand the importance or weighting that Customers put on each of the drivers when forming their perception about your utility. The ***second*** represents your customers' views about how your utility performs when compared to the Ontario benchmark.

Hydro One Brampton's UtilityPULSE Report Card®

Part 1: Importance to Customers

	CATEGORY	Hydro One Brampton	National	Ontario
1	**Customer Care**	26%	25%	25%
	Price and Value	4%	5%	5%
	Customer Service	22%	20%	20%
2	**Company Image**	36%	34%	35%
	Company Leadership	20%	18%	16%
	Corporate Stewardship	17%	16%	19%
3	**Management Operations**	38%	41%	40%
	Operational Effectiveness	16%	19%	19%
	Power Quality and Reliability	22%	22%	22%
	Total	100%	100%	100%

Shares may not add exactly to 100% due to rounding.

Hydro One Brampton's UtilityPULSE Report Card®

Part 2: Performance

	CATEGORY	Hydro One Brampton	ONTARIO
1	**Customer Care**	A	B+
	Price and Value	B	C+
	Customer Service	A	B+
2	**Company Image**	A	A
	Company Leadership	A	A
	Corporate Stewardship	A	B+
3	**Management Operations**	A	A
	Operational Effectiveness	A	A
	Power Quality and Reliability	A+	A
	OVERALL	A	B+

* Weightings are based on pulse figures shown in Part 1 of the UtilityPULSE Report Card®

A+ Exceptional
A Excellent
B+ Very Good
B Quite Good

Anything less than a B requires immediate attention.

❒ *Credibility and Trust*

Based on economic and other societal impacts many Canadians have been using words such as credibility and trust to describe their place of work or the place(s) where they do business. Yet if you ask 5 people for a definition of credibility and trust chances are you'll get 5 definitions. Our research shows that the under-pinning components that lead a person to believe that an organization has credibility and can be trusted are: Knowledge, Integrity, Involvement and Trust. Using the scale of agree strongly, agree somewhat, disagree somewhat, disagree strongly, and based on our formulas, here is how your customers would respond:

Demonstrating Credibility and Trust	Hydro One Brampton
Knowledge The utility is seen as being knowledgeable about the services it provides, about what is happening in the industry, and how customers can reduce costs or create more value.	**Agree strongly**
Integrity The utility is seen as an organization that will act in the best interests of its customers and can be counted on to provide services and resolve problems in a professional manner.	**Agree strongly**
Involvement The utility is actively involved in the industry, in the community and in things that affect the customer.	**Agree strongly**
Trust The utility is an organization that can be trusted and is worthy of respect.	**Agree strongly**
Overall*	**Agree strongly**

* Weightings are not equal for each area of measurement

❒ *Smart Meters and Time of Use (TOU) Billing*

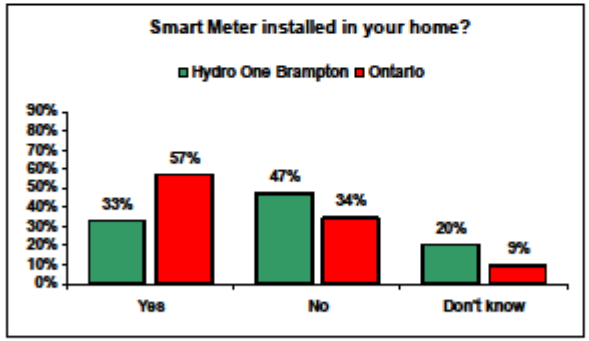
For 2010 the annual survey for electric utilities polled a little deeper into the subject areas of Smart Meters and TOU. Based on all of the surveys completed we believe that many customers really do not know if they have a smart meter or not — and, whether they are on TOU or not. In fact, based on the thousands of interviews done for this year we suspect that many people already think they are on TOU when in fact, they are not.

Every utility in the province of Ontario is at a different stage in installing Smart Meters and moving to TOU billing. What follows is data from your survey that should be shared with those in your organization with marketing communications responsibilities.

Do you have a Smart Meter installed?

	Hydro One Brampton	Ontario
Yes	33%	57%
No	47%	34%
Don't know	20%	9%

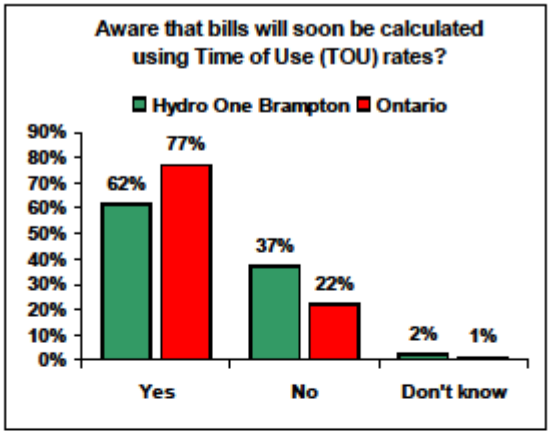
Base: total respondents



Aware that Time of Use (TOU) rates are coming?

	Hydro One Brampton	Ontario
Yes	62%	77%
No	37%	22%
Don't know	2%	1%

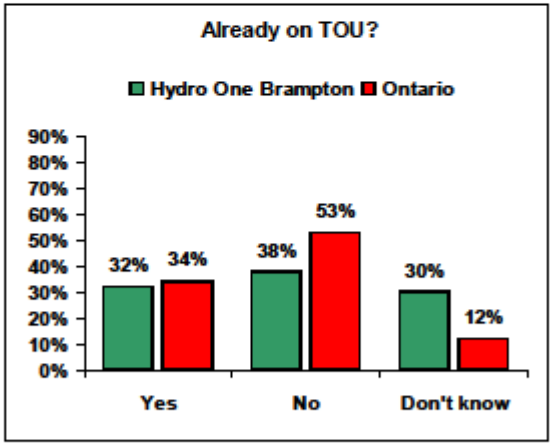
Base: total respondents



Already on TOU rates?

	Hydro One Brampton	Ontario
Yes	32%	34%
No	38%	53%
Don't know	30%	12%

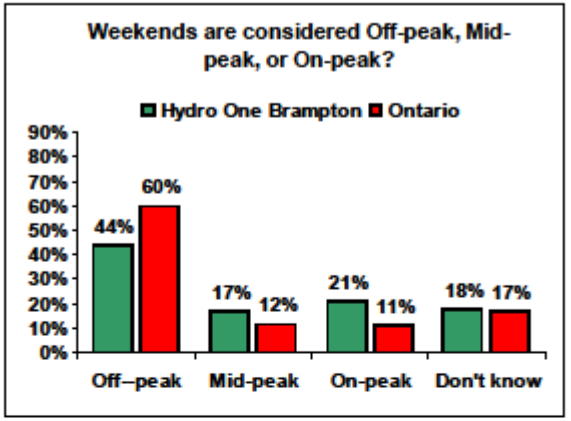
Base: total respondents with Smart Meters



How many Time of Use pricing levels are there?

	Hydro One Brampton	Ontario
2	23%	17%
3	39%	46%
4	15%	16%
Don't know	23%	21%

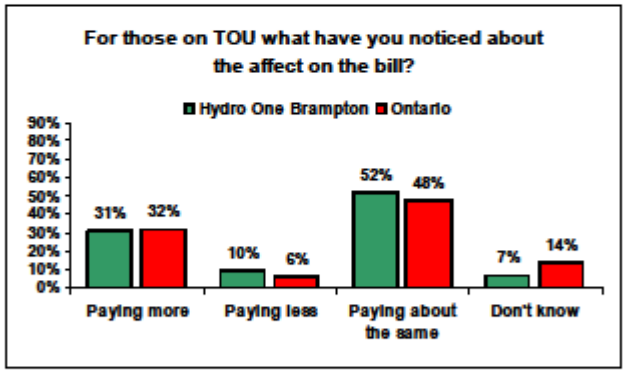
Base: total respondents aware of TOU



For those that are on TOU what is the affect on the bill?

	Hydro One Brampton	Ontario
Paying more	31%	32%
Paying less	10%	6%
Paying about the same	52%	48%
Don't know	7%	14%

Base: total respondents on TOU



The data is clear, there is a need for more education and communication with customers.

❒ ***Familiarity with FIT or MicroFIT programs***

Respondents participating in the Ontario Benchmark survey were asked to respond to the following questions regarding FIT or MicroFIT programs. *"Prior to this interview how familiar are you with the FIT or MicroFit Program which encourages the development of renewable energy such as wind or solar? Would you say you are very familiar, somewhat familiar, not too familiar, or not at all familiar with it?"*

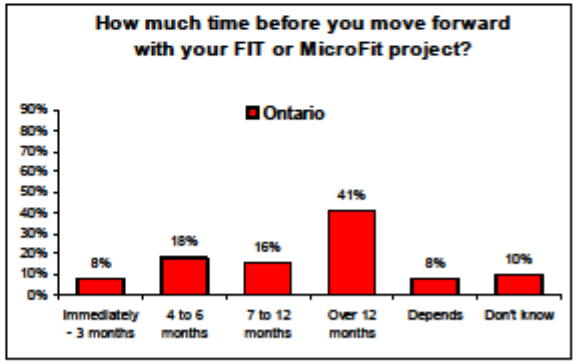
Familiarity with the FIT or MicroFit program?

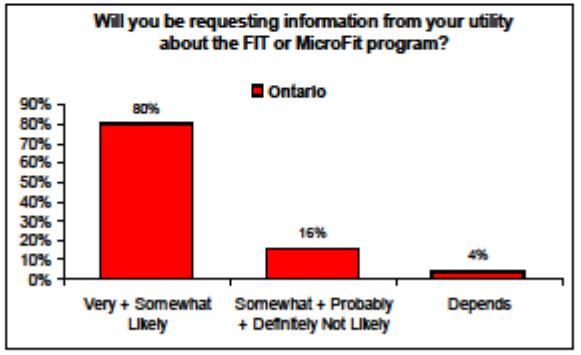
	Ontario
Very + Somewhat familiar	44%
Not too + Not at all familiar	56%
Don't know	0%

Considering the installation of a wind or solar project?

	Ontario
Yes	24%
No	73%
Don't know	3%

❒





Over the 12 years that we have been conducting this survey for our electric utility customers we have seen a dramatic shift in suggestions for improving service. It is true that "better prices" is still the dominant suggestion received; a signal for LDC's to be always cognizant that the customer has price sensitivity. In addition the scope or breadth of suggestions has widened – further signaling the requirement for strong customer communications because all customers are not alike. Just as in previous years, respondents were asked once again what their utility could do to improve service. Based on the changes in types of suggestions over the years, we believe that the customer expects their utility to provide information and knowledge ***AND*** reduce the confusion that exists on topics/issues that affect them as customers.

And we are interested in knowing what you think are the one or two most important things 'your electric utility' could do or fix to improve service to their customers?

	% of all suggestions
Better prices	51%
Improve power reliability	11%
Be more environmentally sensitive	7%
Better communication with customers	7%
Improve billing	7%
Eliminate smart meters	7%
Conservation: more info/more incentives/more rebates	6%
Staff issues	6%
Be more efficient	4%

*Base: data from the full 2010 database

❒ ***Ability to Pay***

Rating the price of a service is always a crucial point of a survey. It is a generally accepted view that customers assess the value of a service by comparing its price and its benefits. As the price of electricity rises, the reasons in the background often remain obscure to consumers. Customers do not think in terms of kilowatt hours, they understand "dollars". Customers need concrete information about what a rate change means for them in practice i.e. what the effect is likely to be in dollars and as a percent of the customer's bill. About 1 in 4 customers indicate that they sometimes or often worry about finding the money to pay for electricity. In 2009, it was 1 in 5. Additionally, Ontarians are faced with the HST as of July 1, 2010 which will increase electricity costs.

❒ ***Summation***

Customers and other key stakeholders continue to demand more and more, each and every year. Status Quo is not an option and quite frankly no longer exists in the electric utility industry. The relatively simple electric utility business of 15-20 years ago no longer exists. However, the expectations of yesterday have not gone away but they have been added to by the customer.

Based on the 12 years of research and data from our own files we believe that:

1- One of the keys to maintaining a strong connection with customers is to deliver safe reliable energy ***AND*** be a company that is respected and trusted.

2- When time-pressed customers get their questions and issues dealt with professionally ***AND*** they are treated as important people the reward is inevitably higher levels of satisfied customers.

3- Customers expect a diligent focus on delivering the core product ***AND*** they expect a personal focus as well.

4- The utility has to be operationally sound ***AND*** know what it takes to generate higher levels of affinity/loyalty.

5- Customers expect effectiveness ***AND*** efficiency when dealing with their issues.

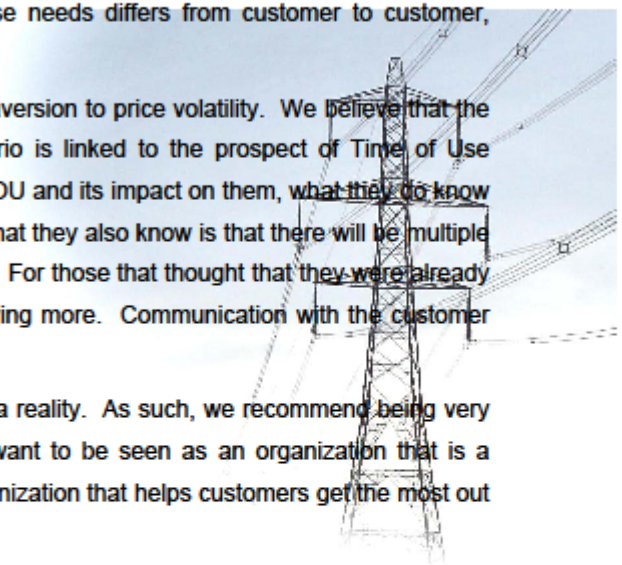
6- Customers expect their utility will conduct its business professionally ***AND*** be a proactive enterprise.

7- Customers expect their utility to provide information and knowledge ***AND*** reduce the confusion which exists on topics/issues that affect them.

8- Customers want their utility to maintain an extremely high level of performance ***AND*** be prepared for a changed tomorrow.

This survey, along with our years of work speaking to customers clearly shows that the core concerns of customers are: reliability, 24 hours a day x 365 days per year, quickly handling outages, accurate billing and delivering on service commitments. Adding to the core concerns is the customers'

increasing desire for clean energy. How to meet these needs differs from customer to customer, segmentation is more important than ever.



Customers have a desire for predictability and have an aversion to price volatility. We believe that the deterioration in general satisfaction levels across Ontario is linked to the prospect of Time of Use billing. Because customers have limited knowledge of TOU and its impact on them, what they do know is that their ability to predict their costs is in question. What they also know is that there will be multiple pricing levels and in their minds that equates to volatility. For those that thought that they were already on TOU pricing about 1 in 3 thought that they were paying more. Communication with the customer remains an opportunity area for every electric utility.

TOU is not an option for customers in Ontario, it will be a reality. As such, we recommend being very careful about setting customer expectations. Do you want to be seen as an organization that is a proponent for TOU or do you want to be seen as an organization that helps customers get the most out of TOU pricing. Or both? Or somewhere in between?

Surveys are a semi-scientific means to capture feedback from customers which produces a valid, reliable report of their assessment of an organization and how their expectations are shifting over time. The results presented here are based on 401 telephone interviews conducted during April 13 - April 21, 2010. This survey addresses customer attitudes and opinions on subjects such as utility image, power reliability/delivery, billing services, pricing, value and energy efficiency benefit programs.

Every interaction with a customer creates an imprint – why not ensure that it is a positive imprint. As Simul reminds everyone "perception is all there is." Employees give life to the company's promises

and demonstrate to what degree the customer is truly appreciated. Everyone in the organization is an ambassador for the organization and at the time they are interacting with the customer they represent the company. Ensuring that the corporate culture is a healthy one has to be high on the priority list.

We believe that creating a great place to work and a great place to do business is a very real and achievable goal.

There is more data and information in the balance of the report; we highly recommend sharing the information contained in this report with everyone in the utility. We've often explained to our clients that "people can not care about the things they do not know about." Decide now to leverage the results from your 2010 customer satisfaction survey.

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Satisfaction (pre & post)

A debate in the survey design world is whether an overall evaluation question should appear at the beginning or end of the survey. Those favoring placing it at the beginning contend that it is a more objective view since it is untainted by later questions that could lead a respondent to place too much weight on one aspect. Those favoring placing it at the end posit that getting an opportunity to review assorted aspects through the survey questions helps a respondent register a more comprehensive assessment of their overall experience.

When it comes to the question of satisfaction, UtilityPULSE has designed the survey so that customers are asked twice, once at the beginning – this is to garner first impressions and set the tone for the survey, and again at the end – because now the respondent has context of what is being asked and is more aptly ready to address it in an informed state of mind. Further, we want to ensure that respondents gave honest and thoughtful feedback and thereby placing the satisfaction question "pre" and "post" allows for validity control.

Measuring satisfaction is the bedrock, or starting point, for the creation of loyal customers. One has to do the job as expected before there is an opportunity to emotionally connect in a positive way.

Here is how your customers responded.

Top 2 Boxes	Hydro One Brampton	National	Ontario
Initially	91%	86%	80%
End of Interview	96%	92%	89%

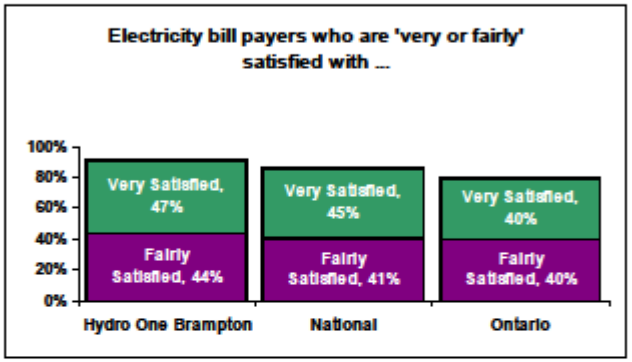
Top 2 Boxes: 'very + fairly satisfied'

Now, in its 12th year, the annual Customer Satisfaction Survey further illuminates the relationship between the customer experience and business performance. Our research finds that, around the country, customers expect better service quality. It confirms that customers who are very low on the satisfaction scale with their utility are more likely to say that they experience blackout and/or billing issues with their utility and they are more likely to take the time to complain. Our research also reveals that service quality is more influential than price—in the development of a loyal league of customers.

Further on the service quality front, younger customers (18-34) are less satisfied with the time it takes to answer the phone that those in the 55+ category. However older respondents have higher expectations than their youthful counterparts in the areas of knowledge of the staff and in the assessment of the quality of information provided. What's more, although customer expectations have risen over the last few years, the percentage of "very satisfied" customers has remained flat for the past three years.

	Hydro One Brampton	National	Ontario
Very Satisfied	47%	45%	40%
Fairly Satisfied	44%	41%	40%

Base: total respondents



Electricity bill payers who are 'very or fairly' satisfied with…	2010	2009	2008	2006
Hydro One Brampton	91%	92%	-	90%
National	86%	90%	87%	88%
Ontario	80%	87%	86%	83%

Base: all respondents / (-) Hydro One Brampton was not a participant in the survey year

Corporate mantras don't always translate to a moment of truth interaction between an employee and a customer. The difference between meeting that promise as per the mantra or creating an empty one is based, in part, on the satisfaction and skilled/training levels of your people. But the human component defies easy management – people are not all the same.

Many people mistake customer satisfaction and customer loyalty for each other—assuming that they're essentially the same thing. Actually, they're quite different, and it's important for industry professionals to understand what sets them apart.

Satisfaction relates to the results of a process, whether its the process of dealing with an outage, arranging of a service call, setting up of an account, or the resolution of a billing issue (to name a few). Loyalty, on the other hand, is a much longer-term proposition. *Loyalty relates to a relationship*—one that can actually survive a negative product or service process.

Truly loyal customers look beyond the occasional negative experience, especially if the customer believes that they are valued by you. The reality is, and we consistently remind our clients, *satisfied customers do not necessarily become or remain loyal customers*.

Of course, just because satisfaction and loyalty are different doesn't mean that they're completely unrelated. Just the opposite; they're closely linked.

Customer satisfaction is a cornerstone in building the bridge between company and customer. Customer satisfaction is a worthy goal—but not the only goal. It's one of the primary ingredients for creating customer loyalty in the first place, but moving forward, it's also necessary to examine company operations to find out which are having the greatest impacts on loyalty. It is foolhardy to

expect "nice professional interactions" between employees and customers to overcome processes that are fundamentally broken.

In today's marketplace monopolies, just like every other enterprise can benefit through having a strong relationship with their customers. Ignoring customer concerns and expectations is a risky business. Given today's online world it is very easy for customers to "spread the word" – good or bad. Customer expectations go beyond the basics of providing reliable energy 24 hours a day x 365 days per year. The reward for delivering high quality customer care is reduced volumes through your call centre and reduced requests for service. For employees it means a better place to work.

Organizations are not successful; it is the people who work in the organization that are successful. They will move it forward, stall it, or move it backwards. As Simul consultants have learned by working with executives and managers, it is the employees' skills, quality of interpersonal relationships and willingness to work as a team that creates value for the organization and its customers.

To help respondents recognize that they are evaluating monopoly like services, the Simul/UtilityPULSE Poll compares satisfaction findings for the electric utility with other widely-used community services. The purpose is to establish a benchmark for how good public services are perceived in the eyes of their customers.

In this survey we would like to know how satisfied or dissatisfied you are with various services in this area. Overall are you very satisfied, fairly satisfied, fairly dissatisfied or very dissatisfied with …?

Electricity bill payers who are very or fairly satisfied with…			
	Hydro One Brampton	National	Ontario
The local electricity utility that supplies the electricity you use	91%	86%	80%
Garbage collection	87%	82%	82%
Local telephone service	82%	88%	84%
Your local natural gas utility	86%	50%	67%
The local cable television service	58%	56%	50%
Your local libraries	58%	65%	63%
Local water utility	94%	73%	71%

Base: total respondents

Satisfied employees are critical, too. Many companies make the mistake of measuring only customer satisfaction. In fact, customers' perceptions of a company are often driven by the performance of its employees, and our experience shows that organizations with engaged, enthusiastic staff have more satisfied customers. It's a direct, irrefutable link, because *your employees are part of your brand.*

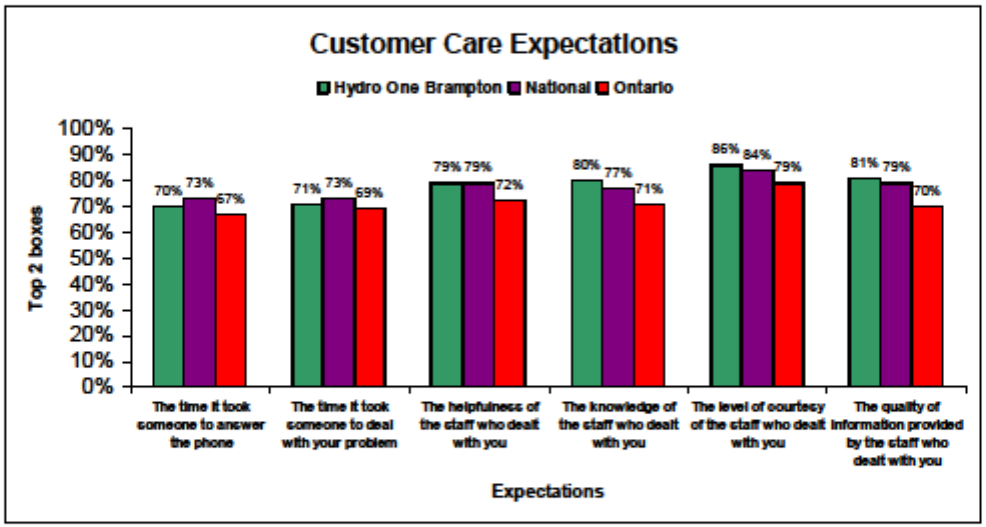
It's the small things done consistently that matter: Things like greeting every customer, whether on the phone or in person, in a friendly and helpful manner. Things like listening to the customer's needs, providing solutions to their problems and showing appreciation to the customer for their business.

Providing exceptional service isn't just about business, it's also about people—and the ability to connect with each customer on a human level. Not even the most timely, accurate, thorough service will win customer loyalty unless the customer also feels recognized and valued as unique individuals. On any given day, your employees must be prepared to handle a wide range of customer interactions: simple to complex, clear to confusing, informational to emotional.

Customer Care – Top 2 Boxes	Hydro One Brampton	National	Ontario
The time it took someone to answer the phone	70%	73%	67%
The time it took someone to deal with your problem	71%	73%	69%
The helpfulness of the staff who dealt with you	79%	79%	72%
The knowledge of the staff who dealt with you	80%	77%	71%
The level of courtesy of the staff who dealt with you	86%	84%	79%
The quality of information provided by the staff who dealt with you	81%	79%	70%

Base: total respondents

As every electric utility senior executive and manager knows, there are three types of employees: those that are engaged; those that are not-engaged; and those that are actively disengaged. Engaged employees work with passion and feel a profound connection with their company and its mission.



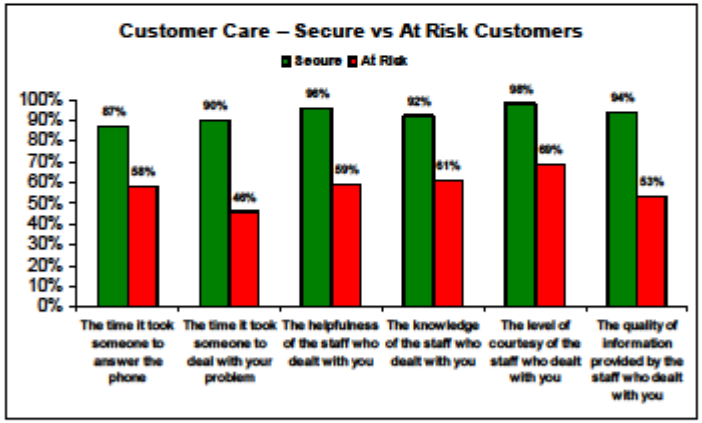
At each defining moment, your organization is positively or negatively affecting customer feelings which, in turn, contribute to that customer's sense of loyalty.

Customer Care - Secure vs At Risk Customers	Secure	At Risk
The time it took someone to answer the phone	87%	58%
The time it took someone to deal with your problem	90%	46%
The helpfulness of the staff who dealt with you	98%	59%
The knowledge of the staff who dealt with you	92%	61%
The level of courtesy of the staff who dealt with you	98%	69%
The quality of information provided by the staff who dealt with you	94%	53%

* Base: data from the full 2010 database

Customers also expect more when it comes to service. For most, "better" means a representative taking more time to answer their questions and a faster response to their inquiries, followed closely by live access to a service representative.

Utilities need to stay connected to their customers and recognize customers' expectations. The forward thinking utility which provides innovative customer care can get ahead of the customer experience curve, and reap the rewards of a strong relationship with its customers.



The following table illustrates some of the important attributes which help shape a customer's perception about quality service and customer care.

Attributes describing the local electricity utility			
	Hydro One Brampton	National	Ontario
Provides good value for your money	75%	91%	88%
Works with customers to keep their energy costs affordable	71%	71%	68%
Tries to keep electricity rates reasonable	70%	69%	64%
Deals professionally with customers' problems	86%	85%	82%
Keeps customers well informed	83%	80%	79%
Customer-focused and treats customers as if they're valued	82%	79%	77%
Treats customers in a fair and equitable manner	85%	82%	79%
Uses responsible business practices when completing work	86%	86%	83%
Delivers on its service commitments to customers	88%	87%	85%
Accurate billing and meter reading	85%	86%	83%

* Base: total respondents with an opinion

Bill payers' recent problems and problem resolution

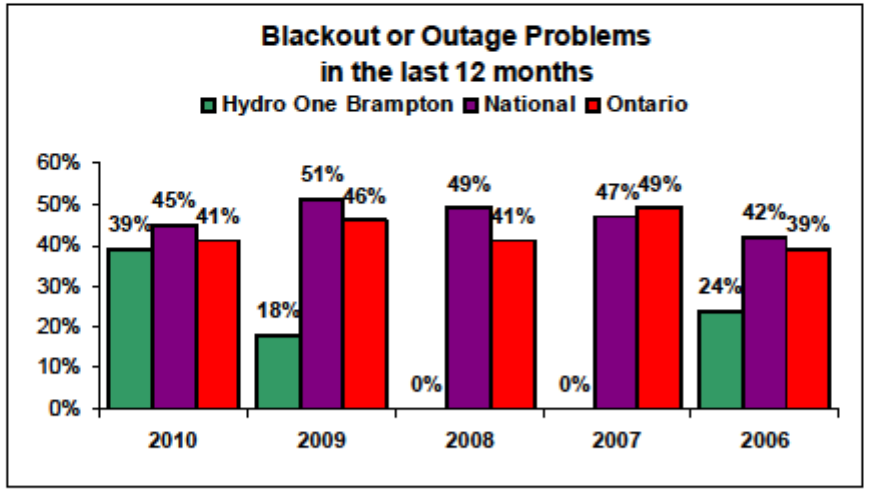
Ensuring power reliability has and will continue to be the key operational priority for electric utilities. This survey, along with our years of work speaking to customers clearly shows that the core concerns of customers are: reliability, 24 hours a day x 365 days per year, quickly handling outages, accurate billing and delivering on service commitments.

A central feature in electricity's value to customers, whether they are individual households or large industrial complexes, is the infrequent occurrence of outages or other power disturbances that interrupt the use of appliances, motors, electronics, or any of the other myriad of end uses for which electricity is the primary energy source.

Unlike the commercial and industrial customers where much of the "costs" associated with an outage can be converted into an economic loss based on lost profits or costs over savings, the costs of outages to residential customers are often more intangible. Residential customers tend to describe their costs in terms of the "hassle" or "inconvenience" of an outage rather than in terms of specific labour or material costs.

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	Hydro One Brampton	National	Ontario
2010	39%	45%	41%
2009	18%	51%	46%
2008	-	49%	41%
2007	-	47%	49%
2006	24%	42%	39%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year



Both commercial and residential customers have reported problems with the utility billing process: both sets report problems with meter reading, customers struggle with bill clarity and flexibility, calculation errors, rate issues. Metering electric use and preparing billing statements are a complicated process and sometimes things can go wrong. Professional and timely handling is important to customers.

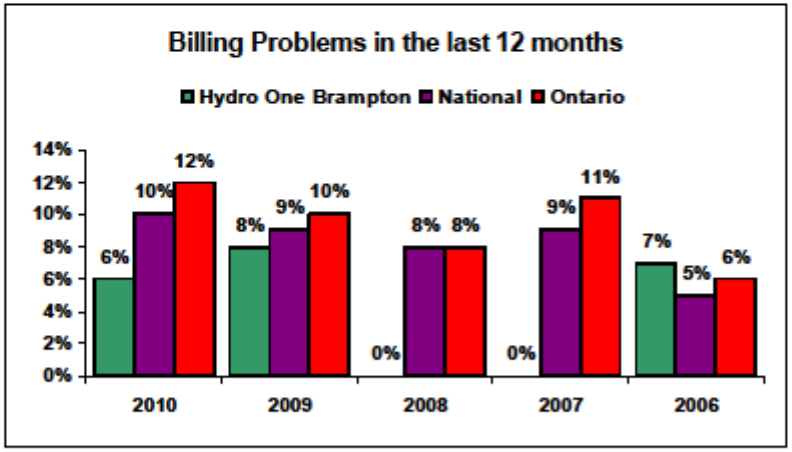
	Overall*	National	Ontario
The amount owed was too high	31%	51%	54%
The meter reading was incorrect	10%	10%	11%
To discuss other charges on the bill ie. delivery etc.	5%	3%	7%
The payment made was recorded incorrectly	8%	3%	4%
The bill was difficult to understand	7%	7%	4%
The bill arrived late	6%	6%	4%
Information was incorrect on the bill	3%	4%	2%

*Base: data from the full 2010 database

Rage or anger from customers has much to do with the customer's self-esteem. If customers are treated rudely or made to wait a long time, they can feel as though they are not valued and that is a direct attack on their self-esteem.

Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	Hydro One Brampton	National	Ontario
2010	6%	10%	12%
2009	8%	9%	10%
2008	-	8%	8%
2007	-	9%	11%
2006	7%	5%	6%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year



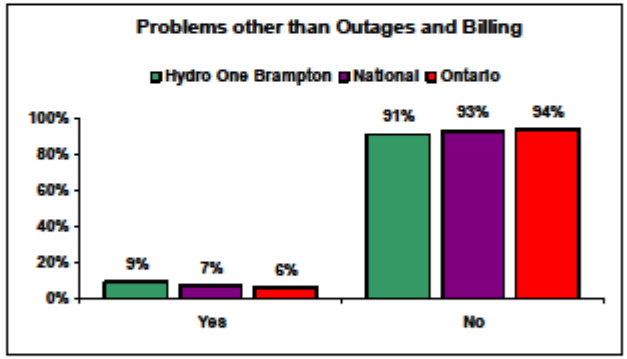
While the killer B's – Blackouts and Bills – are the most salient problems customers report to their utility, other problems or reasons for calling the utility include: Moving/setting up a new account, maintenance or repair request, to get a meter reading, wanting to know about smart meters, to upgrade thermostat or understand peak saver program, ways to conserve energy, water heater rental or repair, rebates on energy efficient products, energy retailer, to discuss different tiered pricing or energy marketers/retailers.

Complaint rates also vary by type of issue, being higher about billing and lower for mistreatment or feeling misled. Ironically these latter issues, that affect a customer's self-esteem, do more damage to loyalty.

Percentage of Respondents attempting to contact the utility about problems other than billing or power outages in the last 12 months

	Hydro One Brampton	National	Ontario
Yes	9%	7%	6%
No	91%	93%	94%

Base: total respondents



It is not the fact that a customer has a problem that gets them "angered" it is how they are treated. Rude or unprofessional treatment gets them angered. Having known about a problem, having the opportunity to fix it, but not having done so, gets them angered. When the situation is concluded but the customer is *still* unsatisfied, this gets them angered. Angered customers resent the company, are critical about it and its operations, and in some cases may seek vengeance. Vengeance is becoming much easier in our online world.

Training staff to identify situations that could escalate is good use of precious training resources. In addition, creating a company culture where complaints are treated as a positive experience helps reduce the stress levels in those that handle customer complaints.

Percentage of Respondents who contacted their utility and had their problem solved in the last 12 months			
	Hydro One Brampton	National	Ontario
Yes	77%	74%	61%
No	19%	24%	36%

Base: total respondents

Respond with a solution to the problem. Creating the solution with the customer on the first telephone call is beneficial to the customer and the employee handling the call. They must know what the possible solutions are as well as their level of authority to institute those solutions. We recommend that employees make sure there's a clear understanding with the customer as to 1) what will happen and 2) when it will happen.

Attributes describing the local electricity utility			
	Hydro One Brampton	National	Ontario
Accurate billing and meter reading	85%	86%	83%
Provides consistent, reliable energy	90%	91%	88%
Quickly handles outages and restores power	91%	89%	87%
Deals professionally with customers' problems	86%	85%	82%

Base: total respondents with an opinion

UtilityPULSE Report Card®

Simul's UtilityPULSE Report Card® is based on tens of thousands of customer interviews gathered over twelve years. The purpose of the UtilityPULSE Report Card® is to provide electric utilities with a snapshot of performance – on the things that customers deem to be important. Research has identified 22 attributes that customers have used to describe their utility when they have been satisfied or very satisfied with their utility. These attributes form the nucleus, or base, from which "grades" are assigned. Customer satisfaction and loyalty also play a major role in the calculations.

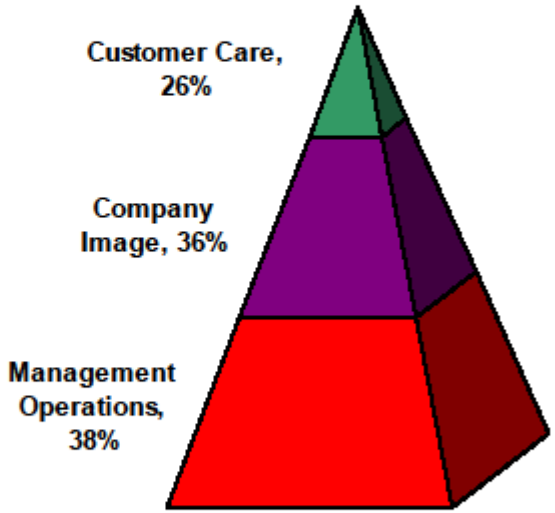
There are two main dimensions of the UtilityPULSE Report Card® the first is Customer psyche and the other is Customer perceptions about how the utility executes its business.

The Psyche of Customers

Every utility has virtually the same responsibility – provide safe and reliable electricity – yet not all customers are the same. The following chart shows the weight or significance of each category to the customer when forming their overall impression of the utility. Three major categories, each with two major drivers make up the UtilityPULSE Report Card®. In effect the Report Card provides feedback

about your customers' perception on the importance of each category and driver – as it relates to the benchmark.

UtilityPULSE® for Hydro One Brampton



The UtilityPULSE Report Card® also provides customer perceptions about how your utility executes or performs its responsibilities.

Readers of this report should note that the categories and drivers are interdependent. Which means that, for example, failure to provide high levels of power quality and reliability will have a negative impact on customer perceptions as it relates to customer service. Customer care, when it doesn't meet customer expectations has a negative impact on Company Image, etc.

Defining the categories and major drivers:

Category: Customer Care

Drivers: Price and Value; Customer Service

Just because everyone likes good customer care, that in and by itself is not a reason to provide it – though it may be important to do so. In highly competitive industries good customer service may be a differentiating factor. The case for electric utilities is simple, high levels of customer care result in less work (hence cost) of responding to customer inquiries and higher levels of acceptance of the utility's actions.

Price and Value:

Customers have to purchase electricity because life and lifestyle depend on it. This driver measures customer perceptions as to whether the total costs of electricity represent good value and whether the utility is seen as working in the best interests of its customers as it relates to keeping costs affordable.

Customer Service:

Customers do have needs and every now and again have to interface with their utility. How the utility handles various customers' requests and concerns is what this driver is all about. Promptly answering inquiries, providing sound information, keeping customers informed and doing so in a professional manner are the major components of this driver.

Category: Company Image

Drivers: Company Leadership; Corporate Stewardship

Utilities have an image even if they do not undertake any activities to try to build it.

A company's image is both a simple and complex concept. It is simple because companies do create images that are easily described and recognized by their target customers. It is complex because it

takes many discrete elements to create an image which includes, but is not limited to: advertising, marketing communications, publicity, service offering and pricing.

An electric utility trying to manage its image has one more challenge to deal with, and that is the electric industry itself. There are so many players that residential customers (in particular) don't know who does what or who is responsible for what. So when there are political or regulatory announcements, the local utility is swept up into the collective reaction of the population.

Company Leadership

This driver is comprised of customer perceptions as it relates to industry leadership, being a good corporate citizen and being involved in the community.

Corporate Stewardship

Customers rely on electricity and want to know that their utility is a credible organization that is well managed, is accountable, and has its financial house in order. In short, they want a stable organization.

Category: Management Operations

Drivers: Operational Effectiveness; Power Quality and Reliability

Electrical power is the primary product which utilities provide their customers and, they have very high expectations that the power will be there when they need it. Customers have little tolerance for outages. The reality is, every utility has to get this part right…no excuses. It is the utility's core business. This category and its drivers are clearly the most important to a utility's customers.

Operational Effectiveness

This driver measures customers' perceptions as they relate to ensuring that their utility runs smoothly. Attributes such as: accurate billing and meter reading, completing service work in a professional and timely manner and maintaining equipment in good repair are deemed as important to customers.

Power Quality and Reliability

Power outages are a fact of life – and, customers know it. They expect their utility to provide consistent, reliable energy, handle outages and restore power quickly and make using electricity safely an important priority.

Hydro One Brampton's UtilityPULSE Report Card®

Part 1: Importance to Customers

	CATEGORY	Hydro One Brampton	National	Ontario
1	**Customer Care**	26%	25%	25%
	Price and Value	4%	5%	5%
	Customer Service	22%	20%	20%
2	**Company Image**	36%	34%	35%
	Company Leadership	20%	18%	16%
	Corporate Stewardship	17%	16%	19%
3	**Management Operations**	38%	41%	40%
	Operational Effectiveness	16%	19%	19%
	Power Quality and Reliability	22%	22%	22%
	Total	100%	100%	100%

Shares may not add exactly to 100% due to rounding.

Hydro One Brampton's UtilityPULSE Report Card®

Part 2: Performance

	CATEGORY	Hydro One Brampton	ONTARIO
1	**Customer Care**	**A**	**B+**
	Price and Value	B	C+
	Customer Service	A	B+
2	**Company Image**	**A**	**A**
	Company Leadership	A	A
	Corporate Stewardship	A	B+
3	**Management Operations**	**A**	**A**
	Operational Effectiveness	A	A
	Power Quality and Reliability	A+	A
	OVERALL	**A**	**B+**

* Weightings are based on pulse figures shown in Part 1 of the UtilityPULSE Report Card®

As the UtilityPULSE Report Card® shows, the total customer experience with an electric utility is defined as more than "keeping the lights on". Customers deal with your utility every day for a variety of reasons, most likely because they need someone to help them solve a problem, answer a question or take their order for service. All your employees, from customer service representatives to linemen, leave a lasting impression on the customers they interact with. In effect there are many moments of truth. Moments of truth are every customer touch point that a utility has with their customers. Therefore, managing these moments of truth creates higher levels of Secure customers while reducing the number of At Risk customers that exist.

It's the small things done consistently that matter: Things like greeting every customer, whether on the phone or in person, in a friendly and helpful manner. Things like listening to the customer's needs, providing solutions to their problems and showing appreciation to the customer for their business.

For communication, utilities now recognize customer communications as a valuable aspect of their business. The better a utility communicates with customers, in a manner that speaks to them, the more satisfied they are with their overall service. "Sending out information" is not the same as having a "conversation" with a customer. We believe that it is increasingly important to channel your communications to the various customer segments which exist.

Obviously employees – in every area – play a critical role in customer service success. Consequently how they feel about their job responsibilities and role in the company will be communicated indirectly through the level of service which they actually provide customers with whom they interact. The reality is engaged employees are the key to excellent customer care.

Our survey work with employees shows that an engaged employee who feels valued at work, is less likely to look outside the company, is more productive, and more likely to contribute towards the mission and success of the company. One of the links for improving employee engagement is your reward and recognition program. Recognizing the right behaviours and communicating such helps employees understand what is truly expected. Rewards are a better acknowledgement of learning and performance than punishment is for failure.

For electric utilities, employees are the providers of many moments of truth. With each and every interaction with a customer – including those that are not going through the call centre – an employee is given the opportunity to delight or disappoint. When employees do delight customers, and they do everyday, then be sure that you are recognizing the behaviour in a sincere, timely, and specific way. For years we have reminded our clients that the behaviours you reward and recognize are the behaviours you will be seeing again and again.

The Loyalty Factor

Measuring customer loyalty in an industry where many customers don't have a choice of providers doesn't make sense. Or does it? The answer depends on how you define "customer loyalty." Some equate customer loyalty with basic customer retention. If a customer continues to do business with a company, that customer is, by definition, considered to be loyal. If this definition were applied to many companies in the utility industry, all customers would automatically be considered loyal. As such, measuring customer loyalty would appear to be unnecessary.

Perhaps a better or more relevant way for utilities to approach the definition of customer loyalty is to further expand how they think about loyalty. Consider the following definition: Customer loyalty is an emotional disposition on the part of the customer to respond favourably toward the brand and company consistently and across situations.

So what does it mean to respond favourably to a company? At a basic level, this can mean choosing to remain a customer. As previously mentioned however, this is essentially a non-issue for many utility companies. It then becomes necessary to think beyond just customer retention. One needs to consider other ways in which customers can respond favourably toward a company.

Other favourable responses or behaviours can be classified into one of three categories that reflect the concept of customer loyalty:

- Expansion
- Compliance or Influence
- Advocacy

Specific examples of potential expansion behaviour in the electric utility industry include:

- Signing up for programs that help the customer reduce or manage their energy consumption
- Using the utility as a consultant when selecting energy products and services from a third party
- Participating in pilot programs or research studies

Specific examples of potential compliance or influence behaviours that utility customers might exhibit include:

- Seeking the utility's advice or expertise on an energy-related issue
- Voluntarily cutting back on electricity usage if the utility advised the customer to do so
- Accepting the utility's energy advice or referrals to energy contractors or equipment
- Being influenced by the utility's opinion regarding energy- management advice, equipment, or technologies
- Providing personal information that enables the utility to better serve the customer
- Paying bills online

Creating customer advocates can be especially important for a company in a regulated industry. In the absence of customer advocates, or worse, in a situation where customers speak unfavourably about a company or actively work to support issues that are counter to those the company supports, companies can suffer a variety of negative consequences like increased business costs, lawsuits, fines and construction delays. For an electric utility, specific examples of potential advocacy behaviour include:

- Recommending that other customers specifically located in the geographic area that is serviced by that utility
- Supporting the utility's positions or actions on energy-related public issues, including the environment
- Supporting the utility's position on the location and construction of facilities
- Providing testimonials about positive experiences with the utility

In sum, loyal behaviour in the utility industry may not be as evident as it is in a more competitive environment. Measuring customer loyalty in a generally non-competitive industry requires one to think about loyalty in non-traditional ways. Customer loyalty is an intangible asset that has positive consequences or outcomes associated with it no matter what the industry. Properly measuring loyalty among utility customers requires thoughtful probing to thoroughly identify the range of expansion, compliance, and advocacy behaviours that will ultimately benefit the company in meaningful ways, and foster happier and more loyal customers.

Simul/UtilityPULSE segments residential and small and medium-sized electricity customers into four groups: Secure – the most loyal - Still Favorable, Indifferent, and At Risk.

Secure customers are "very satisfied" overall with their local electricity utility. They definitely would not switch to a competitor if they could and definitely would recommend Hydro One Brampton.

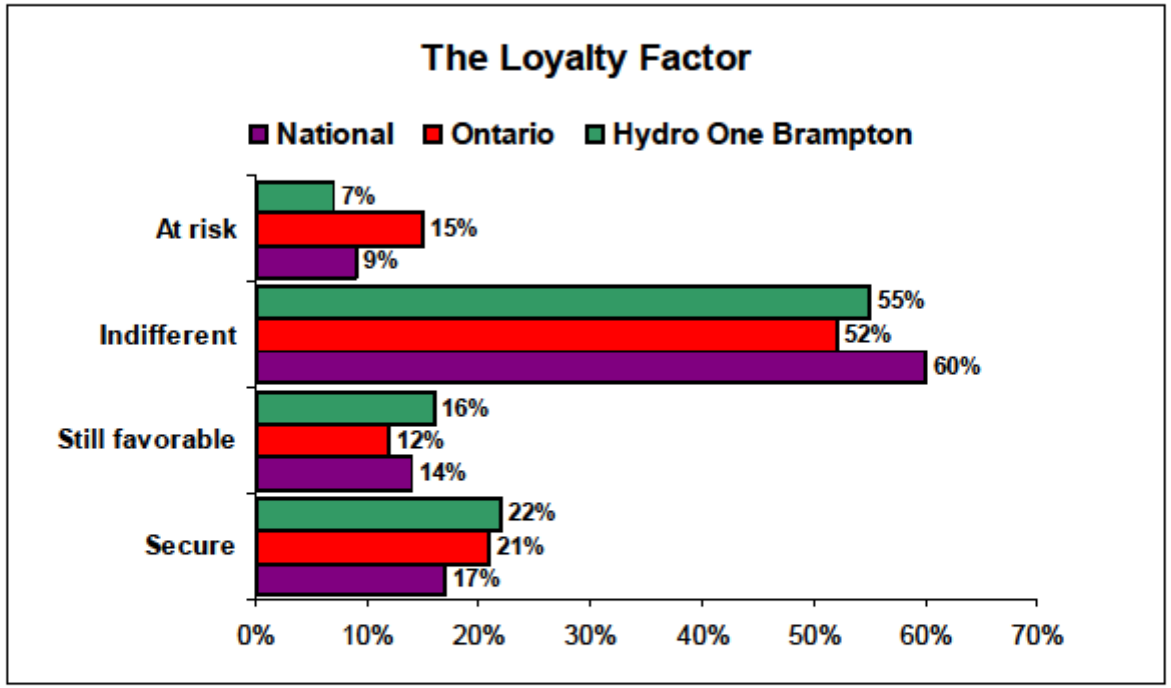
At Risk customers are "very dissatisfied" with their electricity utility, "definitely" would switch and "definitely" would not recommend it.

Customer Loyalty Groups				
	Secure	**Favorable**	**Indifferent**	**At Risk**
Hydro One Brampton				
2010	22%	16%	55%	7%
2009	29%	13%	52%	6%
2008	-	-	-	-
2006	13%	16%	59%	11%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
Ontario				
2010	21%	12%	52%	15%
2009	21%	14%	53%	12%
2008	21%	17%	54%	8%
2006	14%	13%	62%	11%
2006	13%	12%	61%	14%
National				
2010	17%	14%	60%	9%
2009	17%	16%	59%	8%
2008	18%	16%	58%	9%
2006	16%	12%	64%	7%
2006	13%	11%	64%	12%

Base: total respondents


The Loyalty Factor
National
Ontario
Hydro One Brampton
At risk
7%
15%
9%
Indifferent
55%
52%
60%
Still favorable
16%
12%
14%
Secure
22%
21%
17%
0%
10%
20%
30%
40%
50%
60%
70%

There truly is a difference in perception between Secure and At Risk customers, let's take a look at what our overall* survey shows:

	Secure	At Risk
% of respondents who said:		
- the amount owed on bill was too high	36%	58%
- they had a billing/statement problem	4%	32%
- the bill problem was solved	90%	42%
- the utility tells the truth and is truth about its operations	81%	47%
- deals professionally with customers' problems	86%	60%
- the utility is a leader in energy conservation	84%	52%
- the utility keeps customers well informed	95%	65%
- the utility treats customers in a fair and equitable manner	87%	48%

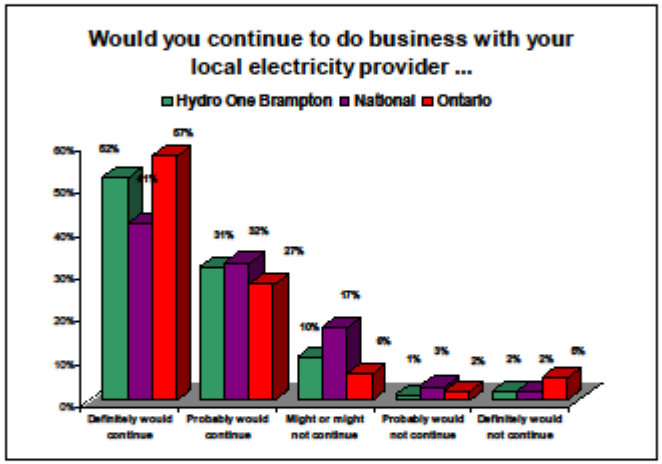
*Base: data from the full 2010 database

Our research shows that: Secure customers do exist and they represent an important and substantive portion of the customer base and second, with education and dialogue the percentage of At Risk customers can drop virtually in half [see pre/post survey on satisfaction results].

Customer commitment

The first level of emotional commitment is measured through the UtilityPULSE question about whether a customer would continue to use the services of their utility – even if they had a choice. Wanting to remain with a company is far and away more powerful than needing to remain with a company.

Typically when customers want to remain with a company there are higher ratings for such attributes as: respected as a company, maintaining high standards of business ethics, being customer-focused and treating customers as if they are valued, and providing good value for the money.



Though customers can not physically leave you, they can emotionally leave you and when they do it becomes an extreme challenge to garner their participation in or support for utility initiatives.

How likely are you to continue to do business with Hydro One Brampton/your independent electricity retailer? Would you say you...?

Electricity customers' loyalty – Would they continue to do business with their current provider?			
	Hydro One Brampton	National	Ontario
Definitely would continue	52%	41%	57%
Probably would continue	31%	32%	27%
Might or might not continue	10%	17%	6%
Probably would not continue	1%	3%	2%
Definitely would not continue	2%	2%	5%

Base: total respondents

Electricity customers' loyalty – Would they continue to do business with their current provider?				
Hydro One Brampton	2010	2009	2008	2006
Top 2 boxes: 'Definitely + Probably' would continue	82%	81%	-	62%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

Electricity customers' loyalty – Would they continue to do business with their current provider?			
	Overall Hydro One Brampton	Buy direct from Hydro One Brampton	Purchase from Independent Retailer
Definitely would continue	52%	56%	14%
Probably would continue	31%	32%	17%
Might or might not continue	10%	7%	36%
Probably would not continue	1%	1%	6%
Definitely would not continue	2%	1%	19%

Base: total respondents

Word of mouth

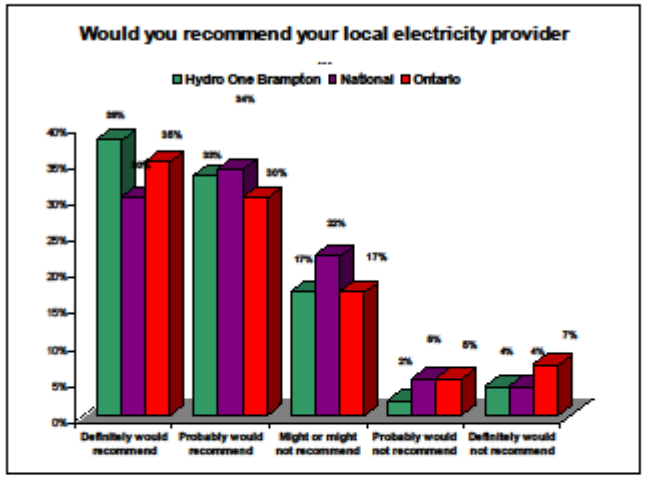
Harnessing word of mouth support is difficult. Yet it is true that customers have always valued opinions expressed directly to them by credible or trusted sources. Word of mouth cuts through the marketing noise and hype quickly and effectively.

While word of mouth is certainly a complex subject, there are two forms of word of mouth which utilities need to understand. The first is Experience-based word of mouth which is the most common and most powerful form. It results from a customer's direct experience with the utility or the re-statement of a direct experience from a trusted source.

The second is Relay-based word of mouth. This is when customers pass along important messages to others based on what they have learned through the more traditional forms of communications. For example, if the utility was communicating an offer for "free LED lights" chances are high that the offer will be "relayed" to others through word of mouth.

The dictionary definition of "advocate" is "Plead for, defend, champion, recommend, support". Advocates, create more advocates because they are more willing to act than customers who are considered indifferent.

As stated previously, creating customer advocates can be especially important for a company in a regulated industry. In the absence of customer advocates, or worse, in a situation where customers speak unfavourably about a company or actively work to support issues that are counter to those the company supports, companies can suffer a variety of negative consequences like increased business costs, complaints to regulators, lawsuits, fines and construction delays. For an electric utility, specific examples of potential positive advocacy behaviour include:



- Recommending that other customers specifically locate in the geographic area that is serviced by that utility
- Supporting the utility's positions or actions on energy-related public issues, including the environment
- Supporting the utility's position on the location and construction of facilities
- Providing testimonials about positive experiences with the utility

How likely would you be to recommend that a friend or colleague buy electricity from Hydro One Brampton/your independent electricity retailer? Would you say you...?

Electricity customers' loyalty – Would you recommend ...			
	Hydro One Brampton	National	Ontario
Definitely would recommend	38%	30%	35%
Probably would recommend	33%	34%	30%
Might or might not recommend	17%	22%	17%
Probably would not recommend	2%	5%	5%
Definitely would not recommend	4%	4%	7%

Base: total respondents

Customer service and customer opinion are not the same thing. Service is not in the hands of customers, but complaining about it (or complimenting it) is. However word of mouth only works if there is something worthwhile talking about – which is one of the reasons why Simul consistently reminds its clients to ensure that the good news stories get some exposure via their websites or through conventional channels.

Electricity customers' loyalty – Would you recommend …			
	Overall Hydro One Brampton	Buy direct from Hydro One Brampton	Purchase from Independent Retailer
Definitely would recommend	38%	41%	17%
Probably would recommend	33%	35%	14%
Might or might not recommend	17%	16%	33%
Probably would not recommend	2%	2%	6%
Definitely would not recommend	4%	1%	28%

Base: total respondents

Electricity customers' loyalty – Would you recommend …				
Hydro One Brampton	2010	2009	2008	2006
Top 2 boxes: 'Definitely + Probably' would recommend	71%	73%	-	62%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

Corporate image

The overriding reason for the burgeoning concern for corporate identity is abundantly clear. We live in a time of immense environmental complexity and change, and consequently corporations have been forced to significantly alter their strategies to better compete and survive. Corporate image is comprised of a number of interrelated variables: corporate identity, corporate communication, corporate image, and corporate reputation.

Corporate identity is the reality of the corporation. It is the unique, individual personality of the company that differentiates it from other companies. To use the marketing metaphor, it is the corporate brand. Corporate communication is the aggregate of sources, messages, and media by which the corporation conveys its uniqueness or brand to its various audiences. Corporate image and corporate reputation are in the eye of the beholder. Image is the mental picture that people have of an organization, whereas reputation constitutes a value judgment about the company's attributes.

A strong positive image with the general public can be beneficial to the utility organization. Research suggests that a prominent corporate image and an outstanding reputation are consequential factors in attracting a high quality workforce. It is widely believed that a positive reputation in the eyes of employees is a prime causal factor of high morale and productivity.

Eleven attributes measured in the annual UtilityPULSE survey are strongly linked to a utility's image. Customers expect that your utility will conduct its business professionally ***AND*** be a proactive enterprise. Here is how your customers responded:

Attributes strongly linked to a hydro utility's image		
	Hydro One Brampton	**Ontario**
Company Leadership		
Is a respected company in the community	89%	84%
Can be counted on to keep its promises to customers and the community	83%	79%
Influential in the electric utility industry	85%	82%
Influential in local business community	85%	78%
A leader in promoting energy conservation	82%	78%
Corporate Stewardship		
Maintains high standards of business ethics	86%	80%
Can be counted on to tell the truth	83%	74%
Takes steps to reduce the impact of its operations on the environment	83%	76%
Beyond providing jobs and paying taxes, is socially responsible	82%	77%
Considered a fair and equitable employer	84%	82%
Is trusted and trustworthy	86%	80%

Base: total respondents with an opinion

Corporate Credibility & Trust

In today's world, with the Internet and twenty-four-hour media/news coverage on TV, corporate reputations which take decades to build can be destroyed in one news cycle. With disgraced executives making headlines everywhere, corporations must demonstrate social and moral responsibility as a matter of their own survival. Reputation matters, now more than ever. Corporate behaviours and corporate social responsibilities has always been the central point of corporate reputation. Trust is an indispensable part of corporate reputation and is also an important prerequisite for the formation of customer loyalty.

Based on economic and other societal impacts many Canadians have been using words such as credibility and trust to describe their place of work or the place(s) where they do business. Yet if you ask 5 people for a definition of credibility and trust chances are you'll get 5 definitions. Our research shows that the under-pinning components that lead a person to believe that an organization has credibility and can be trusted are: Knowledge, Integrity, Involvement and Trust.

Where does the employee fit into this? The reality is, customer-employee interactions are in many ways the acid test for determining the strength of each of the four components of credibility and trust.

Employees give life to the company's promises, either proving that they are real or proving that they don't really matter. The human touch makes a critical difference.

So what is the value equation? People come to trust what they believe, and believability is a function of personal experience. If you provide me with accurate information or you tell me something and it's consistent with my experience, then I believe you and trust you. You become credible.

As customers become more and more overloaded, and time-pressed for that matter, they become increasingly skeptical about traditional company advertising, marketing and communications. They start to rely on their own experience or those of the people they trust to make judgments about the utility and its people. Recommendations and comments from a credible source are far and away stronger than any advertisement. That is why kitchen table style of dialogue has so much impact on customer behaviour.

Every single member of a company, therefore, represents a point of credibility with their customers and the outside world. From the President to the receptionist, everyone is critical in establishing the trustworthiness of a company. A failure of credibility on the part of a single individual can help derail the public's trust in an entire organization.

Credibility and trust are important assets for any utility attempting to influence their customers to adapt to a changing future.

Using the scale of agree strongly, agree somewhat, disagree somewhat, disagree strongly, here is how your customers would respond:

Demonstrating Credibility and Trust	Hydro One Brampton
Knowledge The utility is seen as being knowledgeable about the services it provides, about what is happening in the industry, and how customers can reduce costs or create more value.	**Agree strongly**
Integrity The utility is seen as an organization that will act in the best interests of its customers and can be counted on to provide services and resolve problems in a professional manner.	**Agree strongly**
Involvement The utility is actively involved in the industry, in the community and in things that affect the customer.	**Agree strongly**
Trust The utility is an organization that can be trusted and is worthy of respect.	**Agree strongly**
Overall*	**Agree strongly**

How can service to customers be improved?

Listening to customers is critical for gaining insight into their lives, their needs, as well as, their frustrations, feelings, and behaviors. However, as Henry Ford said, "If I asked customers what they wanted, we'd just have ended up with faster horses." There is a lot of truth to this. And when we speak in reference to electricity service and what do customers want – what do they want improved – without question, we are all inclined to say "lower prices". Again another truth.

Over the 12 years that we have been conducting this survey for our electric utility customers we have seen a dramatic shift in suggestions for improving service. It is true that "better prices" is still the dominant suggestion received. In addition the scope or breadth of suggestions has widened – further signaling the requirement for strong customer communications because all customers are not alike. Just as in previous years, respondents were asked once again what their utility could do to improve service. Based on the changes we believe that the customer expects their utility to provide information and knowledge ***AND*** reduce the confusion which exists on topics/issues that affect them as customers.

And we are interested in knowing what you think are the one or two most important things 'your local utility' could do or fix to improve service to their customers?

	% of all suggestions
Better prices	51%
Improve power reliability	11%
Be more environmentally sensitive	7%
Better communication with customers	7%
Improve billing	7%
Eliminate smart meters	7%
Conservation: more info/more incentives/more rebates	6%
Staff issues	6%
Be more efficient	4%

*Base: data from the full 2010 database

Qualitative questions typically do not provide the statistical richness that is associated with a quantitative question. However, they do provide words, phrases, insights into the thinking patterns and/or feelings of customers. This means that qualitative questions have an interpretive richness that assist in deriving meaning from the survey. The broader range of suggestions that we are getting in the survey is a sign that the customer base is becoming more and more segmented. Not all customers are the same.

For the past 20 years or so, certainly during our 12 years as providers of the UtilityPULSE survey, companies and utilities struggle to find the right balance between cost-effective, technology-enabled approaches to customer service and person-to-person contact. In addition the utility's customer base has an uneven level of interest and skill in using technology-enabling processes. While personal approaches have advantages for many people, such as an ability to respond in a dynamic way to a customer inquiry, they do require much more training, and cost more.

Smart Meters and Time of Use

Our research and files show when customers who are first introduced to the possibility of dynamic or multi-level pricing they immediately state concerns about price volatility and higher bills. Only through participation will their concerns be validated or rejected. We believe that it is important for your electric utility to exercise caution in setting expectations.

Smart meters will provide information to customers – but will customers really find the information useful? To some the answer is yes; but to many the answer is no. What it will do however, is serve as a physical reminder to conserve. Customers who are more actively engaged in reviewing and analyzing their consumption information will undoubtedly have a greater impact on their use of energy. Whether it translates to a reduction in cost from their old system of static pricing will vary by customer and the elements that affect their lifestyle.

Feedback is a necessary but not always a sufficient condition for savings and awareness among customers – campaigns for reducing energy consumption e.g., removal of older refrigerators have been very successful. However a concern that we have, and will attempt to monitor, revolves around the notion of novelty. That is, when the novelty of smart meters and TOU wear off – then what? Will

utilities continue to invest in customer education and marketing communications to ensure that using the data becomes a "way of life"?

Many Ontario residents and small businesses have been equipped with a new addition to their homes in the last few months — provincially-mandated 'smart meters' — which are replacing traditional meters to measure the electricity used in homes. Still, many customers don't really know what all that means.

For 2010, the annual survey for electric utilities polled a little deeper into the subject areas of Smart Meters and TOU. Based on all of the surveys completed we believe that many customers really do not know if they have a smart meter or not — and, whether they are on TOU or not. In fact, based on the thousands of interviews done for this year we suspect that many people already think they are on TOU when in fact, they are not.

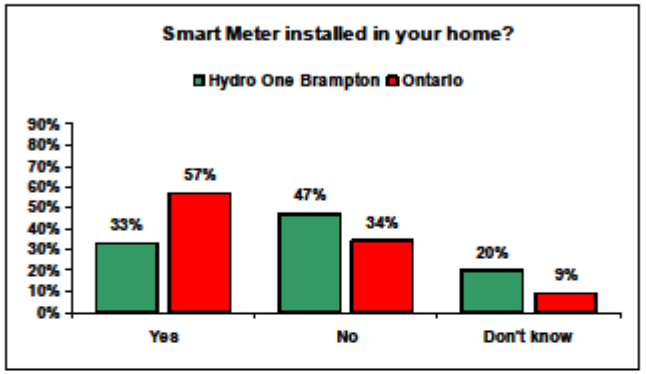
Every utility in the province of Ontario is at a different stage in installing Smart Meters and moving to TOU billing. What follows is data from your survey that should be shared with those in your organization with marketing communications responsibilities.

Smart Meter installed in home or small business		
	Hydro One Brampton	Ontario
Yes	33%	57%
No	47%	34%
Don't Know	20%	8%

Base: total respondents

The Ontario government has mandated that smart meters be installed in homes and small businesses. A smart meter electronically tracks how much electricity is used on an hourly basis, ensuring that bills are based on real-time consumption.

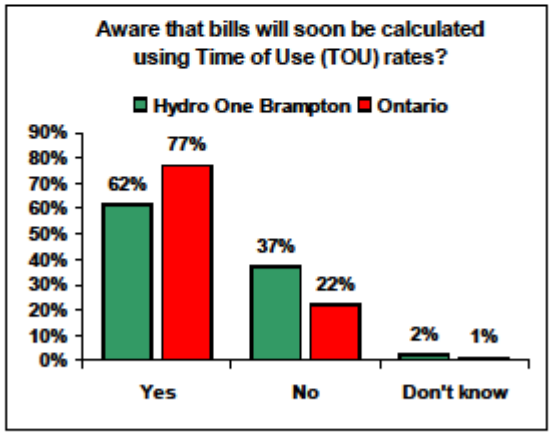
Do you know if you have one of these smart meters installed in your home or small business?



Before this interview, were you aware that the Ontario government intends to ensure that electricity bills are calculated based on Time-of-Use rates?

Aware that Time-of-Use (TOU) Rates are coming?		
	Hydro One Brampton	Ontario
Yes, Aware	62%	77%
No, Not aware	37%	22%
Don't Know	2%	1%

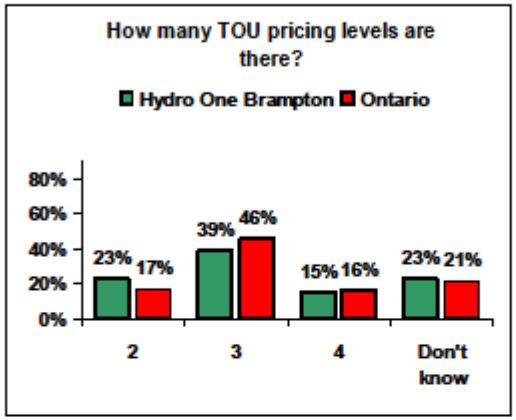
Base: total respondents



How many Time-of-Use pricing levels are there depending on when the electricity is used …

How many TOU pricing levels are there?		
	Hydro One Brampton	Ontario
2	23%	17%
3	39%	46%
4	15%	16%
Don't Know	23%	21%

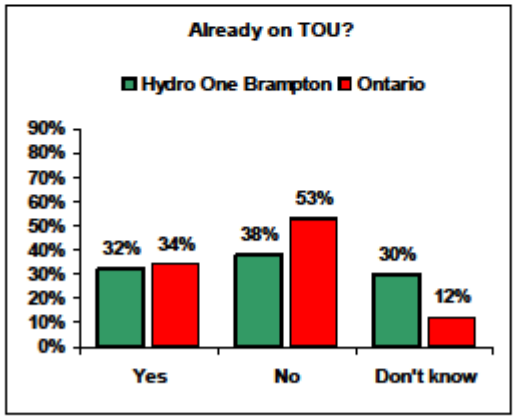
Base: total respondents aware of TOU



You stated earlier that you have a smart meter installed which paves the way for Time-of-Use billing,are you already on Time-of-Use billing?

Already on TOU?		
	Hydro One Brampton	Ontario
Yes	32%	34%
No	38%	53%
Don't Know	30%	12%

Base: total respondents who have Smart Meters



What time does the Off-Peak rate or lowest rate start on weekdays (Monday to Friday)?		
	Hydro One Brampton	Ontario
7pm	16%	18%
8pm	19%	16%
9pm	14%	23%
10pm	15%	13%
11pm	21%	14%
Don't Know	14%	15%

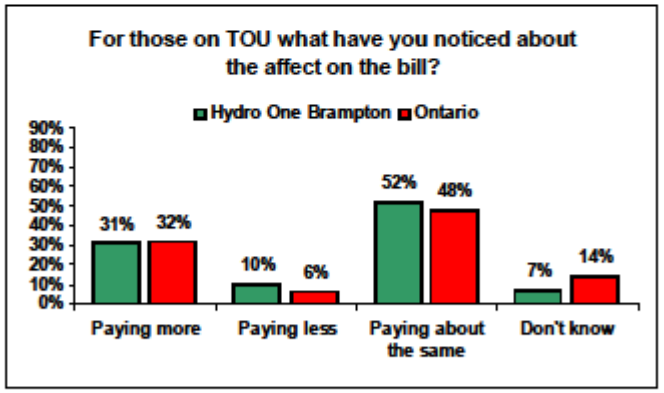
Base: total respondents aware of TOU

What are weekends and holidays considered?		
	Hydro One Brampton	Ontario
Off-peak	44%	60%
Mid-peak	17%	12%
On-peak	21%	11%
Don't Know	18%	17%

Base: total respondents aware of TOU

For those that are on TOU what is the affect on the bill?		
	Hydro One Brampton	Ontario
Paying more	31%	32%
Paying less	10%	6%
Paying about the same	52%	48%
Don't Know	7%	14%

Base: total respondents on TOU



Please tell me whether you agree strongly, agree somewhat, disagree somewhat, or disagree strongly with each of the following statements:	Hydro One Brampton	Hydro One Brampton	Ontario	Ontario
	Top 2 Boxes	Bottom 2	Top 2 Boxes	Bottom 2
TOU encourages customers to conserve energy	80%	14%	80%	16%
TOU encourages customers to shift energy consumption	78%	16%	77%	16%
TOU is too complicated to make any real impact	42%	49%	32%	61%
TOU provides customers with more information about electricity use and costs	72%	18%	82%	11%
TOU helps electric utilities be more accurate and efficient when billing customers	69%	21%	67%	26%
TOU increases revenues for electric utilities	73%	12%	57%	25%
TOU is a bad idea that won't make any real difference	43%	51%	36%	57%

Base: total respondents with Smart Meters

The data certainly supports the need for more customer education. We believe that it is important for utilities to be proactive communicating with customers. In particular there is a need to be prepared for the number of customer inquiries that will be coming to the utility. Thoughtful answers delivered consistently will be important to ensure your utility is seen in a manner which you wish to be seen.

FIT and MicroFIT (Ontario benchmark only)

The Ontario Power Authority's Feed-In Tariff (FIT) and MicroFIT Programs will allow customers to generate and sell renewable energy back to the grid.

Homeowners, farmers or small business owners have the opportunity to develop a very small or "micro" renewable electricity generation project (10 kilowatts or less in size) on their property. Under the MicroFIT Program, a guaranteed price will be paid for all the electricity a project produces for at least 20 years.

Ontario's feed-in tariff or FIT Program is North America's first comprehensive guaranteed pricing structure for renewable electricity production. It offers stable prices under long-term contracts for energy generated from renewable sources. The FIT Program was enabled by the Green Energy and Green Economy Act, 2009 which was passed into law on May 14, 2009. The Ontario Power Authority is responsible for implementing the program.

Respondents participating in the Ontario Benchmark survey were asked to respond to the following questions regarding FIT or MicroFIT programs.

Prior to this interview how familiar are you with the FIT or MicroFit Program which encourages the development of renewable energy such as wind or solar? Would you say you are very familiar, somewhat familiar, not too familiar, or not at all familiar with it?

Familiarity with the FIT or MicroFit program?

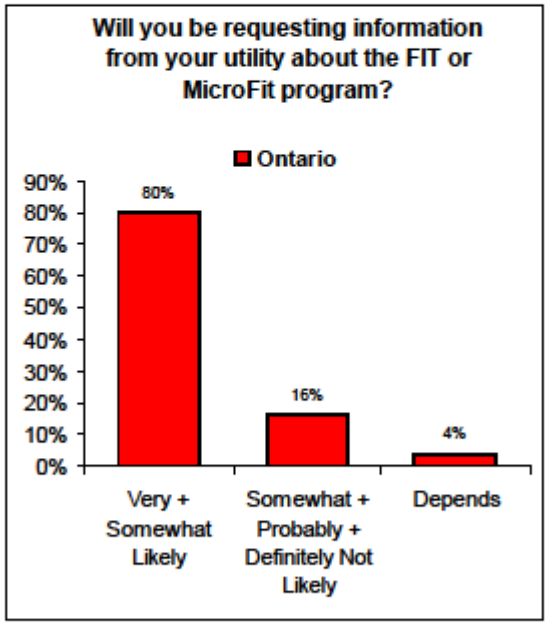
	Ontario
Very + Somewhat familiar	44%
Not too + Not at all familiar	56%
Don't know	0%

Base: total respondents in Ontario benchmark

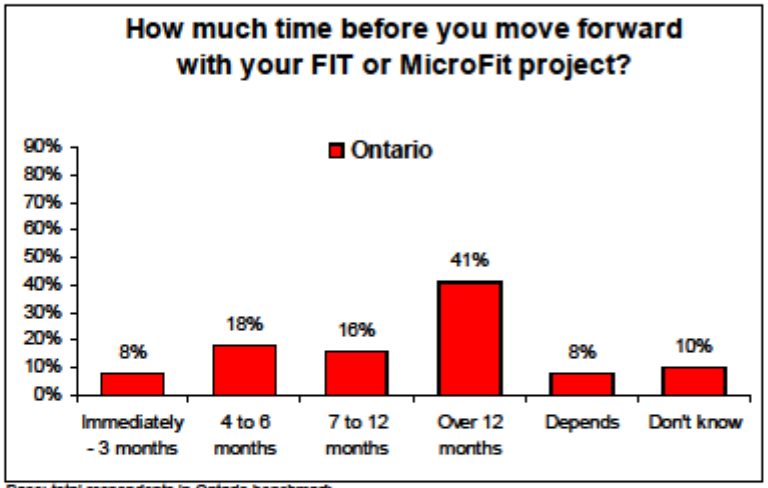
Considering the installation of a wind or solar project?

	Ontario
Yes	24%
No	73%
Don't know	3%

Base: total respondents in Ontario benchmark



How much time before you move forward with your FIT or MicroFIT program?



Base: total respondents in Ontario benchmark

While MicroFIT Projects are not large relative to FIT Projects, they can represent substantial sums of money for homeowners, small business owners, institutions or communities. Of those contacted, four out ten will be moving forward with their FIT or MicroFIT project over the next 12 months.

What do customers think about electricity costs?

It seems the price of nearly everything these days is spiraling out of control. Food, clothing, gasoline and basic commodities are costing us more than ever today. We are concerned with the rising cost of everything around us these days and with good reason. We find our salaries not rising to meet the cost of everything we need and especially when it comes to those items we cannot live without, such as our electricity or other forms of energy to run our homes - Canadians appear to be growing wary of their future purchasing power. Ontarians, in particular, are faced with the HST on July 1, 2010 which automatically increases electricity costs.

Low-income customers are the most vulnerable because they spend a larger share of their budgets on necessities like energy than better-off customers do and because their budgets already are stretched. They also can least afford purchases of new, more energy-efficient heating systems and appliances. Middle-income customers, too, feel the squeeze from higher energy-related prices.

What do customers think about costs?

Next I am going to read a number of statements people might use a bout paying for their electricity. Which one comes closest to your own feelings, even if none is exactly right? Paying for electricity is not really a worry, Sometimes I worry about finding the money to pay for electricity, or Paying for electricity is often a major problem?

	Not a worry	Sometimes	Often	Depends
		Hydro One Brampton		
<$30,000	38%	48%	10%	0%
$30<$70,000	59%	27%	11%	1%
$70,000+	77%	14%	7%	2%

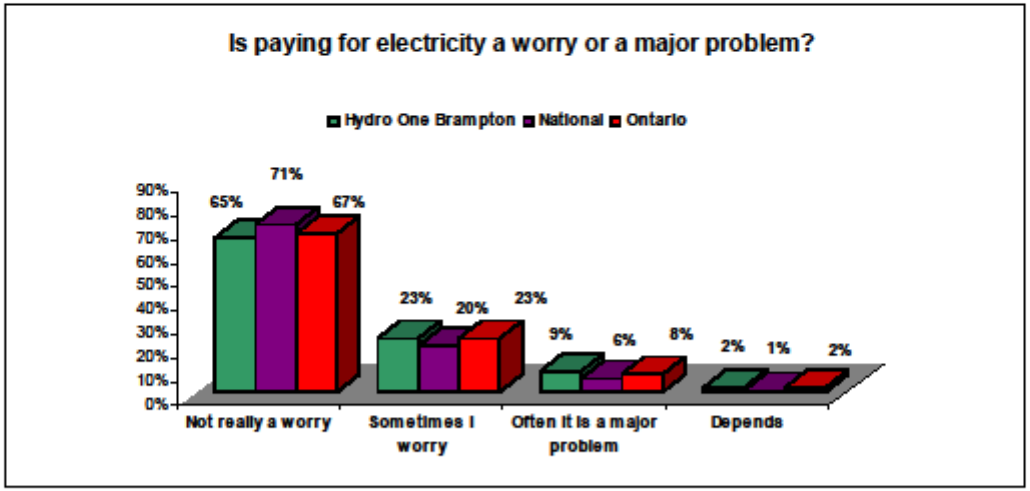
Base: total respondents

	Not a worry	Sometimes	Often	Depends
		Hydro One Brampton		
2010	65%	23%	9%	2%
2009	69%	20%	6%	3%
2008	-	-	-	-
2006	62%	27%	5%	4%

Base: total respondents / (-) Hydro One Brampton was not a participant in the survey year

	Hydro One Brampton	National	Ontario
Not really a worry	65%	71%	67%
Sometimes I worry	23%	20%	23%
Often it is a major problem	9%	6%	8%
Depends	2%	1%	2%

Base: total respondents



In spite of what customers believe about electricity prices – too high or low – their perceptions of value received for the money is a better indicator of pricing and value. 75% of Hydro One Brampton customers with an opinion feel the utility provides good value for their money.

	Not a worry	Sometimes	Often	Depends
		Ontario		
2010	67%	23%	8%	2%
2009	67%	26%	4%	2%
2008	64%	23%	9%	2%
2006	58%	28%	8%	4%
		National		
2010	71%	20%	6%	1%
2009	69%	23%	6%	2%
2008	66%	23%	8%	2%
2006	66%	25%	6%	2%

Base: total respondents

What do small commercial customers think?

The themes/topics identified by the UtilityPULSE survey indicate significant similarities between small commercial customers and residential customers. Over the 12 years that UtilityPULSE has undertaken electric utility satisfaction surveys, it is evident that in some respects, we can infer that the small business owner behaves in a similar manner to the residential customer. One area of overlap is the receipt and payment of the utility bill. Specifically, since small businesses are often owner-managed, they are seemingly just as interested as individuals in comparing their expenditures across consumption categories. In fact, the business owner might be even more economically motivated to reduce energy costs, as business people typically have a "bottom line" focus.

Based on our full data set from all 2010 surveys, small commercial customers have relatively similar views about their utility. The tables associated with this report will contain your specific information as it relates to residential and commercial customers. Recognizing that smaller data samples create greater swings or spreads in the data we have compiled the following based on all of our 2010 discussions with small commercial and residential customers.

As it relates to the six attributes associated with service delivery:

Very or fairly satisfied with...	Residential	Commercial
The time it took to answer the phone	72%	81%
The time it took someone to deal with your problem	71%	79%
The helpfulness of the staff who dealt with your problem	78%	86%
The knowledge of the staff who dealt with your problem	77%	85%
The level of courtesy of the staff who dealt with your problem	85%	92%
The quality of information provided by the staff member	76%	83%

*Base: data from the full 2010 database

	Residential	Commercial
Very/somewhat satisfied	87%	89%
Definitely/probably would continue	84%	84%
Definitely/probably would recommend	70%	72%

*Base: data from the full 2010 database

Comparisons between Residential and Commercial...Top 2 boxes		
Loyalty Groups	Residential	Commercial
Secure	20%	20%
Still Favourable	16%	15%
Indifferent	55%	57%
At risk	9%	7%

*Base: data from the full 2010 database

Please tell me whether you agree strongly, agree somewhat, disagree somewhat, or disagree strongly with each of the following statements:	Residential	Residential	Commercial	Commercial
	Top 2 Boxes	Bottom 2	Top 2 Boxes	Bottom 2
TOU encourages customers to conserve energy	76%	20%	80%	17%
TOU encourages customers to shift energy consumption	78%	19%	80%	15%
TOU is too complicated to make any real impact	38%	54%	42%	51%
TOU provides customers with more information about electricity use and costs	79%	13%	84%	11%
TOU helps electric utilities be more accurate and efficient when billing customers	67%	22%	68%	21%
TOU increases revenues for electric utilities	64%	20%	65%	19%
TOU is a bad idea that won't make any real difference	39%	55%	44%	52%

*Base: data from the full 2010 database

	Residential	Commercial
Respondents with outage problems	35%	32%
Respondents with billing problems	10%	14%

*Base: data from the full 2010 database

Top 2 Boxes	Residential	Commercial
Initially	87%	89%
End of Interview	94%	93%

*Base: data from the full 2010 database
Top 2 Boxes: 'very + fairly satisfied'

Method

The findings in this report are based on telephone interviews conducted for Simul Corp. by Consumer Contact Ltd. between April 13 - April 21, 2010, with 401 respondents who pay or look after the electricity bills from a list of residential and small and medium-sized business customers supplied by Hydro One Brampton.

The sample of phone numbers chosen was drawn randomly to insure that each business or residential phone number on the list had an equal chance of being included in the poll.

The sample was stratified so that 85% of the interviews were conducted with residential customers and 15% with commercial customers.

In sampling theory, in 19 cases out of 20 (95% of polls in other words), the results based on a random sample of 401 residential and commercial customers will differ by no more than ±4.9 percentage points where opinion is evenly split.

This means you can be 95% certain that the survey results do not vary by more than 4.9 percentage points in either direction from results that would have been obtained by interviewing all Hydro One Brampton residential and small and medium-sized commercial customers if the ratio of residential to commercial customers is 85%:15%.

The margin of error for the sub samples is larger. To see the error margin for subgroups use the calculator at http://www.surveysystem.com/sscalc.htm.

Interviewers reached 847 households and businesses from the customer list supplied by Hydro One Brampton. The 401 who completed the interview represent a 47% response rate.

The findings for the Simul/UtilityPULSE National Benchmark of Electric Utility Customers are based on telephone interviews conducted March 11 through March 23, 2010, with adults throughout the country who are

responsible for paying electric utility bills. The ratio of 85% residential customers and 15% small and medium-sized business customers in the National study reflects the ratios used in the local community surveys. The margin of error in the National poll is ±3.2 percentage points at the 95% confidence level.

For the National study, the sample of phone numbers chosen was drawn by recognized probability sampling methods to insure that each region of the country was represented in proportion to its population and by a method that gave all residential telephone numbers, both listed and unlisted, an equal chance of being included in the poll.

The data were weighted in each region of the country to match the regional shares of the population.

The margin of error refers only to sampling error; other non-random forms of error may be present. Even in true random samples, precision can be compromised by other factors, such as the wording of questions or the order in which questions were asked.

Random samples of any size have some degree of precision. A larger sample is not always better than a smaller sample. The important rule in sampling is not how many respondents are selected but how they are selected. A reliable sample selects poll respondents randomly or in a manner that insures that everyone in the population being surveyed has an equal chance of being selected.

How can a sample of only several hundred truly reflect the opinions of thousands or millions of electricity customers within a few percentage points?

Measures of sample reliability are derived from the science of statistics. At the root of statistical reliability is probability, the odds of obtaining a particular outcome by chance alone. For example, the chances of having a coin come up heads in a single toss are 50%. A head is one of only two possible outcomes.

The chance of getting two heads in two coin tosses is less because two heads are only one of four possible outcomes: a head/head, head/tail, tail/head and tail/tail.

But as the number of coin tosses increases, it becomes increasingly more likely to get outcomes that are either close to or exactly half heads and half tails because there are more ways to get such outcomes. Sample survey reliability works the same way but on a much larger scale.

As in coin tosses, the most likely sample outcome is the true percentage of whatever we are measuring across the total customer base or population surveyed. Next most likely are outcomes very close to this true percentage. A statement of potential margin of error or sample precision reflects this.

Some pages in the computer tables also show the standard deviation (S.D.) and the standard error of the estimate (S.E.) for the findings. The standard deviation embraces the range where 68% (or approximately two-thirds) of the respondents would fall if the distribution of answers were a normal bell-shaped curve.

The spread of responses is a way of showing how much the result deviates from the "standard mean" or average. In the Hydro One Brampton data on corporate image, Simul converted the answers to a point scale with 4 meaning agree strongly, 3 meaning agree somewhat and so on (see in the computer tables).

For example, the mean score is 3.61 for providing consistent, reliable energy. The average is 2.83 for working with customers to keep their energy costs affordable.

For reliable energy the standard deviation is 0.59. For affordable energy the S.D. is 0.97. These findings mean there is a wider range of opinion – meaning less consensus – about whether Hydro One Brampton works with customers to keep their energy costs affordable than about whether Hydro One Brampton energy supplies are reliable.

Beneath the S.D. in the tables is the standard error of the estimate. The S.E. is a measure of confidence or reliability, roughly equivalent to the error margin cited for sample sizes. The S.E. measures how far off the sample's results are from the standard deviation. The smaller the S.E. the greater the reliability of the data.

In other words, a low S.E. indicates that the answers given by respondents in a certain group (such as residential bill payers or women) do not differ much from the probable spread of the answers "predicted" in sampling and probability theory.

Data in isolation are not as useful as findings compared with other data. To facilitate comparisons, Simul applied significance testing in the computer analysis to highlight where Hydro One Brampton bill payers differ significantly from respondents in the Simul Ontario benchmark survey.

Reading the tables from left to right, starting with the first column ("TOTAL" or column A), columns headed A and C were compared. These two columns show the data for Hydro One Brampton customers and for bill payers in the province as a whole. Where data are significantly different in these columns, the letters A or C appear.

Reading down column A, for example, the statistic above a letter C is significantly different from the value in the column headed C. An upper-case letter indicates a significant difference (larger than the margin of sampling error) at the 95% confidence level. A lower-case letter signifies a difference at the 90% confidence level.

CONDITIONS OF SERVICE INTRODUCTION

At the time of submission of this rate application, Hydro One Brampton has revised its Conditions of Service and is notifying its customers of the proposed changes. A copy of Hydro One Brampton's proposed revised Conditions of Service has been provided as **Appendix B** at Schedule 15.1 of this Exhibit (the following section).

The proposed Conditions of Service is expected to be in effect August 1, 2010. The document has been revised primarily to accommodate the Green Energy Act and the MicroFIT program.

APPENDIX B

HYDRO ONE BRAMPTON NETWORKS INC.

CONDITIONS OF SERVICE

CONDITIONS OF SERVICE

Hydro One Brampton Networks Inc.

PREFACE

The Distribution System Code (DSC) requires that every Distributor produce its own "Conditions of Service" document. The purpose of this document is to provide a means for communicating the types and level of service available to the Customers within Hydro One Brampton's service area. The Distribution System Code requires that the Conditions of Service be readily available for review by the general public. In addition, the most recent version of the document must be provided to the Ontario Energy Board (OEB), which in turn will retain it on file for the purpose of facilitating dispute resolutions in the event that a dispute cannot be resolved between the Customer and its local distributor.

This document follows the form and general content of the Condition of Service template appended to the DSC. The template was prepared to assist Distributors in developing their own "Conditions of Service" document based on current practice and the DSC. Hydro One Brampton has expanded on the contents to encompass local characteristics and other specific requirements.

The General section contains references to services and requirements that are common to all Customer classes. This section covers items such as Rates, Billing, Hours of Operation, Emergency Response, Power Quality, Available Voltages, Metering Back-Up Generation and Deposits.

The Customer Specific section contains references to services and requirements specific to the respective Customer class. This section covers items such as Service Entrance Requirements, Delineation of Ownership, Special Contracts, etc.

Other sections include the *Glossary of Terms, Tables* and ***References.***

Subsequent changes will be incorporated with each submission to the OEB.

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CONDITIONS OF SERVICE

1 INTRODUCTION

1.1 Identification of Distributor and Service Area

Hydro One Brampton Networks Inc., referred to herein as "Hydro One Brampton," (H.O.B.) is a corporation incorporated under the laws of the Province of Ontario and a Distributor of electricity.

H.O.B. is licensed by the Ontario Energy Board ("OEB") to supply electricity to Customers as described in the Transitional Distribution License issued to H.O.B. on April 1, 2000 by the OEB ("Distribution License"). Additionally, there are requirements imposed on H.O.B. by the various codes referred to in the License and by the Electricity Act, 1998 and the Ontario Energy Board Act, 1998.

H.O.B. may only operate distribution facilities within its Licensed Territory as defined in its Distribution License. This service area is subject to change with the OEB's approval.

Nothing contained in these Conditions or in any contract for the supply of electricity by H.O.B. shall prejudice or affect any rights, privileges, or powers vested in H.O.B. by law under any Act of the Legislature of Ontario or the Parliament of Canada, or any regulations there under.

1.1.1 Distribution Overview

H.O.B. distributes electrical power through its 13.8kV, 27.6kV and 44.0kV primary distribution systems. On the 27.6kV and 44.0kV systems, feeders are arranged to run radial by maintaining open points between interconnections. The 44.0kV feeders also supply distribution transformers through a 13.8kV sub distribution system.

H.O.B. maintains an underground network system a distinct area in Brampton. This low voltage secondary network system may be available to some Customers in the downtown core of the City of Brampton as a source of supply at 120/208V, depending on the local capacity of the system and the energy requirements of the Customer.

The supply of electricity by H.O.B. to any Customer will be at one of the following primary voltage levels: 44.0kV, 27.6kV or 13.8kV depending on the proximity of the Customer's premises to the nearest distribution facility.

1.2 Related Codes and Governing Laws

The supply of electricity or related services by H.O.B. to any Customer shall be subject to various laws, regulations, and codes, including the provisions of the latest editions of the following documents:

1. Electricity Act, 1998 } part of the Energy Competition
2. Ontario Energy Board Act, 1998 } Act, 1998
3. Distribution License
4. Affiliate Relationships Code
5. Transmission System Code
6. Distribution System Code
7. Retail Settlement Code
8. Standard Service Supply Code

CONDITIONS OF SERVICE

In the event of a conflict between this document and the Distribution License or regulatory codes issued by the OEB, or the Energy Competition Act, 1998 (the "Act"), the provisions of the Act, the Distribution License and associated regulatory codes shall prevail in the order of priority indicated above. If there is a conflict between a Connection Agreement with a Customer and this Conditions of Service, this Conditions of Service shall govern.

When planning and designing for electricity service, Customers and their agents must refer to all applicable provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to also ensure compliance with their requirements. Without limiting to the foregoing, the work shall be conducted in accordance with the latest edition of the Ontario Occupational Health and Safety Act (OHSA), the Regulations for Construction Projects and the harmonized Electric Utility Safety Association (EUSA) rulebook.

1.3 Interpretations

In these Conditions, unless the context otherwise requires:

- headings, paragraph numbers and underlining are for convenience only and do not affect the interpretation of this Conditions;
- words referring to the singular include the plural and vice versa;
- words referring to a gender include any gender

1.4 Amendments and Changes

The provisions of this Conditions of Service and any amendments made from time to time form part of any Contract made between H.O.B. and any connected Customer, Retailer, or Generator, and this Conditions of Service supercedes all previous conditions of service, oral or written, of H.O.B. or any of its predecessor municipal electric utilities as of its effective date. In the event of changes to this Conditions of Service, H.O.B. will issue a notice with the Customer's bill. H.O.B. may also issue a public notice in a local newspaper.

The Customer is responsible for contacting H.O.B. to ensure that the Customer has, or to obtain the current version of this Conditions of Service. H.O.B. may charge a reasonable fee for providing the Customer with a copy of this document.

1.5 Contact Information

H.O.B. can be contacted 24 hours a day at 905-840-6300 or such other numbers as H.O.B. may advise through its website, invoices or otherwise. Normal working hours are Monday to Friday between 8:30 a.m. and 4:30 p.m. The corporate mailing address is 175 Sandalwood Parkway West, Brampton, Ontario, L7A 1E8.

1.6 Customer Rights

H.O.B. shall only be liable to a Customer and a Customer shall only be liable to H.O.B. for any damages that arise directly out of the willful misconduct or negligence:

- of H.O.B. in providing distribution services to the Customer;
- of the Customer in being connected to H.O.B.'s distribution system;
- of H.O.B. or Customer in meeting their respective obligations under this Conditions, their licences and any other applicable law.

Notwithstanding the above, neither H.O.B. nor the Customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

The Customer or Embedded Generator shall indemnify and hold harmless H.O.B., its directors, officers, employees and agents from any claims made by any third parties in connection with the construction and installation or operation of a generator by or on behalf of the Customer or the Embedded Generator.

1.7 Distributor Rights

1.7.1 Access to Customer Property

H.O.B. shall have access to Customer property in accordance with section 40 of the *Electricity Act, 1998*.

1.7.2 Safety of Equipment

The Customer will comply with all aspects of the Ontario Electrical Safety Code (latest edition) with respect to insuring that equipment is properly identified and connected for metering and operation purposes and will take whatever steps necessary to correct any deficiencies, in a timely fashion. If the Customer does not take such action within a reasonable time, H.O.B. may disconnect the supply of power to the Customer.

The Customer shall not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the running of distribution lines, endanger the equipment of H.O.B., interfere with the proper and safe operation of H.O.B.'s facilities or adversely affect compliance with any applicable legislation in the sole opinion of H.O.B.

The customer is responsible for ensuring that the slope of the grading from the building permits natural drainage of water away from the building. He is also responsible for any settling of the grade that causes damage to H.O.B.'s underground plant.

The Customer shall not use or interfere with the facilities of H.O.B. except in accordance with a written agreement with H.O.B. The Customer must also grant H.O.B. the right to seal any apparatus where an electrical connection could potentially be made on the line side of the revenue metering equipment (unauthorized unmetered load)

The Customer will provide a convenient and safe place, satisfactory to H.O.B., for installing, maintaining and operating its equipment in, on, or about the Customer's premises. H.O.B. assumes no risk and will not be liable for damages resulting from the presence of its equipment on the Customer's premises or approaches thereto, or action, omission or occurrence beyond its control, or negligence of any Persons over whom H.O.B. has no control.

Customers will be required to pay the cost of repairs or replacement of H.O.B.'s equipment that has been damaged or lost by the direct or indirect act or omission of the Customer or its Agents.

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1.7.3 Operating Control

The physical location on Customer's premises at which a distributor's responsibility for operational control of distribution equipment ends is defined by the DSC as the "operational demarcation point" (i.e: customer's primary isolating to his transformer).

Operational demarcation points for non flat-rate services are identified in tables 1.1 to 1.5.

For unmetered (flat-rate) overhead services the demarcation point is the connection point at the customer's service mast. For unmetered underground services the demarcation point is either in the customer's handwell (if used) or the secondary spades of H.O.B.'s mini-pad transformer.

H.O.B. will define its' point of Operating Control for each site as required. No Person shall operate remove, replace, alter, repair, inspect or tamper with H.O.B.'s equipment unless they are an employee or an agent of H.O.B., or other Person lawfully entitled to do so.

1.7.4 Repairs of Defective Customer Electrical Equipment

The Customer will be required to repair or replace any equipment owned by the Customer that may affect the integrity or reliability of H.O.B.'s distribution system. If the Customer does not take such action within a reasonable time, H.O.B. may disconnect the supply of power to the Customer. H.O.B.'s policies and procedures with respect to the disconnection process are further described in these Conditions.

1.7.5 Repairs of Customer's Physical Structures

Construction and maintenance of all civil works on private property owned by the Customer, including such items as transformer vaults, transformer pads, cable chambers, cable pull rooms and underground conduit, will be the responsibility of the Customer. All civil work on private property that facilitates H.O.B. Equipment must be inspected and accepted by H.O.B.

The Customer is responsible for the maintenance and safe keeping conditions satisfactory to H.O.B. of its structural and mechanical facilities located on private property.

1.7.6 Force Majeure

Other than for any amounts due and payable by the Customer to Hydro One or by H.O.B. to the Customer, neither H.O.B. nor the Customer shall be held to have committed an event of default in respect of any obligation under these Conditions of Service if prevented from performing that obligation, in whole or in part, because of a Force Majeure event.

If a Force Majeure Event prevents either party from performing any of its obligations under these Conditions of Service, that party shall:

a) other than for Force Majeure Events related to acts of God, promptly notify the other party of the Force Majeure Event and its assessment in good faith of the effect that the event will have on its ability to perform any of its obligations. If the immediate notice is not in writing, it shall be confirmed in writing as soon as reasonably practical;
b) not be entitled to suspend performance of any of its obligations under these Conditions of Service to any greater extent or for any longer time that the Force Majeure requires it to do;
c) use its best efforts to mitigate the effects of the Force Majeure Event, remedy its inability to perform, and resume full performance of its obligations;

d) keep the other party continually informed of its efforts; and
e) other than for Force Majeure Events related to acts of God, provide written notice to the other party when it resumes performance of any obligations affected by the Force Majeure Event;
f) if the Force Majeure Event is a strike or lock out of H.O.B.'s employees or authorized agents, H.O.B. shall be entitled to discharge its obligations to notify its Customers in writing by means of placing an ad in the local newspaper.

1.8 Disputes

To resolve disputes, H.O.B. will follow the terms of Section 23 of the Transitional Distribution Licence.

Section 23 of the Transitional Distribution Licence states:

The Licensee shall:

a) establish proper administrative procedures for resolving complaints by customers and other market participants' complaints regarding services provided under the terms of this License;
b) publish information which will facilitate its Customers accessing its complaints resolution process;
c) refer unresolved complaints and subscribe to an independent third party complaints resolution agency which has been approved by the Board;
d) make a copy of the complaints resolution procedure available for inspection by members of the public at each of the Licensee's premises during normal business hours;
e) give or send free of charge a copy of the procedure to any person who reasonably requests it; and
f) keep a record of all complaints whether resolved or not including the name of the complainant, the nature of the complaint, the date resolved or referred and the result of the dispute resolution.

CONDITIONS OF SERVICE

2 DISTRIBUTION ACTIVITIES (GENERAL)

2.1 Connections - Process and Timing

Under the terms of the Distribution System Code, H.O.B. has the obligation to either connect or to make an offer to connect any Customers that lie in its service area.

The Customer or its representative shall consult with H.O.B. concerning the availability of supply, the supply voltage, service location, metering, and any other details. These requirements are separate from and in addition to those of the Electrical Safety Authority. H.O.B. will confirm, in writing, the characteristics of the electric supply.

The Customer or its authorized representative shall apply for new or upgraded electric services and temporary power services in writing. The Customer is required to provide H.O.B. with sufficient lead-time in order to ensure:

(a) the timely provision of supply to new and upgraded premises or
(b) the availability of adequate capacity for additional loads to be connected in existing premises.

H.O.B. shall make every reasonable effort to respond promptly to a Customer's request for connection. H.O.B. shall respond to a Customer's written request for a Customer connection within 15 calendar days of receipt of the written request. H.O.B. will make an offer to connect within 30 calendar days of receipt of the written request, unless other necessary information is required from the Customer before the offer can be made.

H.O.B. shall make every reasonable effort to respond promptly to a generator's request for connection. In any event H.O.B. shall provide an initial consultation with a generator that wishes to connect to the distribution system regarding the connection process within thirty (30) calendar days of receiving a written request for connection. A final offer to connect a generator to its distribution system shall be made within thirty (30) calendar days of receiving a written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

H.O.B. shall make every reasonable effort to respond promptly to another distributor's request for connection. H.O.B. shall provide an initial consultation with another distributor regarding the connection process within thirty (30) days of receiving a written request for connection. A final offer to connect the distributor to H.O.B.'s distribution system shall be made within ninety (90) days of receiving the written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

H.O.B., in its discretion, may require a Customer, generator or distributor to enter into a Connection Agreement with H.O.B. including terms and conditions in addition to those expressed in this Conditions.

If special equipment is required or equipment delivery problems occur then longer lead times may be necessary. H.O.B. will notify the Customer of any extended lead times.

In addition to any other requirements in these Conditions, the supply of electricity is conditional upon H.O.B. being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should H.O.B. not be permitted or able to do so, it is under no responsibility to the Customer whatsoever and the Customer releases Hydro from any liability in respect thereto.

CONDITIONS OF SERVICE

2.1.1 Building that Lies Along

For the purpose of these Conditions, "lies along" means a Customer property or parcel of land that is directly adjacent to or abuts onto the public road allowance where H.O.B. has distribution facilities of the appropriate voltage and capacity.

Under the terms of the Distribution System Code, H.O.B. has the Obligation to connect (under Section 28 of the Electricity Act, 1998) a building or facility that "lies along" its distribution line, provided:

a) the building can be connected to H.O.B.'s distribution system without an Expansion or Enhancement and,
b) the service installation meets the conditions listed in the Conditions of Service of the Distributor that owns and operates the distribution line.

The location of the Customer's service entrance equipment will be subject to the approval of H.O.B. and the Electrical Safety Authority.

2.1.2 Expansions / Offer to Connect

Note: For residential or Commercial/Industrial Subdivision Services, please see sample Subdivision Agreements in Appendices #2, #6, and #7 respectively. The balance of this section describes the relationship with a customer wishing to connect.

Under the terms of the Distribution System Code, H.O.B. is required to make an "offer to connect: if, in order to connect a Customer, H.O.B. must construct new distribution system facilities or increase the capacity of existing distribution facilities (i.e. and "Expansion" of its system). In making an "Offer to connect", H.O.B. will include, without limitation, the following component, as applicable:

a. the Capital Contribution
b. the Security Deposit

The cost associated with the Expansion is to be fair and reasonable. Refer to Tables 1.1 to 1.5 in Section 5 for Basic and Capital Contribution Fees of each Customer Class and the respective ownership demarcation point.

H.O.B. will perform an economic evaluation to determine whether the future revenue from the Customer will pay for the capital and on-going maintenance costs of the Expansion project (refer to methodology and assumptions in the DSC Code –Appendix B). At the discretion of H.O.B., the capital costs for the Expansion may include incremental costs associated with the full use of H.O.B.'s existing spare facilities or equipment, which may result in an adverse impact to future Customers. The economic evaluation will be based on the Customer's proposed load.

In performing the economic evaluation, should the Net Present Value (NPV) of the costs and revenues associated with the Expansion be less than zero, a capital contribution in the amount of the shortfall is required. H.O.B. has the choice of either:

(a) collecting this shortfall from the Customer or,
(b) absorbing this shortfall.

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H.O.B. may charge a Customer that chooses to pursue an alternative bid any costs incurred by H.O.B. associated with the expansion project, including but not limited to the following:

- Costs for additional design, engineering, or installation of facilities required to complete the project that were made in addition to the original offer to connect.
- Costs to review designs prepared by customer or customer representative.
- Costs for inspection or approval of the work performed by the contractor hired by the Customer.

2.1.2.1 Offer to Connect

H.O.B.'s offer to connect will be an estimate of the costs to construct the expansion and not a firm offer, the final amount charged to the Customer will be based on actual costs incurred. H.O.B. will calculate the first estimate and the final payment at no expense to the Customer.

2.1.2.2 Capital Contributions

If applicable, the capital contribution charges collected from the Customer is to be consistent with the respective Customer Class as outlined below:

Class 1 – Residential Single Service:

- Overhead: Contribution is not collected for up to a 200amp 120/240 volt service and the Utility supplying a maximum 30 meter of service cable. Consult with Utility for rural services or services larger than 200 amp at 120/240 volt.

- Underground: Contribution is collected for work involved in supplying and installing a service from the street line into the customer's meter base. A credit equivalent to the cost of supplying and installing up to 30 meters of overhead secondary conductor and an overhead transformer rated for 200 amp 120/240 volt capacity shall be applied to the recoverable costs incurred.

Class 2 – General Service (Below 50 kW):

- No Transformation required on private property. (Overhead or Underground): Contribution is collected from Customer.

Class 3 – General Service (50 kW – 1499 kW):

- Single building, 50 kW – 250 kW (No Transformation on Customer's property): Contribution is collected from Customer
- Single building, 50 kW – 1499 kW (Transformation on Customer's property): Contribution is collected from Customer
- Subdivisions, multi-unit or townhouse complex/developments: Contribution is collected from Customer

Class 4 – General Service (1500 kW and above):

- Contribution is collected from Customer.

Note: Customers who are serviced from H.O.B.'s 44 kV or 27.6 kV distribution system and own a high-voltage switchgear/transformer and whose monthly demand is less than 1500 kW are included in Class 4.

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2.1.2.3 Settlement of Capital Contributions – Residential Subdivisions

The initial demand proposed by the Customer must be reasonable and shall be subject to acceptance by H.O.B. However, if after two (2) years from the In-Service Date, the Customer's 12-months rolling average monthly demand is less than 90% of the Incremental Demand for the Expansion, the Customer and H.O.B. agree to:

- re-do the economic evaluation based on the Customer's actual 12-months average monthly demand
- recalculate the amount of capital contribution
- readjust accordingly the expected Incremental Revenue
- the Customer or H.O.B. shall reduce the difference in the capital contribution to zero by paying the balance no later than 30 days after the date of H.O.B.'s notice of capital contribution settlement.

2.1.2.4 Rebates Related to Expansions – Residential Subdivisions

In scenarios where H.O.B. is required to install new plant solely for the connection of a Customer, the Customer will be required to pay H.O.B. 100% of the calculated shortfall. If within 5 years from the connection date, non-forecasted Customers shall contribute their share and the first Customer will be entitled to a rebate as outlined in H.O.B.'s rebate process.

2.1.2.5 Supply Agreement and Securities

To keep H.O.B. harmless as a result of H.O.B. agreeing to reduce the amount of capital contribution required for the Expansion, the General Service Class 3 & 4 Customers (i.e. 700 kW and above) shall enter into a Supply Agreement and provide a security deposit to cover for the difference between the actual costs incurred by H.O.B. and the capital contribution(s) paid by the Customer.

With each subsequent renewal of the security deposit the Customer's liability shall be reduced by an amount equal to the actual incremental revenue collected since the in-service date. The residual debt, if any, is due 5 years after the in-service date, or upon termination of the Supply Agreement. The obligation to pay any outstanding amount shall survive the termination of the Supply Agreement. An irrevocable (standby) letter of credit or a letter of guarantee from a chartered bank, trust company or credit union is acceptable in lieu of a cash deposit. This security deposit is in addition to any other charges or deposits that may be required by H.O.B. and is to be provided prior to the connection of service.

2.1.3 Connection Denial

The Distribution System Code provides for the ability of a Distributor to deny connections. A Distributor is not obligated to connect a building within its service area if the connection would result in any of the following:

- Contravention of existing laws of Canada and the Province of Ontario,
- Violations of conditions in H.O.B. 's License,
- Use of a distribution system line for a purpose that it does not serve and that the Distributor does not intend to serve,
- Adverse affect on the reliability or safety of the distribution system,
- Public safety reasons or imposition of an unsafe work situation beyond, normal risks inherent in the operation of the distribution system,
- A material decrease in the efficiency of the distributor's distribution system connection,

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- Discriminatory access to distribution services,
- If the person requesting the connection owes H.O.B. money for distribution services,
- Potential increases in monetary amounts that already are in arrears with the distributor,
- If an electrical connection to H.O.B.'s distribution system does not meet H.O.B.'s design requirements, or
- Any other conditions documented in H.O.B.'s Conditions of Service document.

If H.O.B. refuses to connect a building in its service area that lies along one of its distribution lines, H.O.B. shall inform the person requesting the connection of the reasons for the denial, and where H.O.B. is able to provide a remedy, make an offer to connect. If H.O.B. is not capable of resolving the issue, it is the responsibility of the Customer to do so before a connection can be made.

2.1.4 Inspections Before Connections

Note: For Residential or Commercial/Industrial Subdivision Inspection Requirements please see Sample Subdivision Agreements in Appendices #2 and #6 respectively. For all other projects (connections) it is mandatory that the customer (or representative) coordinates a pre-construction meeting at which utility and customer representatives will review planned work.

All customer electrical installations shall be inspected and approved by the Electrical Safety Authority and must also meet H.O.B.'s requirements. H.O.B. requires written notification from the Electrical Safety Authority of this approval prior to the energization of a Customer's supply of electricity (other conditions outlined in this Conditions must also be met before a connection is made). Services that have been disconnected for a period of six months or longer must also be re-inspected and approved by the Electrical Safety Authority, prior to reconnection.

Temporary services, typically used for construction purposes must be approved by the Electrical Safety Authority and must be re-inspected should the period of use exceed twelve months.

Customer owned substations must be inspected by both the Electrical Safety Authority and H.O.B. The customer will have an independent High Voltage Contractor use a Checklist provided by the Utility to inspect the customer owned station and provide his findings to H.O.B. prior to connection.

Transformer vaults, manholes, pulling rooms and padmount transformer bases shall be inspected and approved by H.O.B. prior to the installation of H.O.B.'s equipment.

Duct banks shall be inspected and approved by H.O.B. prior to the pouring of concrete and again before backfilling. The completed ducts must be constructed to H.O.B.'s requirements and shall be clear of all extraneous material. In the presence of a H.O.B. Inspector, a mandrel, approved by H.O.B. for a nominal diameter of duct will be passed through each duct by the owner's representative. In the event of the duct(s) being blocked by ice after inspection but before H.O.B. installs cable(s), the owner's representative will be responsible for clearing the ducts prior to the cable installation.

Connection to existing concrete duct banks or manholes shall be done by a contractor approved by H.O.B. All work done on existing H.O.B. plant must be authorized by H.O.B. and carried out in accordance with all applicable safety acts and regulations.

Provision for metering shall be inspected and approved by H.O.B. prior to energization.

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2.1.5 Relocation of Plant

When requested to relocate distribution plant, H.O.B. will exercise its rights and discharge its obligations in accordance with existing acts, by-laws and regulations including the *Public Service Works on Highways Act*, formal agreements, easements and law. In the absence of existing agreements, H.O.B. is not obligated to relocate the plant. However, H.O.B. shall resolve the issue in a fair and reasonable manner. Resolution in a fair and reasonable manner will include a response to the requesting party that explains the feasibility or unfeasibility of the relocation and a fair and reasonable charge for relocation based on cost recovery principles.

2.1.6 Easements

To maintain the reliability, integrity and efficiency of the distribution system, H.O.B. has the right to have supply facilities on private property and to have easements registered against title to the property. Easements are required where facilities serve property other than property where the facilities are located and/or where H.O.B. deems it necessary.

Subdivision Developers or Owners will prepare at their own cost any required reference plan to the satisfaction of H.O.B. Four copies of the deposited reference plan must be supplied to H.O.B. prior to the preparation of the easement documents. Details will be provided upon application for service.

For Commercial or Industrial projects H.O.B. will arrange for the preparation of a reference plan and the preparation and registration of easement documents which will be forwarded to your solicitor electronically for review and acceptance.

In the event of failure by the Owner/Developer to grant any easement required by H.O.B. pursuant to the terms of this agreement the same may be acquired by the exercise of powers available to H.O.B. under the Expropriations Act of Ontario. Notwithstanding any provision of the said Act no compensation or costs are payable by H.O.B. to the Owner/Developer for the forcible taking of any easement including the market value of the interest taken, disturbance damages, injurious affection or any other compensation. The Owner/Developer hereby waives all claims and H.O.B. shall not be obliged to comply with any provision of the said Act the purpose of which is to determine compensation payable to the Owner/Developer. The costs incurred by H.O.B. in expropriation an easement pursuant to this section are payable by the Owner/developer.

2.1.7 Contracts

2.1.7.1 Contract for New or Modified Electricity Service

At the present time a customer is generally not required to sign a contract for service. H.O.B. shall only connect a Building for a new or modified supply of electricity upon receipt by H.O.B. of a completed and signed Commercial – Industrial Customer Data Form, payment to H.O.B. of any applicable connection charge, and an inspection and approval by the Electrical Safety Authority and H.O.B. of the electrical and civil equipment for the new service.

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2.1.7.2 Implied Contract

In all cases, notwithstanding the absence of a written contract, H.O.B. has an implied contract with any Customer that is connected to H.O.B.'s distribution system and receives distribution services from H.O.B. The terms of the implied contract are embedded in H.O.B.'s Conditions of Service, H.O.B.'s rate schedules, H.O.B.'s license and the Distribution System Code, as amended from time to time.

Any person or persons who take or use electricity from H.O.B. shall be liable for payment for such electricity. Any implied contract for the supply of electricity by H.O.B. shall be binding upon the heirs, administrators, executors, successors or assigns of the Person or Persons who took and/or used electricity supplied by H.O.B.

2.1.7.3 Special Contracts

Special contracts that may be customized in accordance with the service requested by the Customer normally include, but are not necessarily limited to, the following examples:

- Construction sites,
- Mobile facilities,
- Non-permanent structures,
- Special occasions, etc.
- Generation,
- Streetlight services,
- Flat rate services, or
- Multi-line electrical supply applications.

2.1.7.4 Payment by Building Owner

The owner of a Building is responsible for paying for the supply of electricity by H.O.B. to the owner's Building except for any supply of electricity to the Building by H.O.B. in accordance with a request for electricity by an occupant(s) of the Building.

A Building owner wishing to terminate the supply of electricity to its Building must notify H.O.B. in writing. Until H.O.B. receives such written notice from the Building owner, the Building owner or the occupant(s), as applicable, shall be responsible for payment to H.O.B. for the supply of electricity to such Building.

H.O.B. may refuse to terminate the supply of electricity to an owner's Building until notice has been served to the building occupant(s) that the owner has requested disconnection. The owner, prior to disconnection, must also pay the disconnect/reconnect fee.

2.1.7.5 Opening and Closing of Accounts

A Customer who wishes to open an account for the supply of electricity by H.O.B. shall contact H.O.B.'s Call Centre by phone, by written request (including requests submitted by facsimile), or other means acceptable to H.O.B. A Customer may be asked for information including but not limited to: employer name, address and phone number, Drivers License, S.I.N. #, lease agreements, date of birth and e-mail address.

A Customer who wishes to close an account with H.O.B. (i.e. because the Customer moves to another location, or the Customer wishes to purchase electricity from another supplier, or otherwise) must notify H.O.B.

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Until H.O.B. receives such notice from the Customer or its authorized retailer, the Customer shall be responsible for payment to H.O.B. for the supply of electricity to the Customer.

2.2 Disconnection

H.O.B. reserves the right to disconnect the supply of electrical energy for causes not limited to:

- Contravention of the laws of Canada or the Province of Ontario.
- Adverse effect on the reliability and safety of the distribution system.
- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the distributor's distribution system.
- A materially adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- Inability of H.O.B. to perform meter reads, planned inspections and maintenance.
- Failure of the Customer to comply with a directive of H.O.B. that H.O.B. makes for purposes of meeting its license obligations.
- Overdue amounts payable to H.O.B. for the distribution or retail of Electricity as permitted by the Distribution System Code.
- Non-payment, in whole or in part, of any requested account security deposit as permitted by the Distribution System Code.
- Electrical disturbance propagation caused by Customer equipment that are not corrected in a timely fashion.
- When an Order to Disconnect is issued by Electrical Safety Authority.
- Any other conditions identified in this Conditions of Service document.

H.O.B. may disconnect the supply of electricity to a Customer without notice in accordance with a court order, or for emergency, safety or system reliability reasons.

2.2.1 Disconnection & Reconnection – Process and Charges

2.2.1.1 Non-Payment of Account:

Immediately following the due date, steps will be taken to collect the full amount of the bill. If the bill is still unpaid sixteen calendar days after the due date and seven calendar days after a disconnect notice has been given to the Customer, the service may be disconnected and not restored until satisfactory payment arrangements have been made, including costs of reconnection. Reconnection will only take place between the hours of 08:00 and 16:00. Additional charges will apply for reconnections performed outside of these hours and will only be done at Hydro One Brampton's discretion. Such discontinuance of service does not relieve the Customer of the liability for arrears or minimum bills for the balance for the term of contract, nor shall H.O.B. be liable for any damage to the Customer's premises resulting from such discontinuance of service. Disconnect notices will be in writing and if given by mail shall be deemed to be received on the third business day after mailing.

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2.2.1.2 Electrical:

Upon discovery that a hazardous condition or disturbance propagation (feedback) exists, H.O.B. will notify the Customer to rectify the condition at once. In case the Customer fails to make satisfactory arrangement to remedy the condition within seven calendar days after a disconnect notice (request to rectify) has been given to the Customer, the service may be disconnected and not restored until satisfactory arrangements to remedy the condition have been made. H.O.B. shall not be liable for any damage to the Customer's premises resulting from such discontinuance of service. Disconnect notices will be in writing and if given by mail shall be deemed to be received on the third business day after mailing.

2.2.1.3 General:

Upon receipt of a written Disconnection request by the Customer, H.O.B. will disconnect and/or remove H.O.B.'s connection assets at the Customer's cost as outlined in Tables 1.1 to1.5 of these Conditions.

2.2.2 Unauthorized Energy Use

H.O.B. reserves the right to disconnect the supply of electrical energy to a Customer for causes not limited to energy diversion, fraud or abuse. Such service may not be reconnected until the Customer rectifies the condition and provides full payment to H.O.B. including all costs incurred by H.O.B. arising from unmetered energy use, including inspections, repair costs, and the cost of disconnection and reconnection.

2.3 Conveyance of Electricity

2.3.1 Limitations on the Guarantee of Supply

H.O.B. will endeavor to use reasonable diligence in providing a regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable for damages to the Customer by reason of any failure in respect thereof.

Customers requiring a higher degree of security than that of normal supply are responsible to provide their own U.P.S. (uninterruptible power supply) back-up or standby facilities. Momentary power interruptions may affect a customer's facility, and the Customer will protect itself from same.

Customers requiring a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of supply to one phase, or non-simultaneous switching of any of the three phases of the HOB's supply. Damages resulting from the failure to install protective apparatus shall be at the Customer's expense.

During an emergency, H.O.B. may interrupt supply to a Customer in response to a shortage of supply, or to effect repairs on the distribution system, or while repairs are being made to Customer-owned equipment. H.O.B. shall have rights to access to a property in accordance with section 40 of the *Electricity Act, 1998* and any successor acts thereto.

To assist with distribution system outages or emergency response, H.O.B. may require a Customer to provide H.O.B. with emergency access to Customer-owned distribution equipment that normally is operated by H.O.B. or H.O.B. owned equipment on Customer's property.

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2.3.2 Power Quality

2.3.2.1 Power Quality Testing

In response to a Customer power quality concern, where the utilization of electric power adversely affects the performance of electrical equipment, H.O.B. will perform investigative analysis to attempt to identify the underlying cause. Depending on the circumstances, this may include review of relevant power interruption data, trend analysis, and/or use of diagnostic measurement tools.

Upon determination of the cause resulting in the power quality concern, where it is deemed a system delivery issue and where industry standards are not met, H.O.B. will recommend and/or take appropriate mitigation measures. H.O.B. will take appropriate actions to control power disturbances found to be detrimental to the Customers. If H.O.B. is unable to correct the problem without adversely affecting other H.O.B. Customers, then it is not obligated to make the corrections. H.O.B. will use appropriate industry standards (such as IEC or IEEE standards) and good utility practice as a guideline.

If the power quality concern lies on the Customer side of the system, H.O.B. will seek reimbursement from the Customer for the costs incurred in its investigation. H.O.B. is not obligated to identify the source of the power quality concern on the customer's side of the electrical service.

2.3.2.2 Prevention of Voltage Distortion on Distribution

Customers having non-linear load shall not be connected to H.O.B.'s distribution system unless power quality is maintained by implementing proper corrective measures such as installing proper filters, and/or grounding. Further, to ensure the distribution system is not adversely affected, power electronics equipment installed must comply with IEEE Standard 519-1992 (latest edition). The limit on individual voltage harmonic distortion is 3%, while the limit on total voltage harmonic distortion is 5%.

2.3.2.3 Obligation to Help in the Investigation

During the course of a Power Quality Investigation being performed by H.O.B. or its representative, the Customer is obligated to help H.O.B. by providing required equipment information, relevant data and necessary access for monitoring the equipment.

2.3.2.4 Timely Correction of Deficiencies

If an undesirable system disturbance is being caused by Customer's equipment, the Customer will be required to cease operation of the equipment until the Customer, at the Customer's cost, has taken satisfactory remedial action. The Customer will be responsible for all costs incurred by the Utility in its effort to identify and correct the source of the disturbance. If the Customer does not take such action within a reasonable time, H.O.B. may disconnect the electrical supply to the Customer.

2.3.2.5 Notification for Interruptions

Although it is H.O.B.'s policy to minimize inconvenience to Customers, it is necessary to occasionally interrupt a Customer's supply to allow work on the electrical system. H.O.B. will endeavor to provide the Customers with reasonable notice of planned power interruptions. Notice may not be given where work is of an emergency nature involving the possibility of injury to persons or damage to property or equipment.

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2.3.2.6 Third Party Notification to Customers

H.O.B. offers a service to Customers who require assistance communicating with our staff, due either to language difficulties, age, etc. Upon receipt of written instructions from the customer we will record the name and telephone number of a designated third party who our staff can contact regarding the Customer's account. The account record will instruct any H.O.B. representative how to contact the third party instead of the customer.

2.3.2.7 Emergency Interruptions for Safety

H.O.B. will endeavor to notify Customers prior to interrupting the supply to any service. However, if an unsafe or hazardous condition is found to exist, or if the use of electricity by apparatus, appliances, or other equipment is found to be unsafe or damaging to H.O.B. or the public, service may be interrupted without notice.

2.3.2.8 Emergency Service (Trouble Calls)

H.O.B. will exercise reasonable diligence and care to deliver a continuous supply of electrical service to the Customer. However, H.O.B. cannot guarantee a supply that is free from interruption.

When power is interrupted, the Customer should first ensure that failure is not internal within their property. If there is a partial power failure, the Customer should consult with our Control Room Operator (24 hrs/day, 7 days/week at 905-840-6300 ext. 7250) before obtaining the services of an electrical contractor. Once H.O.B. confirms that its' electrical supply has failed, it will initiate restoration efforts as soon as practicable.

2.3.2.9 Outage Reporting

In the event of a major loss of power and depending on the duration of the outage, H.O.B. may issue a news release to advise the general public of the outage. In turn, local news television and radio stations may call for information on a 24-hour basis when they hear of an outage.

2.3.3 Electrical Disturbances

H.O.B. shall not be held liable for the failure to maintain supply voltages within standard levels due to Force Majeure as defined in Section 2.3.5 of these Conditions.

Customers who require an uninterrupted source of electrical service or a supply completely free of fluctuation and disturbance must provide and maintain their own power conditioning equipment for these purposes.

2.3.3.1 Voltage Fluctuations

Voltage fluctuations and other disturbances can cause flickering of lights and other serious difficulties for Customers connected to the H.O.B.'s distribution system. Equipment that may cause disturbances include, but is not limited to: large motors, welders, arc furnaces, and variable speed drives, etc.

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The Customer is responsible to ensure their equipment does not introduce voltage disturbances onto the utilities supply system that could adversely affect other customers. Should the Customer's equipment cause a disturbance onto the utilities supply system that affects the quality of service to other Customers operation, the operation of the disturbance causing equipment must be discontinued immediately. See Section 2.3.2.4.

2.3.3.2 Motors, Welders, Arc Furnaces, Etc.

The Customers motors, resistance welders, arc furnaces, and other electrical equipment must be of an approved design and be operated so that the quality of electrical service to other customers will not be affected.

Motor starting limitations and nameplate KVA ratings referred to in Table 7 do not imply the Customer's voltage is "flicker free." Rather, this is the limit where the Customer's equipment should not disturb the utilities electrical supply system. Please refer to Table 7 for Motor Starting and Welder limitations.

2.3.3.3 Three Phase Reclosure, & Single Phase Operation, & Loss of Phase

The distribution system incorporates circuit reclosure operation as a normal operating function of all primary voltages. This should be taken into account by the designer of electrical systems for equipment that is sensitive to automatic electrical reclosure operations.

The distribution system is such that "single phasing" (loss of one or two phases) is to be expected from time to time.

Customers using a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of one phase, or non-simultaneous switching of phases of the Distributor's supply.

2.3.3.4 System Switching

H.O.B. and Hydro One Networks Inc. perform system switching as a normal course of operation of the distribution system. During some switching operations transients may occur that may cause operational difficulties to some equipment. It is recommended that the Customer consult with the manufacturer of the affected equipment regarding transient mitigation equipment. An example of this is the affect on small variable speed drives by capacitor bank switching operations.

2.3.3.5 Electric and Magnetic Fields

Some types of electronic equipment, such as video display terminals, can be affected by the close proximity of high electrical currents that may be present in transformers. H.O.B. will assist in attempting to resolve any such difficulties at the Customer's expense.

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2.3.4 Standard Voltage Offerings

2.3.4.1 Primary Voltage

The primary voltage to be used will be determined by H.O.B. for both H.O.B. owned and Customer-owned transformation. Depending on what distribution voltage of the H.O.B. plant that "lies along", the preferred primary voltage will be at 27.6kV grounded wire, three phase, four-wire system for utility owned transformation. For Customer-owned transformation the preferred primary supply voltage will be 44.0kV when both 27.6kV and 44.0kV "lies along" the proposed facility. All Customer-owned transformation will be delta connected primary, three phase - three wire, with H.O.B.'s system neutral connected to the customer's station ground. As outlined in these Conditions, the Customer shall consult with H.O.B. to confirm primary voltage to be provided.

2.3.4.2 Supply Voltage

Depending on what secondary voltage of plant "lies along" H.O.B.'s distribution system, the preferred secondary voltage will be at 120/240 V, single phase, 120/208 V, three phase four wire or 600/347 V, three phase four wire. The Supply Voltage governs the limit of supply capacity for any Customer. General guidelines for supply from overhead street circuits are as follows:

(i) at 120/240 V, single phase - up to 100kVA demand load, or
(ii) at 600/347 V, three phase, four wire - up to 200kVA demand load if a transformer bank (having spare capacity) already exists, or
(iii) at 208/120 V, three phase, four wire - up to 150kVA demand load if a transformer bank (having spare capacity) already exists.

OR

Where street circuits are buried, the Supply Voltage and limits will be determined upon application to H.O.B.

OR

Where the Customer or Developer provides a precast concrete (approved by H.O.B.) transformer pad on private property;

(i) at 120/240 V, single phase, supply is available up to 100kVA, or
(ii) at 208/120 V, three phase, four wire, supply is available for loads up to 500kVA demand load, or
(iii) at 600/347 V, three-phase, four wire, supply is available for loads up to 1500kVA demand load when HOB's primary supply voltage is 27.6kV, or 500kVA when HOB's primary supply is 13.8kV,

OR

When the Customer or Developer provides a transformer vault (approved by H.O.B.) on private property;

(i) When H.O.B.'s primary supply is provided from its' 13.8kV primary - 208/120 V or 600/347 V, three phase, four wire, supply is available for loads up to 500kVA depending on system availability in the area (limited application, consult with H.O.B.),
(ii) When H.O.B.'s primary supply is provided from its' 27.6kV primary - 208/120 or 600/347 V, three phase, four wire, supply is available for loads up to 1500kVA demand load.

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OR

Where the Customer or Developer provides an outdoor transformer station on private property;

(i) When H.O.B.'s primary supply is provided from its' 44.0kV primary - 600/347 V three phase, four wire supply is available for loads up to 1500kVA.

OR

When a customer requires larger services than identified above, the customer will provide their own transformer substation and primary switchgear and protection to meet the Ontario Electrical Safety Code (latest edition). Please consult with H.O.B. Technical Services Department to confirm primary voltage, winding configuration, minimum transformer losses acceptable, and other required characteristics.

2.3.5 Voltage Guidelines

H.O.B. maintains service voltage at the Customer's service entrance within the guidelines of C.S.A. Standard CAN3-C235-87 (latest edition), which allows variations from nominal voltage of,

5% for Normal Operating Conditions
8% for Extreme Operating Conditions

Where voltages lie outside the indicated limits for Normal Operating Conditions but within the indicated limits for Extreme Operating Conditions, improvement or corrective action should be taken on a planned and programmed basis, but not necessarily on an emergency basis. Where voltages lie outside the indicated limits for Extreme Operating Conditions, improvement or corrective action should be taken on an emergency basis. The urgency for such action will depend on many factors such as the location and nature of load or circuit involved, the extent to which limits are exceeded with respect to voltage levels, and duration etc.

H.O.B. shall practice reasonable diligence in maintaining voltage levels, but is not responsible for variations in voltage from external forces such as operating contingencies, exceptionally high loads and low voltage supply from the Provincial Transmission Grid Company or host Distributor. H.O.B. shall not be liable for any delay or failure in the performance of any of its obligations under this Conditions of Supply due to any events or causes beyond the reasonable control of H.O.B., including, without limitation, severe weather, flood, fire, lightning, other forces of nature, acts of animals, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes ("Force Majeure").

2.3.6 Back-up Generators (Not for Parallel Operation)

Customers with portable or permanently connected generation capability used for emergency back-up shall comply specifically with, but not limited to Section 46, 14-612, and 75-608 (latest edition) and all other applicable criteria of the Ontario Electrical Safety Code. In particular, the Customer shall ensure that Customer's emergency generation does not parallel or connect with H.O.B.'s system without a proper interface protection and does not

adversely affect H.O.B.'s distribution system. See Section 3.5 – Embedded Generation – for parallel operation..

Customers with permanently connected emergency generation equipment shall notify H.O.B. regarding the presence and routine testing of such equipment.

Customer's planning to install back-up generator(s) shall submit two copies of relevant drawings and support documentation for review and comment. H.O.B. reserves the right to witness the commissioning and/or operation of an installation and its' connection to the Distribution System.

2.3.7 Metering

H.O.B. will supply, arrange installation, own, and maintain all meters, instrument transformers, ancillary devices, and secondary wiring required for revenue metering.

Metered Market Participants in the Independent Electricity System Operator ("IESO") administered wholesale market must meet or exceed all IESO metering requirements. Please refer to IESO for standards. The customer agrees to provide the utility with remote access to the metering point (at the customer's cost) for the purpose of data collection to enable the utility to perform settlement.

2.3.7.1 General

H.O.B. will normally meter the customer's load at the utilization voltage. Except for secondary supply from the street, secondary metering equipment will be located as close as is practically possible to the supply transformer regardless of the ownership of the supply transformer. Consult with Technical Services Department before secondary metering location is determined.

All residential and small commercial/industrial customers shall be metered by a Hydro One Brampton approved "Smart Meter" as mandated by the Ontario Government.

No person, except those authorized by H.O.B., may remove, connect, or otherwise interfere with meters, wires, or ancillary equipment.

Each Customer will normally be restricted to one metering point.

The Customer will be responsible for the care and safekeeping of H.O.B. meters, wires and ancillary equipment on the Customer's premises. If any H.O.B. equipment installed on Customer premises is damaged, destroyed, or lost other than by ordinary wear and tear, temperature or lightning, the Customer will be liable to pay to H.O.B. the lessor value of such equipment, or the cost of repairing the same.

The location allocated by the owner for H.O.B. metering shall provide direct access for H.O.B. staff and shall be subject to satisfactory environmental conditions, some of which are:

- A clear minimum working space of 1 meter shall be maintained in front of all equipment and from all side panels. This space shall have a minimum head room of 2.1 meters.
- Meter sockets, cabinets and other meter mounting devices shall be mounted and/or installed so to be free from vibration and away from heat, dust and chemical vapours.

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Where H.O.B. deems its' meters to be in a hazardous location, a meter cabinet or protective housing will be required. Where sprinkler equipment is in the vicinity of meter equipment, drip shields will be installed over all meters and related equipment.

These regulations will apply equally to new installations as well as existing installations requiring increased electrical services.

Any compartments, cabinets, boxes, sockets, or other workspace provided for the installation of H.O.B.'s metering equipment shall be for the exclusive use of H.O.B.

2.3.7.1.1 Multi-Unit Residential Suite Buildings

All multi-unit residential and small commercial/industrial buildings shall be metered in accordance with Ontario Government regulations.

H.O.B. may provide a single, bulk-metered point for all multi-unit sites, at no charge to the Customer.

Customers wishing to have multi-unit sites equipped with individual tenant metering may install their own additional meters or sub-metering systems. Owners of sub-metering systems, or any other electricity meters used for revenue billing purposes must register as a contractor with Measurement Canada and ensure that all regulatory requirements are met.

H.O.B. may, at its discretion, allow individual metering for multi-unit buildings under the following conditions:

- The Customer pays all additional costs necessary to provide the individually metered services.

2.3.7.1.2 Main Switch and Meter Mounting Devices

The Customer's main switch immediately preceding the meter shall be installed so that the top of the switch is 1.83 m or less from the finished floor and shall permit the sealing and padlocking of:

(a) the handle in the "open" position; and
(b) the cover or door in the closed position.

Meter mounting devices for use on Commercial/Industrial accounts shall be installed on the load side of the Customer's main switch and be located indoors.

When the utilities' meter(s) is not installed on the main level of a building, the customer shall ensure that a staircase constructed to H.O.B.'s standards is constructed. Standards are available upon request.

The owner is required to supply and install a H.O.B. approved meter base for the use of the H.O.B.'s self contained socket meters for the main switch ratings and supply voltages listed in table 4 of this Conditions of Service.

A list of approved meter sockets is available upon request. The centre of meter sockets shall be set at 1.65m above the finished floor (See Standard Drwg. #27-15)

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The Owner is required to supply and install a meter cabinet to contain H.O.B.'s metering equipment for the main switch ratings and supply voltages listed in Table 5 of this Conditions of Service.

Requests for meter load centres shall be submitted for approval prior to material being ordered for a project. The minimum socket mounting height of 600mm above finished floor shall be maintained. Please see table 6 of this Conditions of Service for further details.

The Customer shall permanently and legibly identify each metered service with respect to its specific address, including unit or apartment number. The identification shall be applied to all service switches, circuit breakers, meter cabinets, and meter mounting devices.

2.3.7.1.3 Service Mains Limitations

The metering provision and arrangement for service mains in excess of 600 amperes shall be submitted to the Technical Services Department for approval before the building construction begins.

2.3.7.1.4 Special Metering Enclosures

Specially constructed meter closures may be permitted for outdoor use. Please submit a written application with description to the Technical Services Department.

2.3.7.1.5 Meter Loops inside Meter Cabinets

Meter loops shall be provided having a length of 1 meter (36 inches) in addition to the length between line and load entry points. Consult with Meter Department to confirm entry and exit points in the meter cabinet. Line and load entry points shall be restricted to opposite ends and on the lower half of the meter cabinet (See Standard Dwg. No. 27-15). These entry points must be correctly marked "line" and "load."

Mineral insulated, solid and hard drawn wire conductors are not acceptable for meter loops.

The neutral conductor will be terminated on an insulated block at the bottom center of the meter cabinet 7 cm (3 inches) from the front edge of the cabinet if the neutral is not required past the metering point. If the neutral is needed past the metering point the conductors will be run along the bottom of the cabinet and not be looped as the other phases. Hydro One Brampton will supply a split bolt and connect a "tickler wire" to the neutral inside the meter cabinet.

2.3.7.1.6 Barriers

Permanently constructed barriers are required in each section of switchgear or service entrance equipment between metered and unmetered conductors and / or between sections reserved for H.O.B. use and sections for customer use.

2.3.7.1.7 Doors

Side hinged doors shall be installed over all live electrical equipment where H.O.B. personnel may be required to work (e.g.) splitter boxes, unmetered sections of switchgear, circuit breakers, switches, Utility metering compartments, meter cabinets and enclosures.

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These hinged doors shall have provision for sealing and padlocking. Where bolts are used, they shall be of the captive knurled type. All outer-hinged doors shall open no less than 135 degrees. All inner-hinged doors shall open to a full 90 degrees.

2.3.7.1.8 Auxiliary Connections

All connections to circuits such as fire alarms, exit lights and Customer monitoring instrumentation shall be made to the load side of H.O.B.'s metering facilities.

Customer equipment shall not be connected to H.O.B.'s metering compartment or facilities.

2.3.7.1.9 Working Space

A clear minimum working space of 1meter shall be maintained in front of all equipment and from all side panels. This space shall have minimum headroom of 2.1 meter. H.O.B. revenue meter installations shall not protrude into a doorway, be located behind water sprinkler systems or be built into a closet with less than 1-meter clearance in front of the meter. All machinery located within 3 meters of the meter equipment shall have safety guards installed on the machinery to prevent injury to H.O.B. personnel when working on meter equipment. All self-contained meters will have at least 450mm clearance from the side of the meter base to an inside corner of a wall or equipment that protrudes more than 300mm from the wall beside the meter base.

Where a hinged door in an open position would block an exit route, a further 600mm of clearance from the edge of the open door shall be provided to allow an egress route.

2.3.7.2 Current and Potential Transformer Boxes (Utility Compartment)

When instrument transformers are incorporated into a low voltage switchgear, the customer will supply a separate meter cabinet for Utility revenue meters. This meter cabinet will be located to the satisfaction of H.O.B. and as close as possible to the Utility compartment(s). The meter cabinet and the Utility compartment(s) will be connected by an empty 1.25 inch conduit(s), the length of which shall not exceed 20 M. The meter cabinet will be installed with a minimum of 4 fasteners to the wall, and the back panel will be removable from the cabinet. The meter cabinet must also be properly grounded to the Utility Compartment ground with a #8 stranded green copper conductor. (ESA requirement)

The Customers electrical contractor is required to install H.O.B.'s instrument transformers in the low voltage switchboard. Arrangements must be made with the H.O.B. Meter department to have the instrument transformers delivered to site prior to meter installation.

The conduit for the H.O.B. metering circuit must run continuous from the Utility compartment to the metering cabinet. The conduit will enter the utility compartment in an unobstructed location.

Meter cabinet sizes depend on the number of points to be metered and/or totalized and are listed below: One Metering Point: 762 mm X 762 mm X 300 mm (30" x 30" x 12")
Totalizing of Circuits: 915 mm X 915 mm X 300 mm (36" x 36" x 12")

Where instrument transformers are incorporated in low voltage switchgear, the size and layout of the utility compartment shall be approved by H.O.B. prior to fabrication of equipment and shall include:

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A neutral tap of 12.7 mm X 6.3 mm (0.5" x .25") buss, shall be suitably terminated in the instrument transformer compartment, where the service neutral does not pass through the instrument transformer compartment.

Note: If more than one incoming supply is used, each metering point will be connected to a meter cabinet by a 1.25" conduit.

The final layout and arrangements of components must be approved by H.O.B. prior to fabrication of equipment.

Please consult with H.O.B. when it is proposed to have two or more circuits totalized, or where remote totalizing is involved, or where instrument transformers are incorporated in high voltage switchgear (greater than 750 V). H.O.B. will issue specific metering requirements.

2.3.7.2.1 Primary Metering – Overhead and Underground Installations

Dependent on the number of circuits to be totalized, it will occasionally be more economical to install primary metering. In such cases H.O.B. will provide the primary metering unit(s) for installation by the customer. H.O.B. will supply and install its' metering circuit wiring harness, and metering equipment in the customer's meter cabinet. Capital contribution is not required from the customer provided they install the metering unit(s), meter cabinet, and connecting conduit. Coordination with H.O.B. Meter Department is required.

In the event of a customer specifically requesting the use of primary metering in a situation where H.O.B. would normally install secondary metering, the customer will be required to provide a capital contribution equivalent to H.O.B.'s difference in recoverable cost between secondary and primary metering costs. For underground installations, the customer is responsible for the mounting of the primary high voltage instrument transformers (CT's & PT's) in their switchgear as well as supplying and wiring all primary connections to the instrument transformers to a sealable junction box.

2.3.7.3 Interval Metering

Interval meters will be installed for all new or upgraded services, or existing customers where the peak demand is forecast to be 200 kW or greater or for any customer requesting the installation of an interval meter. Prior to the installation of an interval meter the Customer must provide a telephone line or extension to the meter cabinet or meter base. The customer will arrange for the installation of a telephone line, terminated at the metering point for the exclusive use of H.O.B. to retrieve interval meter data. The Customer will be responsible for the installation, maintenance and ongoing monthly costs of operating the phone line. The phone line will be direct dial voice quality, active 24 hours per day, and energized prior to meter installation. Failed customer communication lines must be repaired within 48 hours of notification from H.O.B. If repairs are not completed within this time frame, Hydro One Brampton will have to manually collect the interval meter reads done every second day after the notification. The customer will be invoiced for all costs associated with the manual meter reads.

Other Customers that request interval metering shall compensate H.O.B. for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated with the interval meter, ongoing maintenance (including allowance for meter failure), verification and reverification of the meter, installation and ongoing provision of communication line or communication link with the Customer's meter.

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2.3.7.4 Meter Reading and Access to Meter Equipment

The Customer must provide or arrange free, safe and unobstructed access during regular business hours to any authorized representative of H.O.B. for the purpose of meter reading, meter changing, or meter inspection. Where premises are closed during H.O.B.'s normal business hours, the Customer must, on reasonable notice, arrange such access at a mutually convenient time.

2.3.7.5 Final Meter Reading

When a service is no longer required, the Customer shall provide sufficient notice of the date the service is to be discontinued so that H.O.B. can obtain a final meter reading as close as possible to the final reading date. The customer shall provide access to H.O.B. or its agents for this purpose. If a final meter reading is not obtained, the Customer shall pay a sum based on an estimated demand and/or energy for electricity used since the last meter reading.

2.3.7.6 Faulty Registration of Meters

Metering electricity usage for the purpose of billing is governed by the federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Measurement Canada, Industry Canada. H.O.B.'s revenue meters are required to comply with the accuracy specifications established by the regulations under the above Act.

In the event of incorrect electricity usage registration, H.O.B. will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. The Customer shall pay for all the energy supplied (a reasonable sum) based on the reading of any meter formerly or subsequently installed on the premises by H.O.B., due regard being given to any change in the characteristics of the installation and/or the demand. If Measurement Canada determines that the Customer was overcharged, H.O.B. will reimburse the Customer for the amount incorrectly billed. If Measurement Canada determines that the customer was undercharged, H.O.B. will follow Measurement Canada's recommendation for billing adjustment.

If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter connection, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error. H.O.B. will correct the bills for that period in accordance with the regulations under the Electricity and Gas Inspection Act.

2.3.7.7 Meter Dispute Testing

Metering inaccuracy is an extremely rare occurrence. Most billing inquiries can be resolved between the Customer and H.O.B. without resorting to the meter dispute test.

Either H.O.B. or the Customer may request the service of Measurement Canada to resolve a dispute.

2.3.7.8 Working Ground Points – 120volt to 46kV Metering Applications

These requirements apply equally to all revenue metering installations complete with Utility Metering Compartments rated 120 volt to 46,000 volt.

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In compliance with the Ontario Occupational Health and Safety Rules (in effect at the relevant time), working ground points, complete with a permanently mounted 25mm (1") diameter ball type ground stud Hubbell Chance C600-2102 (or equivalent), shall be provided at the following locations within the instrument transformer compartment;

(a) For 3 wire 2 element revenue metering applications:
- On each side of the phase A CT; and
- On each side of the phase C CT; and
- On the phase B; and
- On the ground bus,
  i.e.: a total of six ground studs.

(b) For 4 wire 3 element revenue metering application:
- On each side of the phase A CT; and
- On each side of the phase B CT; and
- On each side of the phase C CT; and
- On the ground bus,
  i.e.: a total of seven ground studs.

2.4 Tariffs and Charges

2.4.1 Service Connection

Charges for distribution services are made as set out in the Schedule of Rates available from H.O.B.. Notice of Rate revisions shall be published in major local newspapers. Information about changes will also be mailed to all Customers with the first billing issued at revised rates.

2.4.1.1 Customers Switching to Retailer

There are no physical service connection differences between Standard Service Supply (SSS) Customers and third party retailers' Customers. Both Customer energy supplies are delivered through the local Distributor with the same distribution requirements. Therefore, all service connections requirements applicable to the SSS Customers are applicable to third party retailers' Customers.

2.4.1.2 Supply Deposits & Agreements

Where an owner proposes the development of premises that require H.O.B. to place orders for equipment for a specific project and before actual construction begins, the owner is required to sign the necessary Supply Agreement and furnish a suitable deposit before such equipment is ordered by H.O.B.

An irrevocable letter of credit or a letter of guarantee from a chartered bank, trust company or credit union is acceptable in lieu of a cash deposit.

2.4.2 Energy Supply

2.4.2.1 Standard Service Supply (SSS)

All existing H.O.B. Customers are Standard Service Supply (SSS) Customers until H.O.B. is informed of their switch to a competitive electricity supplier. The Customer or the Customer's authorized retailer must make the Service Transfer Request (STR).

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2.4.2.2 Retailer Supply

Customers transferring from Standard Service Supply (SSS) to a retailer shall comply with the Service Transfer Request (STR) requirements as outlined in sections 10.5 through 10.5.6 of the Retail Settlement Code.

All requests shall be submitted as an electronic file and transmitted through The Electronic Business Transaction hub. Service Transfer Request (STR) shall contain information as set out in section 10.3 of the Retail Settlement Code.

If the information is incomplete, H.O.B. shall notify the retailer or Customer about the specific deficiencies and await a reply before proceeding to process the transfer.

2.4.2.3 Wheeling of Energy

All Customers considering delivery or receiving of electricity through the H.O.B. distribution system are required to contact H.O.B. for technical requirements and applicable tariffs.

2.4.3 Deposits

Hydro One Brampton purchases electricity on behalf of all of its customers and then recovers the cost, along with the cost of distribution, through customer billings.

Section 2.4.6.1 and 2.4.6.2 of the Distribution System Code provide that a distributor may use any risk mitigation option available under law to manage customer non-payment risk. A distributor may impose an amount and type of security requirement on a customer depending on the distributor's assessment of the customer's likely risk of non-payment. A distributor shall not discriminate among customers with similar risk profiles or risk related factors.
As customers switch to competitive retailers and depending on the billing options, the amount of exposure for Hydro One Brampton will vary, and therefore the security deposit amount should be adjusted to reflect the new level of exposure.

The following policy shall apply for each billing option.

1. Standard Supply Service:
   Under this option, Hydro One Brampton will continue to issue a bill to the customer. Hydro One Brampton is responsible for customer non-payment risk and may require an amount of security deposit depending upon its assessment of the likely risk of non-payment by the customer.

2. Distributor-Consolidated Billing:
   Under this option, Hydro One Brampton will issue a bill to the customer and assume responsibility for customer non-payment risk. We may require an amount of security deposit depending upon our assessment of the likely risk of customer non-payment.

3. Retailer-Consolidated Billing:
   Under this option, Hydro One Brampton will not issue a bill to the customer. The retailer is responsible for issuing the bill and for customer non-payment risk. Hydro One Brampton would not require a security deposit from the customer.

   If we are in possession of a security deposit at the time of a switch to retailer-consolidated billing, the deposit shall be applied to the final bill and any excess returned to the customer.

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4. Split Billing (if approved in future):
Under this option, Hydro One Brampton and a retailer shall each be responsible for customer non-payment risk for the bill that each issues to the customer.

If a customer already has a deposit with Hydro One Brampton, we will retain a portion of the deposit that reflects the non-payment risk associated with the new billing option. Any excess deposit amount will be returned to the customer.

2.4.3.1 SECURITY DEPOSIT REQUIREMENTS

Residential - Owners and Tenants

Hydro One Brampton requires a security deposit for Residential and Non-Residential customers who have not demonstrated a good payment history (see section 2.4.10 of Distribution System Code) or where, for example, the customer has received more than one disconnection notice from the distributor; more than one cheque or pre-authorized payment has been returned for insufficient funds; or if a disconnect / collect trip has occurred.

The form of payment for a residential customer can be either cash or cheque. A non-residential customer can provide cash, a cheque, or an automatically renewing irrevocable letter of credit.

Payment of a security deposit in the form of cash or cheque may be made in a lump sum payment or may be made in up to 4 equal monthly installments.

2.4.3.2 EXEMPTION FROM PAYING SECURITY DEPOSIT

For the purpose of the criteria outlined below, the time period that makes up the good payment history must be the most recent period of time and some of the time period must have occurred in the previous 24 months.

To be exempt from providing Hydro One Brampton with a security deposit, a consumer must fall into one of the following criteria:

Residential Customer

- 1 year good payment history (for existing customers), or
- provide a reference letter from another electricity or natural gas utility in Canada indicating good payment history for 1 year, or
- at the customer's expense, they may provide a credit check (from a list of approved credit agencies outlined in Hydro One Brampton's Deposit Policy) that demonstrates they are a good credit risk. Hydro One Brampton reserves the right to request updated credit checks from time to time at our discretion.

Non-Residential Customer <50kW demand rate class

- 5 years good payment history (for existing customers), or
- provide a reference letter from another electricity or natural gas utility in Canada indicating good payment history for 5 years, or
- at the customer's expense, they may provide a credit check (from a list of approved credit agencies outlined in Hydro One Brampton's Deposit Policy) that demonstrates they are a good credit risk. Hydro One Brampton reserves the right to request updated credit checks from time to time at our discretion.

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Non-Residential Customer in any other rate class (excluding customers >5,000 kW)

- 7 years good payment history (for existing customers)*, or
- provide a reference letter from another electricity or natural gas utility in Canada indicating good payment history for 7 years, or
- at the customer's expense, they may provide a credit check (from a list of approved credit agencies outlined in Hydro One Brampton's Deposit Policy) that demonstrates they are a good credit risk. Hydro One Brampton reserves the right to request updated credit checks from time to time at our discretion or,

* To qualify for one of the following reductions, the customer must provide a credit rating from Dominion Bond Rating Service (DBRS), Standard & Poors (S&P) or Moody's. The reduction will be calculated as per the table below. Hydro One Brampton reserves the right to request updated credit ratings from time to time at our discretion.

Credit Rating *(using Standard and Poor's Rating Terminology)*	Allowable Reduction
AA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, from a, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%
Non-Residential Customer >	5,000 kW

- 7 years good payment history** (for existing customers - Hydro One Brampton is only required to refund 50% of the deposit), or
- provide a reference letter from another electricity or natural gas utility in Canada indicating good payment history for 7 years, or

** To obtain a refund higher than 50%, the customer must provide a credit rating from Dominion Bond Rating Service (DBRS), Standard & Poors (S&P) or Moody's. The reduction will be calculated as per the table below. Hydro One Brampton reserves the right to request updated credit ratings from time to time at our discretion.

Credit Rating *(using Standard and Poor's Rating Terminology)*	Allowable Reduction
AA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From a, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

2.4.3.3 SECURITY DEPOSIT LIMITS

The maximum amount of a security deposit requested will be equal to 2.5 X estimated bill based on the customer's average monthly load during the most recent 12 consecutive months within the past two years. Where relevant usage information is not available for the customer for 12 consecutive months within the past two years, the customer's average monthly load shall be based on a reasonable estimate made by Hydro One Brampton.

Customers who have more than one disconnection notice in a relevant 12 month period, will have their deposit calculation based on their highest actual or estimated monthly load.

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2.4.3.4 RETENTION OF SECURITY DEPOSITS

Hydro One Brampton will review all security deposits annually. This is to determine whether the entire deposit or part of the deposit is to be returned to the customer based on a re-calculation of the maximum amount of security deposit allowed, as outlined in 2.4.12 of the Distribution System Code.

Customers with a good payment history of 1 year in the case of a residential customer, 5 years in the case of a non-residential customer in a <50kW demand rate class or 7 years in the case of a non-residential customer in any other rate class will have their deposit credited to their account.

In cases where an account is final billing, the security deposit and interest will be applied to the final bill and any credit balance will be refunded within 6 weeks of the final bill date.

A customer may, no earlier than 12 months after the payment of a security deposit or the making of a prior demand for a review, demand in writing that Hydro One Brampton undertake a review to determine whether the entire amount of the security deposit is to be returned to the customer.

2.4.3.5 INTEREST ON SECURITY DEPOSITS

Interest shall accrue monthly on security deposits paid in cash or by cheque, commencing on receipt of the total deposit required. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued shall be paid out at least once every 12 months or on return or application of the security deposit or closure of the account, whichever comes first, and will be paid by crediting the customer's account.

2.4.3.6 ENFORCEMENT FOR UNPAID SECURITY DEPOSITS

Non-payment of a security deposit can result in a discontinuation of service and will be subject to our regular disconnection procedure (*also see 2.2.1 Conditions of Service*).

2.5 Billing

H.O.B. may, at its option, render bills to its Customers on a monthly basis. Bills for the use of electrical energy may be based on either a metered rate or a flat rate, as determined by H.O.B.

A Customer may elect aggregated billing for multiple services provided all of the following conditions are met:

- one municipal address
- the services are supplied from one primary supply point
- the meters are of the interval type, allowing logical totalization of the coincident demands. If interval meters are not already in place, H.O.B. will install the interval metering with the customer being financially responsible for H.O.B.'s costs incurred.

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The Customer may dispute charges shown on the Customer's bill or other matters by contacting and advising H.O.B. of the reason for the dispute. H.O.B. will promptly investigate all disputes and advise the Customer of the results.

2.6 Payments and Overdue Account Interest Charges

Bills are rendered for energy services provided to the Customer. Bills are payable in full by the due date, otherwise, overdue interest charge of 1.5% per month will apply.

Where the Customer on or before the due date has made a partial payment, the interest charge will apply only to the amount of the bill outstanding at the due date, exclusive of arrears from previous billings.

Outstanding bills are subject to the collection process and may ultimately lead to the service being discontinued. Service will be restored once satisfactory payment has been made. Discontinuance of service does not relieve the Customer of the liability for arrears.

H.O.B. shall not be liable for any damage on the Customer's premises resulting from such discontinuance of service. A reconnection charge will apply where the service has been disconnected due to non-payment.
The Customer will be required to pay additional charges for the processing of non-sufficient fund (N.S.F.) cheques.

Customers will pay special charges and deposits, on request, which may arise from a variety of conditions such as:

Energy Deposit. As a guarantee of payment of energy bills some Customers will be required to pay a deposit to H.O.B.

Transfer Charge. A change of occupancy charge will apply to all accounts taken over by a new Customer.

Collection Charge. If a H.O.B. representative visits a Customer's premises to collect payment to avoid disconnection, there will be a charge for this service.

2.7 Customer Information

A third party who is not a retailer may request historical usage information with the written authorization of the Customer to provide their historical usage information. H.O.B. will provide information appropriate for operational purposes that has been aggregated sufficiently, such that an individual's Customer information cannot reasonably be identified, at no charge to another distributor, a transmitter, the IMO or the OEB. H.O.B. may charge a fee that has been approved by the OEB for all other requests for aggregated information.

At the request of a Customer, H.O.B. will provide a list of retailers who have Service Agreements in effect within its distribution service area. The list will inform the Customer that an alternative retailer does not have to be chosen in order to ensure that the Customer receives electricity and the terms of service that are available under Standard Supply Service.

Upon receiving an inquiry from a Customer connected to its distribution system, H.O.B. will either respond to the inquiry if it deals with its own distribution services or provide the

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Customer with contact information for the entity responsible for the item of inquiry, in accordance with chapter 7 of the Retail Settlement Code.

An embedded distributor that receives electricity from H.O.B. shall provide load forecasts or any other information related to the embedded distributor's system load to H.O.B., as determined and required by H.O.B. A Distributor shall not require any information from another Distributor unless it is required for the safe and reliable operation of either Distributor's distribution system or to meet a Distributor's licence obligations.

2.8 Forestry

The Customer will ensure adequate clearances are maintained between private line(s) and all trees and any form of woody growth, as per the Ontario Electrical Safety Code Section 75-326 (latest edition). The Customer is responsible to ensure only qualified arborists (contractors) work near overhead lines. H.O.B. will provide one service isolation annually (during normal business hours) to assist the Customer in meeting the above requirement.

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3.0 CUSTOMER CLASS SPECIFIC

3.0.1 MicroFIT Generator Class

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to Hydro One Brampton's distribution system.

3.1 Residential

All services supplied to single-family dwelling units for domestic or household purposes, including seasonal occupancy, shall be classed as a residential service. This includes, but is not limited to, detached houses, one unit of a semi-detached, duplex, triplex or quadraplex house, with a residential zoning. Separately metered dwellings within a town house complex also qualify as residential customers.

Refer to Table 1.1 in Section 5 for Point of Demarcation, Standard Allowance and Connection Fees for Residential Services.

Hydro One Brampton recommends that all new houses in existing residential areas be serviced via underground on the Customer's property.

For residential services where the revenue meter is located inside the Customer's premises and is installed after the main disconnect switch, connections inside the main disconnect switch are not permitted. Unauthorized connections found in this situation will be removed in a timely matter at the Customers expense. Back billing may be charged after investigation of unbilled loads.

Combined Services

When the property requiring electrical service is supplied via a single metered service and has mixed commercial or industrial and residential usage's, the metered service will be classified as a General Service account.

3.1.1 Overhead Services

3.1.1.1 Minimum Requirements

In addition to the requirements of the Ontario Electrical Safety Code (latest edition), the following conditions shall apply:

(i) A clevis type insulator is to be supplied and installed by the Customer.

(ii) This point of attachment device must be located:
- (a) Not less than 4.5 metres (15 feet) nor greater than 5.5 metres (18 feet) above grade.
- (b) Between 150 millimeters and 300 millimeters (6-12 inches) below the top of the service mast.
- (c) Within 914 millimeters (3 feet) of the front of the building (when service is supplied from the street).

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(iii) Clearance must be provided between utility conductors and finished grade of a least 6 meters (19 feet) over traveled portions of the road allowance and 4.5 meters (15 feet) over all other areas. A minimum horizontal clearance of 1.0 meter (3 feet) must be provided between utility conductors and second storey windows.

(iv) A 4 jaw meter socket of an approved manufacturer shall be provided. Certain areas will require a 5-jaw socket as determined by H.O.B. The Customer should contact H.O.B. to confirm details.

(v) Clear unobstructed access must be maintained to and in front of the meter location.

a. Service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement from the property owner(s) involved.
b. The approved meter base shall be mounted directly below the service mast such that the midpoint of the meter is 1.73 m (± 100 mm) above finished grade within 914 mm of the face of the building, and be in front of any existing or proposed fence, unless otherwise approved by H.O.B.

3.1.1.2 Electrical Services in Vicinity of Swimming Pools

Electrical conductors that are located above a swimming pool or underground in the vicinity of a swimming pool must meet the minimum clearances as identified in the Ontario Electrical Safety Code. H.O.B. will inspect a Customer's application before approval is given.

When underground electrical circuits are in the vicinity of a proposed swimming pool, the customer will provide the utility with a site plan, clearly identifying the new swimming pool location. The Customer will also have obtained "locates" of all electrical services (high voltage and low voltage) and provide this information.

If the proposed swimming pool location conflicts with clearances required as per the Ontario Electrical Safety Code, the swimming pool will be relocated to permit minimum clearances. Alternately, the customer can choose to relocate the underground electrical services. The Customer is responsible for all costs that they incurred directly and by H.O.B. in the work. Approval will be given after minimum clearances have been achieved and verified.

Where overhead electrical conductors are located over a proposed swimming pool, the Customer will (if necessary) increase the height of the existing electrical conductors to meet the minimum clearances of the Electrical Safety Code. The Customer is responsible for all costs that they incurred directly and by H.O.B. in this work. Approval will be given after minimum clearances have been met.

3.1.2 Underground Services for Individual Residences

Customers requesting an underground service in an overhead area will be required to pay 100% connection costs for the underground service, minus H.O.B.'s Standard Allowance of a 200ampere 120/240 volt overhead service.

The owner shall pay for any necessary road crossings.

The trench route on the customers property must be approved by H.O.B. and is to follow the route indicated on the underground drawing supplied by H.O.B. Any deviation from this route must be approved by H.O.B. The Customer will be responsible for H.O.B.'s costs associated with re-design and inspection services due to changes or deviations initiated by the Customer or its agents.

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The owner will assure the provision for the service entrance and meter meets H.O.B. approval.

It is the responsibility of the owner or his/her contractor to obtain clearances from all of the utility companies (including Hydro) before digging.

It is the responsibility of the owner to contact H.O.B. to inspect each trench and duct structure(s) prior to the installation of H.O.B.'s service cables.

The owner shall provide unimpeded access for H.O.B. to install its' service.

3.1.3 MicroFIT and Micro Generator Installations

Home owners planning to install Solar or Micro Generators are required to contact Hydro One Brampton's Technical Services Department prior to commencing work or ordering materials.

3.2 General Service

3.2.0 Common

a) The Customer shall supply the following to H.O.B. when initially proposing a new project:

- A completed Commercial & Industrial Customer Electrical Service Request form.
- Proposed Service Entrance equipment's Rated Capacity (Amperes) and Voltage rating and metering requirements.
- Proposed Total Load details in kVA and/or kW (Winter and Summer).
- Details respecting heating equipment, air-conditioners, and generation (back up or parallel operation).
- A Legal Survey plan and site plan indicating the proposed location of the service entrance equipment with respect to public rights-of-way and lot lines.
- For General Service (50 – 1499kW and 1500kW and above) Class Customers, electrical, architectural, site servicing, and/or mechanical drawings as required by H.O.B.

b) The Customer shall construct or install all civil infrastructure (including but not limited to poles, U/G conduits, cable chambers, cable pull rooms, transformer room/vault/pad, and switchgear foundations) on private property, that is deemed required by H.O.B. as part of its Connection Assets. All civil infrastructures are to be in accordance with H.O.B.'s current standards, practices, specifications and this Conditions of Service, and are subject to H.O.B.'s inspection and acceptance.

c) H.O.B. is responsible for the maintenance and repairs of its Connection Assets but not the Transformer Vault or pad(s) or any other civil structure that forms part or is part of the Customer's assets.

d) When effecting changes the Customer shall maintain sufficient clearances between electrical equipment and Buildings and other permanent structures to meet the requirements of the Ontario Electrical Safety Code and the Occupational Health & Safety Act and Regulations.

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e) It is the responsibility of the owner or his/her contractor to obtain clearances from all of the utility companies (including Hydro) before digging.

g) H.O.B. will undertake the necessary programs to maintain and enhance its distribution plant at its expense. In the event that services or facilities to a Customer need to be restored as a result of these construction or maintenance activities by H.O.B., they will be restored to an equivalent condition.

h) Project Delays: Penalty charges will be applied when a customer's actual in-service date is delayed by a time period that extends more than 180 day beyond the initial confirmed in-service date. A penalty of 1% per month will be applied on the cost of materials purchased for the project, and will be applied to the final project invoice/statement.

i) Restocking Charges: A 15% restocking charge will be applied to all materials ordered for a project, based on written direction from customer, which is no longer required due to changes initiated by the customer. This will apply to materials in our inventory or on order from a supplier. This restocking charge will be added to the final project statement.

j) Downtown Network Services: Demand load limits for customers supplied from the network system in the Brampton downtown core will be determined upon application to the Technical Service Department. Only copper conductor will be accepted by H.O.B. for services supplied from our network system in this downtown core.

In addition H.O.B. will carry out the necessary construction and electrical work to maintain existing supplies by providing standard overhead or underground supply services to Customers affected by H.O.B.'s construction activities. If a Customer requests special construction beyond the normal H.O.B. standard installation in accordance with the program, the Customer shall pay the additional cost, including engineering and administration fees.

Refer to Tables 1.1, 1.2, 1.3, 1.4, & 1.5 of Section 5 for Point of Demarcation and Connection Fees for General Service.

3.2.0.1 Customer Rate Class Eligibility Criteria

Less Than 50kW - Class 2

All services supplied to premises other than those designated as residential or municipal street lighting shall be classified as general service less than 50kW providing they have a monthly peak demand of less than 50kW. Multi-unit residential establishments such as apartment buildings supplied through one service (bulk metered) shall normally be classified as general service.

Where service is provided to combined residential and business, or residential and agricultural, whether seasonal or all-year premises, and the wiring does not provide for separate metering, the service shall normally be classed as general service.

This classification also includes traffic signals and control lighting (other than municipal street lighting), sign and display lighting, telephone booths, cable television amplifiers and similar small loads throughout H.O.B.'s service territory.

Greater Than or Equal to 50kW But Less Than or Equal to 699kW – Class 3A

CONDITIONS OF SERVICE

All services supplying accounts that have a monthly average peak of greater than, or equal to, or is forecast to be greater than or equal to 50kW but less than or equal to 699kW.

Greater Than or Equal to 700kW But Less Than or Equal to 4,999kW – Class 3B

All services supplying accounts that have a monthly average peak of greater than, or equal to 700kW, or is forecast to be greater than or equal to 700kW but less than or equal to 4,999kW.

Large Use – Class 4
Customer account with a monthly peak demand or forecasted demand averaged over 12 consecutive months, equal to 5000kW or greater shall be classified as a large user account.

3.2.1 Electrical Requirements (as applicable)

For low voltage supply, the Customer's service entrance equipment shall be suitable to accept conductors installed by H.O.B. The Customer's cables shall be brought to a point determined by H.O.B. for connection to H.O.B.'s supply.

3.2.1.1 Electrical (Utility) Room

When two or more metered services are required, the owner is required to supply and maintain an Electrical (Utility) Room of sufficient size to accommodate the service entrance and meter requirements of the tenants and provide clear working space in accordance with the Ontario Electrical Safety Code.

In order to allow for an increase in load, the owner shall provide spare wall space so that at least 30% of the Customers supplied through meter sockets can accommodate meter cabinets at a later date.

The owner shall identify each Customer's metered service by address and/or unit number in a permanent and legible manner. The identification shall apply to all main switches, breakers and to all meter cabinets or meter mounting devices that are not immediately adjacent to the switch or breaker. The electrical room shall be visibly identified from the outside. The Customer or landlord is responsible for all costs incurred by H.O.B. for sorting and identifying mislabeled meter bases and disconnect switches.

Access doors, panels, slabs and vents shall be kept free from obstructing objects. The Customer will provide unimpeded and safe access to H.O.B. at all times for the purpose of installing, removing, maintaining, operating or changing revenue metering (and equipment) and associated equipment.

When H.O.B.'s meter(s) is or the electrical (utility) room is not installed on the main level of a building, the customer shall ensure that a staircase constructed to H.O.B.'s standards is constructed. Standards are available upon request.

The electrical (utility) room must be located to provide safe access from the outside or main hallway, and not from an adjoining room, so that it is readily accessible to H.O.B.'s employees and agents at all hours to permit meter reading and to maintain electric supply.

The electrical (utility) room entry door shall be equipped with a pull handle on the exterior, and a push bar on the interior. This push bar shall extend across the full width of the door. The building owner is responsible for purchasing, installing and maintaining a Von Duprin model 22EO Panic Bar, complete with a 210NL or 230NL door trim (or a H.O.B. approved

equivalent) complete with a H.O.B. coded Primus lock cylinder on the electrical (utility) room door(s). Refitted electrical (utility) room doors will be upgraded to this standard.

The Primus lock cylinder will be purchased through H.O.B. Arrangements for purchasing this cylinder and obtaining extra keys shall be coordinated with H.O.B. Meter Department Supervisor.

All new electrical (utility) rooms are required to have an up to date building unit layout plan for the building mounted on an inside wall, showing the unit layouts, contact names and phone numbers for property managers and / or maintenance personal.

All new services in a multiple unit building are required to have unit numbers clearly identified on the tenant entry doors and we require access to the main switch inside the unit before the meter will be installed.

For service upgrades to existing tenant electrical services we require that all meter bases be identified with the correct unit number(s) and any existing meter base(s) with the same units' number(s) from previous metering installations changed to reflect the new layout. It is the building owner's responsibility to inform H.O.B. of any metered services not required during upgrades so they can be removed.

The Customer grants H.O.B. permission to operate the Customer's main disconnect switch for the purpose of meter re-verification and maintenance. The Customer will continue to be liable for the integrity (and replacement) of the disconnect switch should the switch fault during H.O.B. performing its work as described above.

A free standing building housing a financial institution shall not have a common electrical (utility) room incorporated into it.

Electrical (utility) rooms 'on' or 'below' grade must have a drain including a "P" trap complete with a non-mechanical priming device and a backwater valve connected to the sanitary sewer.

Hydro One Brampton recommends that the building not be designed to include entry of the electrical service into a below grade electrical (utility) room. If this is not possible, then it is customers responsibility to seal the underground ducts at both ends of the secondary (or primary) duct structure.

The electrical (utility) room shall not be used for storage or contain equipment foreign to the electrical installation within the area designated as safe working space. All stairways leading to electrical rooms above or below grade shall have a handrail on at least one side as per the Ontario Building Code and shall be located indoors.

The electrical (utility) room shall have a minimum ceiling height of 2.2 m clear, be provided with adequate lighting at the working level, in accordance with Illuminating Engineering Society (I.E.S.) standards, and a 120 V convenience outlet. The lights and convenience outlet noted above and any required vault circuit shall be supplied from a panel located and clearly identified in the electrical room.

3.2.2 Underground Service Requirements

The Customer shall construct or install all civil infrastructure (including but not limited to poles, underground conduits, cable chambers, cable pull rooms, transformer vault/pad) on private property that is deemed required by H.O.B. as part of its Connection Assets. All civil

infrastructures are to be in accordance with H.O.B.'s current standards, practices, specifications and this Conditions of Service and are subject to H.O.B.'s inspection/acceptance.

The Customer is responsible to maintain all its structural and mechanical facilities on private property in a safe condition satisfactory to H.O.B.

The trench route must be approved by H.O.B. Any deviation from this route must also be approved by H.O.B. The Customer will be responsible for H.O.B.'s costs associated with re-design and inspection services due to changes or deviations initiated by the Customer or its agents or any other body having jurisdiction.

It is the responsibility of the owner or his/her contractor to obtain clearances from all of the utility companies (including the local Distribution company) before digging.

It is the responsibility of the owner to contact H.O.B. 48 hours prior to planned installation of primary concrete encased duct structures or other civil facilities, which will house our plant. H.O.B. must observe and inspect this construction.

3.2.3 Temporary Services

A temporary service is a metered service provided for construction purposes or special events. Temporary services can be supplied overhead or underground. The Customer will be responsible for all associated costs for the installation and removal of equipment required for a temporary service to H.O.B.'s point of supply.

Where meter bases are required, they must be approved by H.O.B. and shall be securely mounted on minimum 152 mm diameter poles (or alternative if approved by H.O.B.) so that the midpoint of the meter is 1.73 m (± 100 mm) above finished grade.

In the case of temporary overhead services, the Customer shall leave 760 mm of cable at the masthead for connection purposes.

In the case of temporary underground services, the Customer's cable shall extend to H.O.B.'s point of supply.

3.2.4 Reference Guides / Standards for Commercial / Industrial Contribution

Please refer to appendix 4 for a complete listing of construction standards and typical standard drawings.

3.3 General Service (Above 50 kW)

All non-residential Customers with an average peak demand between 50 kW and 1499 kW over the past twelve months are to be classified as General Services above 50 kW. For new Customers without prior billing history, the peak demand may be based on 90% of the proposed capacity or installed transformer.

Telecom and Communication type services that are constructed inside of a fenced enclosure will provide H.O.B. with a lockable man gate. This man gate will be used by H.O.B. for it's access to read meters and perform it's necessary maintenance.

3.3.1 New Residential Subdivisions or Multi-Unit Developments

CONDITIONS OF SERVICE

New Residential Subdivisions or Multi-unit Developments involving the construction of new city streets and roadways are treated as Non-Residential Class Customers and involve capital contribution for "Expansion" work, in addition to any applicable Connection Charges. Should the Economic Evaluation identify a shortfall for the Expansion, the Developer has a choice of either completing the portion of plant not yet connected to H.O.B.'s system or have H.O.B. complete this work in accordance with Section 3.3 of the DSC Code, titled "Alternate Bids". The Customer will not be allowed to complete construction work on H.O.B.'s existing distribution system.

New Residential Subdivisions or Multi-unit complexes not involving new City streets and roadways, but only private property, will follow the general terms and conditions for Connection Charges and Capital Contribution for the appropriate General Class Customers.

In all cases, all of the electrical service must be constructed to H.O.B.'s standards and in compliance with the Ontario Electrical Safety Code, applicable laws, regulations and codes. The Developer is required to enter into a Supply Agreement with H.O.B. and to pay H.O.B. the deposit(s) for ordering of equipment and associated design and construction work for the installation of the proposed underground electrical distribution system. This amount will be paid concurrently with the signing of the Supply Agreement.

In case of conflict between the Supply Agreement and the terms herein, the Supply Agreement shall be binding. All design work including service locations and trench routes must be approved by H.O.B. See sample agreement in appendix 2 of these conditions.

3.3.2 General Service (50 kW – 1499 kW)

3.3.2.1 Electrical Requirements

Where the size of the Customer's electrical service warrants, the Customer will be required to provide facilities on its property and an easement as required (i.e. on the premises to be served), acceptable to H.O.B., to house the necessary transformer(s) and/or switching equipment. H.O.B. will provide planning details upon application for service.

H.O.B. will supply, install and maintain the electrical transformation equipment within the transformer vault or pad as outlined in Section 2.3.4.2.

H.O.B. will not be responsible for damages resulting from the incorrect identification of services or equipment.

3.3.2.2 Electrical (Utility) Room

Please see section 3.2.1.1 for details

3.3.3 Technical Information

Where project drawings are required for H.O.B.'s approval, for items under H.O.B.'s jurisdiction, the Customer or its authorized representative must ensure that proposal drawings are fully in compliance with H.O.B.'s standards. Approval of project drawings by H.O.B. shall not relieve the Customer of its responsibility in respect of full compliance with H.O.B.'s standards. In all cases, one copy of all relevant drawings must be submitted to H.O.B. Where the Customer requires an approved copy to be returned, two copies of all plans must be submitted.

CONDITIONS OF SERVICE

Prior to H.O.B.'s preparation of a design for a service, the Customer will provide the following information including the completion of our Electrical Demand Load Information (or Load Guarantee) Form that will confirm an approximate date that the Customer requires the electrical service.

3.3.3.1 Architectural Site & Grading Plans

Indicate the lot number, plan numbers and, when available, the street number. The site plan shall show the location of the Building on the property relative to the property lines, any driveways and parking areas and the distance to the nearest intersection. All elevations shall be shown for all structures and proposed installations. Include land usage details. This drawing which indicate all Utility poles and along the street facing(s) of the project.

3.3.3.2 Site Services Plan

Show the location on the property of all services proposed and/or existing such as water, gas, storm and sanitary sewers, telephone, et cetera.

3.3.3.3 Landscaping Site Plan

Provide one copy of the Landscaping Site Plan showing planned installation in the vicinity of H.O.B.'s plant or easements.

3.3.3.4 Electrical Site Plan

Indicate preferred location of the Electrical (Utility) Room, Transformer (or vault) location, and preferred routing of the primary concrete encased duct bank on the property.

3.3.3.5 Single Line Diagram

Show the main service entrance switch capacity, the required supply voltage, and the number and capacity of all sub-services showing provision for metering facilities, as well as the connected load breakdown for lighting, heating, ventilation, air conditioning et cetera. Provide protection equipment information where coordination is required between H.O.B. and Customer owned equipment.

3.3.3.6 Secondary Switchboard

Submit three copies of any service entrance (switchboard) to be installed for H.O.B.'s approval, including interlocking arrangement if required.

3.3.4 Technical Considerations

3.3.4.1 Protective Equipment - Short Circuit Ratings

44000 V Supply: The Customer's protective equipment shall have a three phase, short circuit rating of 1500 MVA symmetrical.
16000/27600 V Supply: The Customer's protective equipment shall have a three phase, short circuit rating of 800 MVA symmetrical. The asymmetrical current is 26,000 A (1.6 factor used).
13800 V Supply: The Customer's protective equipment shall have a three phase, short circuit rating of 330 MVA symmetrical or 25,000 A (1.6 factor used).
8320 V Supply: The Customer's protective equipment shall have a three phase, short circuit rating of 270 MVA symmetrical or 25,000 A asymmetrical (1.6 factor used).

CONDITIONS OF SERVICE

600/347 V Supply: The Customer's protective equipment shall be capable of interrupting a fault current as defined in our standard drawing #25-40.
208/120 V Supply: The Customer's protective equipment shall be capable of interrupting a fault current as defined in our standard drawing #25-40.

3.3.4.2 Primary Fusing

All equipment connected to the H.O.B.'s distribution system shall satisfy the short circuit ratings specified in clause 3.3.4.1. The Customer and/or the Customer's consultant shall specify the fuse link rating and demonstrate coordination with H.O.B.'s upstream protection including station breakers and/or distribution fuses. The Customer shall submit a coordination study to H.O.B. for verification to ensure coordination with upstream protection including station breakers and/or distribution fuses. The Customer shall maintain an adequate supply of spare fuses.

3.3.4.3 Ground Fault Protection

Where ground fault protection is required to comply with the Ontario Electrical Safety Code, the method and equipment used shall be compatible with H.O.B.'s practice of grounding transformer neutral terminals in vaults. Zero sequence sensing will normally apply.

Where ground strap sensing is used, the ground sensing devices shall be set to operate at 600 amps if transformer and switchboard buses are not bonded and 400 amps if buses are bonded.

Ground fault protection proposals for dual secondary supply arrangements shall be submitted to H.O.B. for approval, before construction of the switchboard.

3.3.4.4 Lightning Arresters

Customer installations that are directly supplied from H.O.B.'s primary underground system may not be protected with lightning arresters. If the Customer wishes to install lightning arresters they shall be located on the load side of the first protective devices. For Customer installations that are supplied from H.O.B.'s primary overhead system, H.O.B. may install lightning arresters at the pole and the Customer may install lightning arresters in the switchgear on the load side of the incoming disconnect device. The proposed diagram shall indicate the presence of such devices in the switchgear.

3.3.4.5 Basic Impulse Level (B.I.L.)

The Customer's apparatus shall have a minimum Basic Impulse Level in accordance with the following:

(a)	2400/4160 supply voltage	- 75kV B.I.L.
(b)	4800/8320 supply voltage	- 95kV B.I.L.
(c)	8000/13800 supply voltage	- 95 kV B.I.L
(d)	16000/27600 supply voltage	- Delta primary 150 kV B.I.L.
(e)	44000 supply voltage	- 250kV B.I.L.

3.3.4.6 Unbalanced Loads

On three-phase service, the unbalance due to single-phase loads shall not exceed 20% of the Customer's balanced phase loading expressed in kilowatts.

CONDITIONS OF SERVICE

3.4 General Service (Above 1500 kW) - Customer Owned Substations

All Customers requiring electrical service with an anticipated average peak demand of 1500 kW or higher are to be classified as Customers over 1500 kW. The Customer will consult with H.O. B. to confirm primary voltage supply.

Initial Installation or Upgrade / Replacement:

All Customer owned transformers in a customer owned substation supplied with primary voltage at 27.6 kV or 44 kV shall have a Delta connected primary and Wye grounded secondary winding configuration.

- The Technical Services Department will issue a copy of H.O.B.'s Protective Equipment Specifications at the time of confirming the characteristics of electrical supply. It is the customer's responsibility to ensure their primary fusing protects their high voltage equipment and transformer.
- All Customer owned transformers will be metered at the secondary voltage unless the customer's proposed transformer losses exceed limits prescribed by Canadian Standards Association Specification # C802 and subsequent revisions. For transformer sizes not covered in #C802, losses shall be as outlined in Table 8A and/or B in Table of this standard.
- Note about Upgrade / Replacement Installation: Consult with Technical Services Department prior to installation. Our requirements (ie: winding losses, pre-service, required drawings etc.) will apply equally to an Upgrade / Replacement transformer application.
- It is a requirement of H.O.B. that prior to the energization of a customer owned substation, the substation shall receive a pre-service inspection by a qualified contractor approved by H.O.B. and independent of the installing contractor. All results of such testing shall be presented to H.O.B. Technical Services Department at least one week prior to the expected date of energization. The costs of such testing shall be borne by the customer. A copy of the required checklist is available upon request.
- H.O.B. has operating control of the customer owned L.I.S. and switch operation will be performed by H.O.B. in radio communication with our Control Room.
- H.O.B. will lock all station access gates (if applicable).

It is recommended that Customers' transformer(s) have voltage taps in their primary windings as shown in Table 3 appended to these Conditions. Transformers other than listed in Table 3 may be suitable but shall not be connected without the specific written approval of H.O.B.

Customer owned substations must be inspected by both the Electrical Safety Authority and H.O.B. The owner will provide a pre-service inspection report to H.O.B. A contractor acceptable to H.O.B. will prepare the certified report to H.O.B.

To facilitate and encourage the maintenance of this equipment, H.O.B. will provide one power interruption annually, at no charge, during normal working hours. This no-charge service would be scheduled during H.O.B.'s normal business hours, Monday to Friday, and are not necessarily guaranteed. H.O.B. will charge Customers for power interruptions arranged at times other than as outlined above.

CONDITIONS OF SERVICE

3.4.1 Customer Owned Substation with Customer Owned 44kV Transformer

Three copies each of the substation drawings and transformer name plate data must be submitted to the Technical Services Department for approval prior to the order of materials. These are in addition to the drawings submitted to the Electrical Safety Authority Inspection Department.

3.4.1.1 Protective Equipment Specifications are as follows:

Primary L.I.S.

A 46 kV, 600 Ampere, 250 BIL, 3 pole, double break outdoor type, station structure mounted load break switch equipped with operating mechanism and an operating handle mounted at the bottom of the structure. The switch will have provision for locking.

Fuses

The customer and Electrical Safety Authority shall determine fuse ratings and specifications. Three spare fuses are to be maintained by the customer at their location. The customer will advise H.O.B. of the fuse specifications installed.

Lightning Arresters

Lightning Arresters to be 39 MCOV (minimum, 48kV duty) rated intermediate class. The housing shall consist of non-fragmenting polymer material.
These lightning arresters shall be mounted on the transformer or failing that, on the load side of the customer owned primary fuses.

Maintenance of the transformer and associated primary protective equipment will be the responsibility of the customer. However, access to this equipment and enclosure must be made available by H.O.B.

3.4.2 Customer Owned Substation with H.O.B. 44kV Transformer

Three copies each of the substation drawings (electrical & structural) must be submitted to the Technical Services Department for approval prior to the order of materials. These are in addition to the drawings submitted to the Electrical Safety Authority Department.

As noted in Section 2.3.4.2, H.O.B. will supply a standard outdoor transformer rated 1500 kVA, 44,000 – 347/600 volts, equipped with cover mounted primary bushings for connection to an overhead bus and a Low Voltage Junction Box for the customer's secondary cables. The customer is responsible for picking up the transformer at H.O.B.'s Service Centre, and installing it in the substation. The customer is also responsible for the supply and installation of the primary load interrupter switch, the primary fuses, and 39 kV MCOV (minimum) intermediate class lightning arresters.

Note:

CONDITIONS OF SERVICE

a. The Technical Services Department will issue a copy of H.O.B.'s Protective Equipment Specifications at the time of confirming the characteristics of electrical supply. It is the customer's responsibility to ensure their primary fusing protects their high voltage equipment and our transformer.
b. The Technical Services Department will provide dimensions and weight of its transformer upon request. A structural consultant must provide details/approval of the proposed transformer concrete base.

3.4.2.1 Protective Equipment Specifications are as Follows:

Protective Equipment Specifications for use when a H.O.B. owned transformer (1500 kVA 44kV—600/347V) is installed in a customer owned substation are as follows:

Primary L.I.S.

A 46 kV, 600 Ampere, 250 BIL, 3 pole, double break outdoor type, station structure mounted, load break switch equipped with operating mechanism and an operating handle mounted at the bottom of the structure. The switch will have provision for locking.

Fuses

Fuses to be 46kV, rated S&C SMD2C, comprising 3 SMD2C fuse mounts complete with connectors, 6 SMD2C fuse units. The spare fuses are to be maintained by the customer at their location.

Lightning Arresters

Lightning arresters to be 39 kV MCOV (minimum, 48kV Duty) rated intermediate class. The housing shall consist of non-fragmenting polymer material. These lightning arresters shall be mounted on the transformer or failing that, on the load side of the customer owned primary fuses.

3.4.3 Customer Owned Substation (u/g) with Customer Owned 27.6 kV Transformer

Three copies each of the substation drawings and transformer name plate data must be submitted to the Technical Services Department for approval prior to the order of materials. These are in addition to the drawings submitted to the Electrical Safety Authority Inspection Department.

3.4.3.1 Protective Equipment Specification are as Follows:

Fuses

The customer and Electrical Safety Authority shall determine fuse ratings and specifications. Three spare fuses are to be maintained by the customer at their location. The customer will advise H.O.B. of the fuse specifications installed.

Lightning Arresters

Lightning arresters to be 17 kV MCOV (minimum 21kV Duty) rated intermediate class. The housing shall consist of non-fragmenting polymer material. These lightning arresters shall be mounted on the load side of the customer owned primary fuses.

Maintenance

Maintenance of the transformer and associated high voltage primary switchgear will be the responsibility of the customer. However, access to this equipment and enclosure must be made available to H.O.B.

3.4.3.2 General

The customer owned transformer must be directly connected to a 34.5 kV high voltage metal clad primary switchgear.

Service Entrance Equipment

The customer's Primary and Secondary service entrance equipment will be built to the Ontario Electrical Safety Code.

3.4.4 Electrical Requirements

Refer to 3.3.2

3.4.5 Technical Information and Considerations

The same information and considerations apply as for other General Service Customers. Refer to Subsection 3.3.3 and 3.3.4 for applicable requirements.

3.5 Green Energy Act & Customer Generation

3.5.1 Introduction

Customers of Hydro One Brampton may choose to supply some or all of their electrical energy needs through the installation of an on-site, Customer-owned generation facility. Hydro One Brampton will provide non-discriminatory access to its distribution system for a generator, and will make every effort to respond promptly to a generator's request for connection. For the purposes of this document, a generator that requests connection to the Hydro One Brampton distribution system will be referred to as an "embedded generator".

This section outlines the typical technical requirements and procedural activities required of a prospective embedded generator of 10 MW or less to connect to the Hydro One Brampton (HOB) electrical distribution system to ensure safe and reliable distribution system operations. Generation facilities of 10 MW or higher will be reviewed on a case-by-case basis, as these will require a greater degree of difficulty for connection, and significantly higher costs. This section also ensures that Hydro One Brampton and the embedded generator comply with the requirements of the Ontario Energy Board's Distribution System Code, Section 6.2, the Hydro One Brampton Conditions of Service, and the Ontario Electrical Safety Code, Section 84. The Distribution System Code is available on the OEB website at www.oeb.gov.on.ca. Further, the embedded generator may need to meet the requirements of the EIMO and Hydro One Networks Inc.

CONDITIONS OF SERVICE

An embedded generator facility that includes a generation unit rated at 10 MW or higher, or whose embedded generation facility is comprised of generation units whose net output is greater than 50 MVA, will require approval of the Independent Electricity Market Operator (IESO). Such a facility must meet the applicable IESO performance standards identified in Chapter 4 of the "Market Rules for the Ontario Electricity Market". These rules are available on the IESO website at www.IESO.com.

In 2009 the Province of Ontario directed the Ontario Energy Board to promote the use of Green Energy Generation options, and has enacted Bill 150 – The Green Energy Act, 2009. The Act is designed to encourage the installation of privately owned renewable energy generation facilities. At the present time The Ontario Power Authority (OPA) is encouraging renewable energy generation through the Feed- in- Tariff (FIT) Program and Micro-FIT Program. Hydro One Brampton is committed to supporting renewable energy generation.

The Ontario Energy Board has defined MicroFIT and FIT Generation classification for connection to a distribution system as:
MicroFIT - up to 10 kW; This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to Hydro One Brampton's distribution system;
FIT - Allocation Exempt – 10 kW up to 250 kW or 500 kW based on the following definition;
An embedded generation facility which is not a micro-embedded generation facility, and which has a nameplate rated capacity of 250 kW or less when connected to Hydro One Brampton's distribution system rated at less than15 kV, and 500 kW or less in the case of a facility connected to a 15 kV circuit or greater in Hydro One Brampton's distribution system.

FIT – Non Allocation Exempt – 251 kW or 501 kW up to 10 MW – based on the definition provided below; An embedded generation facility which has a nameplate rated capacity of greater than 500 kW when connected to Hydro One Brampton's distribution system rated at greater than 15 kV, but is less than 10 MW in capacity.

Large - greater than 10 MW

Regardless of the classification, the generation proponent must contact Hydro One Brampton at greenenergyconnections@hydroonebrampton.com or 1-905-452-5533 to initiate the connection process. Alternately, a proponent can visit our website at www.hydroonebrampton.com for more information on the FIT and Micro-FIT programs, and application forms (Form A – Pre-FIT application. Form B – FIT Connection Impact Assessment request, Form C – Micro-FIT application, and Form D – Micro-Fit Connection Agreement). A Sample Connection Agreement for a Large project is included in Appendix 3.

Process for FIT Generation Connection:

1. Once the completed application Form A is forwarded to Hydro One Brampton, HOB will respond with required information (ie: feeder number & Transformer station name).
2. The proponent will make application to the OPA to obtain a contract number.
3. The Proponent will complete HOB's Form B, and submit it to HOB along with the required support documentation. The documentation required can be found on our website (in Green Energy section).
4. After the customer impact assessment is complete, the scope of work required to connect the new generation will be developed and the cost of connection to HOB's distribution system estimated.
5. Once agreement on the scope, cost and timing are established, the Proponent will be required to enter into a Cost Recovery Agreement to ensure all costs will be recovered. Once

all the necessary assessments have been completed any required modification to HOB's distribution system may begin and the generator can be installed.

Process for Micro -FIT Generation Connection:

1. The proponent will make application to the OPA to obtain a contract number.
2. The Proponent will complete HOB's Form C, and submit it to HOB along with the required support documentation. The documentation required can be found on our website (in Green Energy section).
3. Once agreement on the scope, cost and timing are established, the Proponent will be required to complete and submit a Connection Agreement (Form D) to HOB.

3.5.2 Hydro One Brampton Distribution System

Hydro One Networks Inc. (HONI) owns the high-voltage transmission system and three of the four transformer station facilities in Brampton that supply power to Hydro One Brampton at the 44.0kV and 27.6/16 kV level which, in turn, Hydro One Brampton distributes to various Customers throughout their electrical distribution system. Hydro One Brampton owns and operates the fourth transformer station in Brampton. Because of this arrangement, an embedded generator must also comply with HONI requirements for connection, as an embedded generator could have a serious impact on the HONI system under fault conditions.

It is assumed that the embedded generating facility will be designed, constructed, owned and operated by a party independent of Hydro One Brampton. All embedded generator interconnection arrangements must be acceptable to and approved by Hydro One Brampton and, for some specific relay protections, by HONI.

3.5.3 Hydro One Brampton Utility Practices
Non Allocation Exempt FIT & Large Embedded Generation

The major elements of a utility connection for an embedded generation facility with a name-plated rating in excess of 500 kW include a circuit breaker (switcher) for fault current interruption, a transformer for matching the generator and utility system voltages, and a connecting line to the utility facilities. Control, metering and protective relaying facilities are also necessary for both the embedded generator and Hydro One Brampton operations. Hydro One Brampton will have operating control of the circuit breaker (switcher) at the demarcation point between the embedded generator and the Hydro One Brampton distribution system.
Protection systems are required at the generation facility, and these protection systems must be capable of automatically isolating the embedded generator from the Hydro One Brampton system. The embedded generator should provide protection systems to cover the following conditions:

internal faults (i.e., faults within the embedded generator);

- external faults (i.e., faults on the Hydro One Brampton system to which the embedded generator is connected);
- certain abnormal system conditions that could result in embedded generator islanding (e.g., conditions where the embedded generator becomes separated from the Hydro One Brampton system, along with some load); and
- additional protection features, such as Remote Trip or Voltage Supervision, may be required in some applications.

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The purpose of the connection and protection requirements outlined in this guide is to:

- consider the health and safety of the general public and of Hydro One Brampton employees in the performance of their duties;
- preserve the security and reliability of the Hydro One Brampton and HONI distribution systems;
- preserve acceptable quality of the electrical supply to other Hydro One Brampton Customers; and
- ensure operating flexibility during normal or emergency conditions.

Once a prospective embedded generator decides to proceed with the installation of a generation facility, they will be responsible to reimburse the cost reasonably incurred by Hydro One Brampton in making an offer to connect a generator. Costs that could be reasonably incurred by Hydro One Brampton include costs associated with:

- preliminary review for connection requirements;
- detailed study to determine connection requirements; and
- final proposal to connect the generator.

This guideline is prepared for one embedded generator on a Hydro One Brampton distribution feeder. If there is a second embedded generator to be connected to the same feeder, then total generation versus maximum feeder load must be considered, and the protection package must be designed accordingly. If additional equipment protection is required for the embedded generator already connected to the feeder, the second embedded generator may be responsible for the modification costs.

An embedded generator will be required to comply with all of Section 5.2 of the DSC in regards to metering requirements for a generating facility. For an OEB-Licensed generator connected to the Hydro One Brampton system that sells energy and settles through the Hydro One Brampton settlement process, the embedded generator must install a four-quadrant interval meter. Hydro One Brampton will meter Customers with generation that does not require an OEB License, such as back-up capability or generation for load displacement, in the same manner as other Hydro One Brampton load Customers.

An embedded generator that wishes to become connected to the Hydro One Brampton distribution system must enter into a Connection Agreement with Hydro One Brampton. This Connection Agreement shall contain specific terms and conditions relating to the connection, operations, maintenance and communications requirements of the generator and Hydro One Brampton.

3.5.4 Non Allocation Exempt FIT and Large Embedded Generator Interconnection - Requirements and Procedure

As connection costs are to be paid by the generating facility as outlined in the OPS's FIT program, most applicants will want to determine the demarcation point and expected costs prior to committing to the project. This information can only be provided after a preliminary review is conducted by Hydro One Brampton and HONI.

The preliminary review includes a verification of the voltage and power ratings of the embedded generator installation to confirm whether they are compatible with those of the distribution system. The impact of the proposed connection on reliability, power quality, equipment and personnel safety, as well as the generator's contribution to the HOB Distribution System will also be assessed. Once the preliminary review is completed, and should the embedded generator installation be pursued

further, more detailed analysis, specifications and information will need to be provided by the embedded generator.

Listed below are the recommended steps involved in proceeding to have an embedded generator connect to the Hydro One Brampton electrical distribution system.

3.5.4.1 Initial Contact and Embedded Generator Interconnection Application

1. Contact Hydro One Brampton to identify an interest in connecting a generator to the Hydro One Brampton electrical distribution system, and obtain a copy of the Hydro One Brampton Conditions of Service, as well as a copy of our Embedded Generator Connection Review Form (Form A or Form B).

2. Provide Hydro One Brampton with a written request for connection, including the preliminary technical information (two copies) describing the proposed embedded generator facility. As a minimum, this would include the following information pertaining to the connection:

    - site location with a scaled map referencing the site relative to existing lot lines, easements, road allowances and power lines, that identifies the facility location;
    - A completed copy of the Embedded Generator Connection Review Form (Form B).
    - a brief description of the proposed plant design and operating characteristics, including expected monthly peak power and net energy production for each month of the year. If the embedded generator intends to purchase power from Hydro One Brampton to supplement its embedded generator production to meet its total plant load, a monthly estimate of this expected purchase should also be provided;
    - short and long-term site development plans and installation schedule, and the preferred demarcation point to the Hydro One Brampton system;
    - preliminary single-line diagram showing generator(s), transformer(s), grounding arrangements and main isolating devices;
    - type and rating of main isolating device, generator(s) and transformer(s), and nameplate data if available;
    - proposed preliminary relay protection schemes; and
    - proposed revenue-metering equipment (i.e., 4-quadrant interval metering).

3. Once Hydro One Brampton has received the required information to begin an analysis, Hydro One Brampton will proceed with a preliminary review of the embedded generator connection requirements.

3.5.4.2 Preliminary Review for Connection Requirements

1. The applicant will be responsible to reimburse Hydro One Brampton for all costs incurred in completing the preliminary review.

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2. Hydro One Brampton will review the preliminary information and its associated documents and, if insufficient information has been provided, Hydro One Brampton will advise the embedded generator of its requirements, or will put on hold its review until all sufficient data is provided. In general, the preliminary review will be conducted as follows:

    - determine the acceptability of the location and voltage level of connection to the Hydro One Brampton system;
    - determine the embedded generator plant capacity limitations for the proposed connection;
    - confirm that the voltage and power ratings of the embedded generator installation are compatible with those of the Hydro One Brampton distribution feeder. Where a mismatch between HOB's feeder and embedded generator capacity ratings is revealed, the feeder will require upgrading. To determine this compatibility the following checks will be completed: feeder current rating; surge impedance loading; voltage regulation; reliability; power quality; and safety considerations;
    - depending on the total generation to be connected to the Hydro One Brampton feeder, and the minimum feeder load, remote trip protection facilities between the transformer station (HONI or HOB supply) and the embedded generator may be required. Hydro One Brampton and HONI will determine if this requirement is necessary.
    - the size of the generator and the embedded generator transformer configuration will determine the feeder protection modifications and requirements at the HONI or HOB transformer station. This information will also help to determine any specific connection and equipment requirements, (e.g., requirement for a remote trip protection scheme).

3. HOB will consult with HONI on any possible relay protection modifications or additions.

4. Hydro One Brampton will provide the applicant with a written response to the preliminary review for connection request within 30 calendar days of starting the review. Hydro One Brampton will also provide a preliminary cost estimate to the applicant for connecting the generator to the distribution system.

5. If the prospective embedded generator finds the preliminary review acceptable, it must confirm acceptance in writing to Hydro One Brampton, and provide Hydro One Brampton with the completed Connection Assessment Form (Form B) so that Hydro One Brampton can proceed with a detailed review. The prospective embedded generator must commit to reimburse Hydro One Brampton reasonable costs incurred in completing the detailed review(as defined in the OPA's FIT Program). For Large Generator projects, Hydro One Brampton will request on Impact Assessment from the IESO. The customer will be responsible for review costs assessed during the detailed review by HOB, HONI, and the IESO.

3.5.4.3 Detailed Study to Determine Connection Requirements

The completed Connection Assessment Form (Form B) must be submitted to Hydro One Brampton before the detailed review can proceed. Hydro One Brampton will provide the embedded generator with an offer to connect within 60 calendar days of starting the detailed review, unless other

necessary information outside of Hydro One Brampton control is required before an offer can be made.

1. Hydro One Brampton, in association with HONI, will review the detailed electrical package and determine the acceptability of the interface design as it affects the Hydro One Brampton and HONI systems, and provide written comments to the embedded generator.

2. It is recommended that the embedded generator not begin procurement of electrical equipment until Hydro One Brampton, the Electrical Safety Authority and HONI (through HOB) have provided, in writing, the acceptability of the embedded generator interface design.

3. Once the embedded generator agrees to proceed with the construction of the generating facility, the embedded generator must enter into various agreements with Hydro One Brampton.

Note: Hydro One Brampton will not provide any consulting services to an embedded generator, but only evaluate proposed generating facilities as to how it may impact on the Hydro One Brampton distribution system.

3.5.4.4 Agreements

Before a Non – Allocation Exempt FIT or Large generator installation begins operation, the prospective embedded generator applicant must enter into various agreements with Hydro One Brampton. These agreements must clearly define the obligations and privileges of each party that need to be executed between the embedded generator owner and Hydro One Brampton. The embedded generator may be required to enter into all or some of the following agreements:

- **Construction Agreement:** This agreement between the embedded generator and Hydro One Brampton will detail the connection requirements and cost recovery terms. This agreement will include a provision that the embedded generator reimburse Hydro One Brampton for any and all costs associated with expansions and/or enhancements of the Hydro One Brampton distribution system and/or the HONI transmission system which may be necessary in order to accommodate the operation of the embedded generator.

- **Construction Agreement** (HONI): In the event that the HONI transmission or distribution system requires modifications to connect the embedded generator, this agreement will describe the obligations of Hydro One Brampton and HONI to complete the connection and cost recovery terms.

- **Customer Account Contract:** In the event that the embedded generator is also a load customer of Hydro One Brampton, this contract describes the terms and applicable rates for General Service customers and standby power, and conditions under which standby power is granted and revoked.

- **Connection – Operating Agreement:** This is a technical document which identifies: common language and procedures to be used for normal and emergency situations; installed protection equipment; ownership and operating control of equipment; expected levels of maintenance and testing by both parties; contact names and telephone numbers' definitions; and all necessary schematic diagrams for proper communication between Hydro One Brampton and the embedded generator.

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This agreement will include provisions for safe and effective operation of the embedded generator's equipment connected to the Hydro One Brampton system.

An embedded generator shall enter into a Connection – Operating Agreement with Hydro One Brampton. Until such time as the embedded generator executes such a Connection Agreement with Hydro One Brampton, the embedded generator shall be deemed to have accepted and agreed to be bound by the Conditions of Service and any operational schedules delivered to it from time to time by Hydro One Brampton.

3.5.4.5 Commissioning

Prior to the embedded generator facility being connected to the Hydro One Brampton electrical distribution system, Hydro One Brampton staff, or their delegate, will review and witness the embedded generator's commissioning tests to the extent that is necessary to ensure acceptable security to the Hydro One Brampton and HONI distribution systems.

3.5.5 General Responsibilities

3.5.5.1 Embedded Generator Responsibilities

- Design the generating facility electrical and protection package to meet the Hydro One Brampton, HONI and DSC connection requirements and Electrical Safety Authority inspection requirements. For Electrical Inspection requirements, refer to the Electrical Safety Authority Code, Section 84, and Electrical Inspection Department Bulletin #84-1-1, or the most recent version.

- Ensure that the generating facility produces no objectionable harmonics or voltage flicker on the Hydro One Brampton system. If objectionable harmonics or voltage flicker do occur, the embedded generator will be responsible to modify the generating facility to correct the problem.

- The Hydro One Brampton system is operated within CSA Standard C235, entitled "Preferred Voltage Levels for AC Systems, 0 - 50,000 Volts", which recommends voltage variation limits on customer circuits. Any embedded generator interconnected with the Hydro One Brampton supply system must not cause voltages, as measured at Customer Service Entrances, to deviate more than the amounts indicated in the CSA Standard.

- The output of an embedded generator, when connected in parallel with the Hydro One Brampton supply system, must not adversely affect the voltage, frequency or wave shape of the Hydro One Brampton electrical distribution system.

- If a remote trip protection scheme and/or a voltage supervision scheme is required by HONI (or HOB), HONI (and / or HOB) may be required to modify equipment at HONI (and / or HOB) owned transformer stations and, therefore, the embedded generator will be responsible to cover reasonable costs incurred.

- If a remote trip protection scheme is required, the embedded generator and HOB will comply with direction provided in the OPA's FIT Program. A Large Generator must arrange for, maintain, and pay the leased circuit costs on data communications circuits.

- Hydro One Brampton will require the installation of a "Remote Terminal Unit" (RTU), which will provide data input to the Hydro One Brampton Supervisory Control Assisted

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Data Acquisition (SCADA) system. Hydro One Brampton will require the embedded generator to allow for space in their generation facility for the RTU, and provide an AC supply circuit for the unit.

The generator is required to detect and isolate from the Hydro One Brampton distribution system when faults/disturbances occur on the distribution system, to protect the Hydro One Brampton system and other Customers on the distribution system. The embedded generator should consider these typical protection requirements when preparing the proposed protection package for Hydro One Brampton review; however, **this guide is not intended to take the place of a detailed final design**. A detailed final design should be completed by a competent person or organization, and should include consideration of proposed power and protective equipment, and local conditions, including existing and future equipment loading and operating conditions.

The connection and operation of a Customer's embedded generator must not endanger workers, jeopardize public safety, or adversely affect or compromise equipment owned or operated by Hydro One Brampton. Further, the security, reliability, efficiency and the quality of electrical supply to other Customers connected to Hydro One Brampton's distribution system must not be affected. If damage or increased operating costs result from a connection with a generator, Hydro One Brampton shall be reimbursed for these costs by the generator.

The embedded generator shall disconnect from Hydro One Brampton's distribution system when:

a) a remote trip is included in the interface protection; and

b) the generator effects changes in the normal feeder arrangements other than those agreed upon in the operating agreement between Hydro One Brampton and the Generator.

c) or when the telecommunication link between HONI (or HOB) transformer station control and the generator is not operational.

The customer must provide an incoming circuit breaker (switcher) of required rating including sufficient protection to be the first protective device. This must coordinate with Hydro One Brampton's protection.

When SCADA monitoring is required by HOB, the customer will arrange for a Type 4 –4 wire data line data communications circuit for the SCADA unit, and pay the monthly charges for this leased circuit. HOB will monitor (as a minimum) the following:

- Status of the incoming circuit breaker (switcher)
- Status of the generator circuit breaker
- Status of any other switches or devices that may affect HOB's ability to operate
- Metering total energy delivered by HOB (kW, kVA, P.F.)
- Metering total energy delivered by customer (kW, kVA, P.F.)

- The Large embedded generator connected to the Hydro One Brampton system must install its own meter in accordance with Hydro One Brampton metering requirements, and provide Hydro One Brampton with the technical details of the metering installation.

- The embedded generator metering must be installed at the demarcation point.

- An embedded generator's substation must include space for a metering compartment for the installation of instrument transformers and other devices for revenue metering.

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- It will be the responsibility of the embedded generator to forward a detailed electrical package to the Electrical Safety Authority for their review of the proposed generation facility.

- It will be the responsibility of the embedded generator to obtain all appropriate permits for the construction and operation of the generation facility (e.g., Electrical Safety Authority approvals, generator Licenses, municipal construction permits, etc.).

- The embedded generator must advise Hydro One Brampton of the timetable for commissioning tests of the generator(s) in order that Hydro One Brampton or its delegate may review and witness the tests.

3.5.5.2 Hydro One Brampton Responsibilities

- Hydro One Brampton must identify and explain the Hydro One Brampton's cost recovery policy to the prospective embedded generator.

- Hydro One Brampton must review the embedded generator's electrical design package and determine if it meets the minimum requirements to permit connection to the Hydro One Brampton system.

- Hydro One Brampton must design and modify, to present HOB standards, Hydro One Brampton's facilities to incorporate the embedded generator.

- Hydro One Brampton must discuss and review with HONI any relay protection modifications that may be required on Hydro One Brampton's supply feeder(s).

- Hydro One Brampton Control Room will be responsible to coordinate the parallel connection between the embedded generator and the Hydro One Brampton electrical distribution system.

- Hydro One Brampton will initiate the preparation of agreements between the embedded generator and Hydro One Brampton.

- As required by the Market Rules for the Ontario Electricity Market, Hydro One Brampton will notify the IESO of the generation connection.

3.5.6 Important Technical Requirements for Connection Of Non Allocation Exempt FIT and Large Generation Projects

The embedded generator's electrical and protection package shall provide the following:

- a three-phase, gang-operated, visible load break switch, with provision for padlocking at the demarcation point to the Hydro One Brampton system, and which must be accessible to Hydro One Brampton staff. Hydro One Brampton will have operating control of this isolating point;

- a fault interrupting/synchronizing device with suitable rating for each generator;

- automatic tripping of the generator(s) for all faults on the embedded generator side of the connection point;

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- automatic tripping of the generator(s) for phase and ground faults on the Hydro One Brampton electrical distribution system;
- an appropriate transformer connection between the embedded generator and the Hydro One Brampton electrical distribution system:
- The preferred transformer connections for generator units connected through a customer owned transformer above 1.5 MVA is High Voltage delta.
- suitable transformer protection;
- install protective relays to prevent the embedded generator from delivering power to the Hydro One Brampton feeder line when that line has become isolated or islanded from the rest of the Hydro One Brampton system. (This will usually include over/under frequency relays and over/under voltage relays);
- for embedded generator load displacement projects with no power purchase by Hydro One Brampton, "Directional Protection" will be required;
- normal reclosure time of the Hydro One Brampton supply station feeder breaker could be from 0.1 to 0.5 seconds. There is no intentional delay incorporated into the feeder breakers. This Short time delay for reclosure will increase the risk of generator damage, and may emphasize the need for a remote trip protection and voltage supervision scheme, since the embedded generator islanding protection may be too slow;
- remote trip may be required between the embedded generator and the feeder circuit breaker. This feature will provide for isolation of the embedded generator when certain faults or system disturbances are detected at the feeder circuit breaker (switcher) location, or when the telecommunication link between HONI (or HOB) transformer station control and the generator is not operational;
- synchronizing facilities for each synchronous generator;
- a ground potential rise study to satisfy Hydro One Brampton and the Electrical Safety Authority for step/touch potential and to satisfy the Communications Company for incoming voice-data circuit/personnel protection;
- the communication requirements for the Hydro One Brampton revenue metering, and SCADA equipment and remote trip circuit must be confirmed with Hydro One Brampton before installation; and
- for induction generators, ensure that the power factor is greater than 0.9. This may require the installation of automatically disconnecting capacitors. Embedded generators with synchronous generators will be required to operate as near to unity power factor as possible.

Note: Hydro One Brampton continually strives to provide the most up-to-date information to our Customers. Therefore, we reserve the right to amend this guideline and its requirements at any time upon the sole discretion of Hydro One Brampton.

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3.5.7 Maintenance Schedules

The Embedded Generator must implement and adhere to a regular scheduled maintenance plan to assure both Hydro One Brampton and the Embedded Generator that the connection devices and protection and control systems are maintained in good working order. The provisions of said maintenance plan are to be listed in the Connection Agreement. The Embedded Generator must conduct a re-verification at least every 48 months (or as specified in the Connection Agreement) and provide a written report to Hydro One Brampton signed by professional licensed engineer.

Hydro One Brampton, in its sole discretion, may request to witness the re-verification of any protections that could adversely impact the Distribution System. The Embedded Generator shall pay for the re-verification and provide Hydro One Brampton a copy of the report giving the results of the re-verification of the protections.

3.5.8 Reporting Requirements

All Embedded Generators over 100 kVA shall report any significant event to Hydro One Brampton within 5 business days. The Connection – Operating Agreement may include a list of events deemed significant and provide a standard report format.

The Embedded Generator shall keep a written log of the operation of its protections that result in the tripping of its interrupting devices. On request, the Embedded Generator must provide a copy of the log to Hydro One Brampton. The log shall contain, at a minimum, the following information:

(a) Date and time of event/operation of protections;
(b) Which relay or protection feature of the relay initiating the trip;
(c) Conditions and unit output at the time of the trip that may be related to the operation (e.g. Lightning, outage of feeder etc.)
(d)

3.5.9 Disconnection of Embedded Generation Facility

Hydro One Brampton has the right to disconnect an Embedded Generation Facility from its Distribution System where, in the sole opinion of Hydro One Brampton, any of the following conditions, exist:

(a) there is a material deterioration of the Distribution System reliability resulting from the performance of the Embedded Generator's equipment;
(b) there is a material negative impact on the quality of power of an existing or a new Customer resulting from the performance of the equipment at the Embedded Generation Facility;
(c) the Embedded Generator has failed to re-verify the protection and control systems every 48 months or as specified in the Connection – Operating Agreement or failed to submit the report within 30 days; or
(d) the Embedded Generator's report of the re-verification of the protection and control systems shows unacceptable deficiencies.

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3.6 Embedded Market Participant

An Embedded Market Participant is a Customer who is registered as a Market Participant with the IESO and whose facility is not directly connected to the IESO Controlled Grid but is connected to the Distribution System. All Embedded Market Participants within the service jurisdiction of Hydro One Brampton, once approved by the IESO are required to inform Hydro One Brampton of their approved status, in writing, 60 days prior to their participation in the IMO administered market.

A Connection Agreement will be required between an Embedded Market Participant and Hydro One Brampton, which will also include an operating schedule.

An Embedded Market Participant will be responsible for the ownership, installation and maintenance of the meter and contracting the services of a Registered Meter Service Provider. Responsibility for an existing Meter Installation will transfer from Hydro One Brampton to the Embedded Market Participant on the meter seal expiry date.

3.7 Embedded Distributor

All embedded distributors within the service jurisdiction of Hydro One Brampton are required to inform Hydro One Brampton on their status in writing 30 days prior to the supply of energy from Hydro one Brampton. The terms and conditions applicable to the connection of an embedded distributor shall be included in the Connection Agreement with Hydro One Brampton.

3.8 Unmetered Connections

3.8.1 Street Lighting

All services supplied to street lighting equipment owned by or operated for a municipality or the Province of Ontario shall be classified as Street Lighting Service. For rate structure details refer to H.O.B.'s Schedule of Rates.

Street Lighting plant, facilities, or equipment owned by the Customer are subject to the Electrical Safety Authority (ESA) requirements.

Charges related to the Connections of Street Lighting will be recovered by a Variable Connection Fee (if applicable) consistent with the Ownership Demarcation Point defined in Table 2 for various Street Lighting Distribution systems.

3.8.2 Traffic signals and Pedestrian X-Walk Signals/Beacons

Traffic Signals and Pedestrian X-Walk signals/beacons shall have a rate structure equal to General Service (< 50 kW) Class Customers.
Each Traffic Signal and Pedestrian X-Walk/Beacon location is reviewed individually and is connected to H.O.B.'s low voltage distribution system. Electrical Safety Authority (ESA) "Authorization to Connect" is required prior to connecting the service.

The Ownership Demarcation point is as follows:

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- For Overhead - the top of the Customer's service standpipe/mast.
- For Underground – the line side of the fuse in the first handwell, tap box, junction box (as applicable) beyond H.O.B.'s plant.

The Customer is responsible for maintaining and repairing its equipment and/or facilities.

3.8.3 Bus Shelters, Telephone booths, and Miscellaneous Unmetered Loads (< 5kW)

The above service types shall have a rate structure as General Service (< 50 kW) Class Customers and have the same terms and conditions as outlined in Section 3.8.2 above titled "Traffic Signals and Pedestrian X-walk signals/beacons".

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GLOSSARY OF TERMS

Sources for definitions:

A	Electricity Act, 1998, Schedule A, Section 2, Definitions
MR	Market Rules for the Ontario Electricity Market, Chapter 11, Definitions
TDL	Transitional Distribution License, Part I, Definitions
TTL	Transitional Transmission License, Part I, Definitions
DSC	Distribution System Code Definitions
RSC	Retail Settlement Code Definitions

Accounting Procedures Handbook means the handbook approved by the Board and in effect at the relevant time, which specifies the accounting records, accounting principles and accounting separation standards to be followed by the distributor; (TDL, DSC)

Affiliate Relationships Code means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies; (TDL, DSC)

ancillary services means services necessary to maintain the reliability of the IMO controlled grid; including frequency control, voltage control, reactive power and operating reserve services; (MR, TDL, DSC)

apartment building means a structure containing four or more dwelling units having access from an interior corridor system or common entrance;

apparent power means the total power measured in kiloVolt Amperes (kVA);

application for service means the agreement or contract with H.O.B. under which electrical service is requested;

bandwidth means a distributor's defined tolerance used to flag data for further scrutiny at the stage in the VEE (validating, estimating and editing) process where current reading is compared to a reading from an equivalent historical billing period. For example, a 30 percent bandwidth means a current reading that is either 30 percent lower or 30 percent higher than the measurement from an equivalent historical billing period will be identified by the VEE process as requiring further scrutiny and verification; (DSC)

billing demand means the metered demand or connected load after necessary adjustments have been made for power factor, intermittent rating, transformer losses and minimum billing. A measurement in kiloWatts (kW) of the maximum rate at which electricity is consumed during a billing period;

Board or OEB means the Ontario Energy Board; (A, TDL, DSC)

building means a building, portion of a building, structure or facility; "complex metering installation" means a metering installation where instrument transformers, test blocks, recorders, pulse duplicators and multiple meters may be employed; (DSC)

Conditions of Service means the document developed by a distributor in accordance with subsection 2.4 of the Code that describes the operating practices and connection rules for the distributor; (DSC)

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connection means the process of installing and activating connection assets in order to distribute electricity to a Customer; (DSC)

Connection Agreement means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to that connection; (DSC)

connection assets means that portion of the distribution system used to connect a Customer to the existing main distribution system, and consists of the assets between the point of connection on a distributor' s main distribution system and the ownership demarcation point with that Customer; (DSC)

Consumer means a person who uses, for the person' s own consumption, electricity that the person did not generate; (A, MR, TDL, DSC)

Customer means a person that has contracted for or intends to contract for connection of a building. This includes developers of residential or commercial subdivisions; (DSC)

demand means the average value of power measured over a specified interval of time, usually expressed in kilowatts (kW). Typical demand intervals are 15, 30 and 60 minutes; (DSC)

demand meter means a meter that measures a Customer's peak usage during a specified period of time; (DSC)

developer means a person or persons owning property for which new or modified electrical services are to be installed;

disconnection means a deactivation of connection assets that results in cessation of distribution services to a Customer; (DSC)

distribute, with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less; (A, MR, TDL, DSC)

distribution losses means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows; (DSC)

distribution loss factor means a factor or factors by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system; (RSC)

distribution services means services related to the distribution of electricity and the services the Board has required distributors to carry out, for which a charge or rate has been approved by the Board under section 78 of the Ontario Energy Board Act; (RSC, DSC)

distribution system means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose. A distribution system is comprised of the main system capable of distributing electricity to many Customers and the connection assets used to connect a Customer to the main distribution system; (A, MR, TDL, DSC)

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Distribution System Code means the code, approved by the Board, and in effect at the relevant time, which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to Customers and retailers and provides minimum technical operating standards of distribution systems; (TDL, DSC)

distributor means a person who owns or operates a distribution system; (A, MR, TDL, DSC)

duct bank means two or more ducts that may be encased in concrete used for the purpose of containing and protecting underground electric cables; "Electricity Act" means the Electricity Act, 1998, S.O. 1998, c.15, Schedule A; (MR, TDL, DSC)

Electrical Safety Authority or **"ESA"** means the person or body designated under the Electricity Act regulations as the Electrical Safety Authority; (A)

electric service means the Customer's conductors and equipment for energy from H.O.B.;

embedded distributor means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor; (RSC, DSC)

embedded generator or "embedded generation facility" means a generator whose generation facility is not directly connected to the IMO-controlled grid but instead is connected to a distribution system; (DSC)

embedded retail generator means an embedded generator that settles through a distributor's retail settlements system and is not a wholesale market participant; (DSC)

embedded wholesale Customer means a Customer who is a wholesale market participant whose facility is not directly connected to the IMO-controlled grid but is connected to a distribution system; (DSC)

embedded wholesale generator means an embedded generator that is a wholesale market participant; (DSC)

emergency means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity that could adversely affect the reliability of the electricity system; (DSC)

emergency backup means a generation facility that has a transfer switch that isolates it from a distribution system; (DSC)

energy means the product of power multiplied by time, usually expressed in kilowatt-hours (kWH);

Energy Competition Act means the Energy Competition Act, 1998, S.O. 1998, c. 15; (MR)

energy diversion means the electricity consumption unaccounted for but that can be quantified through various measures upon review of the meter mechanism, such as unbilled meter readings, tap off load(s) before revenue meter or meter tampering;

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enhancement means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example, from general load growth; (DSC)

expansion means an addition to a distribution system in response to a request for additional Customer connections that otherwise could not be made; for example, by increasing the length of the distribution system; (DSC)

extreme operating conditions means extreme operating conditions as defined in the Canadian Standards Association ("CSA") Standard CAN3-C235-87 (latest edition);

four-quadrant interval meter means an interval meter that records power injected into a distribution system and the amount of electricity consumed by the Customer; (DSC)

general service means any service supplied to premises other than those designated as Residential and less than 50kW, Large User, or Municipal Street Lighting. This includes multi-unit residential establishments such as apartments buildings supplied through one service (bulk-metered);

generate, with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system; (A, TDL, DSC)

generation facility means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system, and includes any structures, equipment or other things used for that purpose; (A, MR, TDL, DSC)

generator means a person who owns or operates a generation facility; (A, MR, TDL, DSC)

geographic distributor, with respect to a load transfer, means the distributor that is licensed to service a load transfer Customer and is responsible for connecting and billing the load transfer Customer; (DSC)

good utility practice means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America; (MR, DSC)

host distributor means the registered wholesale market participant distributor who provides electricity to an embedded distributor; (RSC, DSC)

house service means that portion of the electrical service in a multiple occupancy facility which is common to all occupants, (i.e. parking lot lighting, sign service, corridor and walkway lighting, et cetera);

IEC means International Electrotechnical Commission;

CONDITIONS OF SERVICE

IEEE means Institute of Electrical and Electronics Engineers;

IESO means the Independent Electricity Market Operator established under the Electricity Act; (A, TDL, DSC)

IMO-controlled grid means the transmission systems with respect to which, pursuant to agreements, the IMO has authority to direct operation; (A, TDL, DSC) "interval meter" means a meter that measures and records electricity use on an hourly or sub-hourly basis; (RSC, DSC)

large user means a Customer with a monthly peak demand of 5000 kW or greater, regardless the demand occurs in the peak or off-peak periods, averaged over 12 months;

load factor means the ratio of average demand for a designated time period (usually one month) to the maximum demand occurring in that period;

load transfer means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point; (DSC)

load transfer Customer means a Customer that is provided distribution services through a load transfer; (DSC)

main service refers to H.O.B. 's incoming cables, bus duct, disconnecting and protective equipment for a Building or from which all other metered sub-services are taken;

Market Rules means the rules made under section 32 of the Electricity Act; (MR, TDL, DSC)

Measurement Canada means the Special Operating Agency established in August 1996 by the Electricity and Gas Inspection Act, 1980-81-82-83, c. 87., and Electricity and Gas Inspection Regulations (SOR/86-131; (DSC)

meter service provider means any entity that performs metering services on behalf of a distributor; (DSC)

meter installation means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment; (RSC, DSC)

meter socket means the mounting device for accommodating a socket type revenue meter;

metering services means installation, testing, reading and maintenance of meters; (DSC)

MIST meter means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to "Metering Inside the Settlement Timeframe;" (RSC, DSC)

CONDITIONS OF SERVICE

MOST meter means an interval meter from which data is only available outside of the designated settlement timeframe. MOST refers to "Metering Outside the Settlement Timeframe;" (RSC, DSC)

multiple dwelling means a Building which contains more than one self-contained dwelling unit;

municipal street lighting means all services supplied to street lighting equipment owned and operated for a municipal corporation;

non-competitive electricity costs means costs for services from the IMO that are not deemed by the Board to be competitive electricity services plus costs for distribution services, other than Standard Supply Service (SSS); (RSC)

normal operating conditions means the operating conditions comply with the standards set by the Canadian Standards Association ("CSA") Standard CAN3-C235- 87 (latest edition);

Ontario Energy Board Act means the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B; (MR, DSC)

operational demarcation point means the physical location at which a distributor's responsibility for operational control of distribution equipment including connection assets ends at the Customer; (DSC)

ownership demarcation point means the physical location at which a distributor's ownership of distribution equipment including connection assets ends at the Customer; (DSC)

performance standards means the performance targets for the distribution and connection activities of the distributor as established by the Board pursuant to the Ontario Energy Board Act and in the Rate Handbook; (DSC)

person includes an individual, a corporation, sole proprietorship, partnership, unincorporated organization, unincorporated association, body corporate, and any other legal entity;

physical distributor, with respect to a load transfer, means the distributor that provides physical delivery of electricity to a load transfer Customer, but is not responsible for connecting and billing the load transfer Customer directly; (DSC)

plaza means any Building containing two or more commercial business tenants;

point of supply, with respect to an embedded generator, means the connection point where electricity produced by the generator is injected into a distribution system; (DSC)

power factor means the ratio between Real Power and Apparent Power (i.e. kW/kVA);

primary service means any service which is supplied with a nominal voltage greater than 750 volts;

private property means the property beyond the existing public street allowances; "rate" means any rate, charge or other consideration, and includes a penalty for late payment; (TDL, DSC)

CONDITIONS OF SERVICE

Rate Handbook means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates; (RSC, DSC)

reactive power means the power component which does not produce work but is necessary to allow some equipment to operate, and is measured in kiloVolt Amperes Reactive (kVAR);

real power means the power component required to do real work, which is measured in kiloWatts (kW);

Regulations means the regulations made under the *Ontario Energy Board Act* or the *Electricity Act*; (TDL, DSC)

residential service means a service which is less than 50kW supplied to single-family dwelling units that is for domestic or household purposes, including seasonal occupancy. At H.O.B.'s discretion, residential rates may be applied to apartment buildings with 6 or less units by simple application of the residential rate or by blocking the residential rate by the number of units;

retail, with respect to electricity means,

a) to sell or offer to sell electricity to a Customer
b) to act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or
c) to act or offer to act as an agent or broker for a Customer with respect to the sale or offering for sale of electricity; (A, MR, TDL, DSC)

Retail Settlement Code means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and Customers and provides for tracking and facilitating Customers transfers among competitive retailers; (TDL, DSC)

retailer means a person who retails electricity; (A, MR, TDL, DSC)

secondary service means any service which is supplied with a nominal voltage less than 750 Volts;

service agreement means the agreement that sets out the relationship between a licensed retailer and a distributor, in accordance with the provisions of Chapter 12 of the Retail Settlement Code; (RSC)

service area with respect to a distributor, means the area in which the distributor is authorized by its license to distribute electricity; (A, TDL, DSC)

service date means the date that the Customer and H.O.B. mutually agree upon to begin the supply of electricity by H.O.B. ;

Standard Supply Service Code means the code approved by the Board and in effect at the relevant time, which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act; (TDL)

CONDITIONS OF SERVICE

sub-service means a separately metered service that is taken from the main Building service;

supply voltage means the voltage measured at the Customer's main service entrance equipment (typically below 750 volts). Operating conditions are defined in the Canadian Standards Association ("CSA") Standard CAN3-C235 (latest edition);

temporary service means an electrical service granted temporarily for such purposes as construction, real estate sales, trailers, et cetera;

terminal pole refers to the H.O.B. 's distribution pole on which the service supply cables are terminated;

total losses means the sum of distribution losses and unaccounted for energy; (DSC)

transformer vault means an isolated enclosure built to applicable codes to house transformers and associated electrical equipment;

transmission system means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose; (A, MR, TDL, DSC)

Transmission System Code means the code, approved by the Board, that is in force at the relevant time, which regulates the financial and information obligations of the Transmitter with respect to its relationship with Customers, as well as establishing the standards for connection of Customers to, and expansion of a transmission system; (DSC)

transmit, with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts; (A, TDL, DSC)

transmitter means a person who owns or operates a transmission system; (A, MR, TDL, DSC)

unaccounted for energy means all energy losses that can not be attributed to distribution losses. These include measurement error, errors in estimates of distribution losses and unmetered loads, energy theft and non-attributable billing errors; (DSC)

unmetered loads means electricity consumption that is not metered and is billed based on estimated usage; (DSC)

validating, estimating and editing (VEE) means the process used to validate, estimate and edit raw metering data to produce final metering data or to replicate missing metering data for settlement purposes; (MR, DSC)

wholesale buyer means a person that purchases electricity or ancillary services in the IMO-administered markets or directly from a generator; (TDL, DSC)

wholesale market participant, means a person that sells or purchases electricity or ancillary services through the IMO- administered markets; (RSC, DSC)

wholesale settlement cost means costs for both competitive and non-competitive electricity services billed to a distributor by the IMO or a host distributor, or provided by an embedded retail generator or by a neighboring distributor; (RSC, DSC)

CONDITIONS OF SERVICE

wholesale supplier means a person who sells electricity or ancillary services through the IMO-administered markets or directly to another person, other than a Customer; (TDL, DSC)

CONDITIONS OF SERVICE

Table 1.1 Demarcation Points & Charges for Connection Assets and Disconnection for Class 1 Residential - Single Service & Rural Service

Rate / Customer Class	Operational & Ownership Demarcation Point	Standard Allowance (Basic) (Connection)	Basic Connection Fee (for Standard Allowance)	Capital Contribution Fee	Additional Services Charged to customer	Service Disconnection Fee (Initiated by customer Request)
Residential Overhead	Top of Customer's Service Mast	Up to 30 m OH service lines from Distributor's "feed" pole or lines. Include connections at feed poles or lines, at customer's service mast.	Recovered through Distributor's rates	Customer charged Actual costs for connection assets beyond standard allowance.	Customers requesting an UG service in OH areas will be required to pay 100% connection costs less the Standard Allowance for an OH service.	Recovered through Distributor's Tariffs or rates.
Rural Overhead Primary Connection	Primary Connection point at Distributors pole line.	See Residential Overhead	Customer charged actual costs for connection of assets.	Customer charged Actual costs for connection assets beyond standard allowance.	See Residential Overhead	Recovered through Distributor's Tariffs or rates.
Rural Overhead Secondary Connection	Top of Customer's Service Mast	See Residential Overhead	Recovered through Distributor's rates	Customer charged Actual costs for connection assets beyond standard allowance.	See Residential Overhead	Recovered through Distributor's Tariffs or rates.
Underground	Line side of Customer's Meter base	Equivalent of above is credited to underground service.	Equivalent of above is credited to underground service.	Customer charged Actual costs for connection assets, Including street crossing. If customer's load requires transformation facilities on customer's property, refer to "General Service" Rate Class category for Underground service with Transformation.	N/A	Recovered through Distributor's Tariffs or rates.

CONDITIONS OF SERVICE

Table 1.2 Demarcation Points & Charges for Connection Assets and Disconnection for Class 2 Customers General Service 0 – 50kW

Rate / Customer Class	Operational & Ownership Demarcation Point	Capital Contribution Fee	Additional Services Charged to customer	Service Disconnection Fee (Initiated by customer request)
Overhead Single Service	Top of Customer's Service Mast	Customer charged Actual costs for connection assets.	Additional or redesign due to changes in customer initial proposal: or electrical inspections more than expected.	Recovered through Distributor's Tariffs or rates.
Underground Single Service	Connection point at property line.	Customer charged Actual costs for connection assets.	Additional or re-design due to changes in customer initial proposal; or electrical inspections more than expected and all civil inspections.	Recovered through Distributor's Tariffs or rates.

CONDITIONS OF SERVICE

Table 1.3 Demarcation Points & Charges for Connection Assets and Disconnection for Class 3 Customers Not requiring Transformation Facility on Private Property. Class 3A – General Service 50kW – 1499kW

Rate / Customer Class	Operational & Ownership Demarcation Point	Capital Contribution Fee	Additional Services Charged to customer	Service Disconnection Fee (Initiated by customer Request)
Overhead Single Building (Not requiring Transformation Facilities on private property)	Top of Customer's Service Mast	Customer charged Actual costs for connection assets.	Additional or redesign due to changes in customer initial proposal: or electrical inspections more than expected.	Customer charged actual costs associated with disconnection and / or removal of connection assets up to the demarcation point.
Underground Single Building (Not requiring Transformation Facilities on private property)	Line side of Customer's Service Conductor. Connection point at property line	Customer charged Actual costs for connection assets, including cable, chamber(s) &UG conduits as required.	Additional or re-design due to changes in customer initial proposal; or electrical inspections more than expected and all civil inspections.	Customer charged actual costs associated with disconnection and/or removal of connection assets up to the demarcation point

CONDITIONS OF SERVICE

Table 1.4 Demarcation Points & Charges for Connection Assets and Disconnection for Class 3 Customers Requiring Transformation Facilities on Private Property. Class 3B – General Service 50kW – 1499kW

Rate/ Customer Class	Operational & Ownership Demarcation Point	Capital Contribution Fee	Additional services Charge to Customer.	Service Disconnection Fee (Initiated by Customer Request)
Overhead Single Building (Requiring Transformation Facilities on private property) (existing Building only)	Load side of distributor's transformer (secondary u/g) or top of customer's service mast (secondary OH)	Customer charged Actual costs for connection assets including, associated switching equipment, transformer poles(s), cable chamber(s), u/g conduits as applicable.	Additional or redesign due to changes in customer initial proposal; or electrical inspections more than expected allowance and all civil inspections and related feeder switching/scheduling.	Customer charged actual costs associated with the disconnection and/or removal of connection assets including cables, transformers and related vault equipment up to demarcation point, and related feeder switching and scheduling.
Underground Building (Requiring Transformation Facilities on private property)	Load side of distributor's transformer	Customer charged actual costs for connection assets including, TX connections, associated switching equipment, u/g conduits and cable and road crossings (as applicable).	Additional or redesign due to changes in customer initial proposal: or electrical inspections more than expected and all civil inspections and related feeder switching/scheduling	Customer charged actual costs associated with the disconnection and/or removal of connection assets including cables, transformers and related vault equipment up to demarcation point, and related feeder switching and scheduling.

CONDITIONS OF SERVICE

Table 1.5 Demarcation Points & Charges for Connection Assets and Disconnection for Class 4 Customers. Class 4 General Service 1500kW and larger.

Rate/Customer Class	Operational & Ownership Demarcation Point	Capital Contribution Fee	Additional Services charge to customer (as part of Var. Connection)	Service Disconnection Fee (Initiated by customer Request)
Underground or overhead (Requiring Customer Transformation Facilities on private property)	27.6 kV-at line side of customer's primary H.V. switch. 44 kV Overhead - at the point where customer's primary H.V. aerial cable connects to distributor's circuit. Or 44 kV Underground - at line side of the customers Primary H.V. switch.	Customer charged actual costs for connection assets including connections, fusing, fault indicators associated switching equipment and Scada.	Additional or redesign due to changes in customer initial proposal, electrical inspection more than standard allowance and all civil inspections and related feeder switching/scheduling.	Customer charged actual costs associated with the disconnection and/or removal of connection assets including cables, and related equipment up to the demarcation point, and related feeder switching and scheduling.

CONDITIONS OF SERVICE

Table 2 Street Lighting Service – Points of Demarcation & Connection Charges

Type of Street Lighting, Distribution Systems	Operational & Ownership Demarcation Point	Capital Contribution Fee
Municipal – owned Lights attached to Distributor's pole and connected to Distributor's 120/240V "house lighting" secondary bus/lines via photocell	a) line side of fuse. b) If no fuse, point of connection on Distributor's feed pole/lines.	Customer charged actual costs for connection assets.
Municipal – owned Street Lighting "Controlled" circuits, poles, and equipment/lights (i.e. Municipal – owned Street Light Distribution plant) totally separate from Distributor's system.	First point of connection past Distributor's system. Overhead: First Point of connection at Municipal owned plant. Underground: Line side of the first protective device (e.g. fuse)	Customer charged actual costs for connection assets.

CONDITIONS OF SERVICE

Table 3 Customer Owned Transformers (Article 3.4)

Transformer Voltage		Recommended Primary Tap Voltage					
Primary	Secondary	+5%	+2½%	0	-2 ½%	-5 %	-7 ½%
44000 Delta	less than 750	46200	45100	44000	42900	41800	
27600 grd. Delta	Less than 750						
		28980	28290	27600	26910	26220	
27600	2400/4160 Y		28290	27600	26910	26220	25530

CONDITIONS OF SERVICE

Table 4 Meter Sockets (Article 2.3.7.1.2)

SELF-CONTAINED SOCKET METERING				
Voltage	Phase	Wire	Maximum Service Switch Size Rating Amperes	Number of Jaws Socket
120/240	1	3	200	4
208/120	3	3	200	5
208/120	3	4	200	7
600/347	3	4	200	7
600 *	3	3	200	5

* Used only where grounded supply is not available

Notes:
1. A list of approved meter sockets is available upon request.
2. Meter sockets shall be mounted so that the midpoint of the meter is set at 1650 mm above finished floor.
3. Where the supply is grounded, 600 V, metering shall be 4 wire. Where the Customer does not require a neutral, a full size neutral conductor sized in accordance with Table 17 of the Ontario Electrical Safety Code must be provided to all meter cabinets or sockets. The neutral conductor is to be terminated in the socket (or cabinet) on an insulated block at the bottom center of the cabinet, approximately 50mm the front edge in accordance with the Ontario Electrical Safety Code.

CONDITIONS OF SERVICE

Table 5 Meter Cabinets (Article 2.3.7.1.2)

The owner is required to supply and install a meter cabinet to contain H.O.B.'s metering equipment for the main switch ratings and supply voltages as follows:

Meter Cabinet Sizes for Transformer Rated Metering				
Voltage	**Phase**	**Wire**	**Amperage**	**Cabinet Requirement**
120/240	1	3	201 to 400	Meter base with built in current tx ***
120/240	1	3	401 to 800	48"x48"x12"
120/240	1	3	Over 800	48"x48"x12"+30"x30"x12"
120/208	3	3	201 to 400	48"x48"x12"
120/208	3	3	401 to 800	48"x48"x12"
120/208	3	3	Over 800	48"x48"x12"+30"x30"x12"
120/208	3	4	201 to 400	48"x48"x12"
120/208	3	4	401 to 800	48"x48"x12"
347/600	3	4	201 to 400	48"x48"x12"
347/600	3	4	401 to 800	48"x48"x12"
347/600	3	4	Over 800	48"x48"x12"+30"x30"x12"
600 *	3	3	201 to 400	48"x48"x12"
600 *	3	3	401 to 800	48"x48"x12"
600 *	3	3	Over 800	48"x48"x12"+30"x30"x12"

Notes:

1. Any service that is over 600 amps and has more than 2 conductors per phase requires a second meter cabinet 30"x30"x12' connected to the first by a 1 1/4" conduit.

1. "*" Use only were grounded supply is not available; consult with Technical Services Department.

2. H.O.B. will supply only the following lugs for connections to current transformers.

   250 mcm single conductor
   250 mcm double conductor
   350 mcm double conductor
   500 mcm single conductor

4. For all other wiring arrangements the customer is required to supply the lugs. Contractors will supply Ilsco or Burndy allen screw mechanical lugs, with a 3/8" hole for services 400 amp and under and with a 0.5 hole for over 400 amp.

5. "***" If residential application, use 400amp socket identified in TS-08.

CONDITIONS OF SERVICE

A meter cabinet shall conform to the following specifications:

- be fabricated of minimum #16 gauge steel;
- be equipped with steel back plate of a minimum #12 gauge and be more than 3 inches shorter than the height of the cabinet;
- the back plate shall be removable and so mounted as to allow a clearance of ½ inch behind the plate;
- have side hinged doors opening at the centre;
- be equipped with three point latching and provision for padlocking; and
- where the customer desires to view meter readings, the cabinet doors may be equipped with wired glass viewing windows positioned in the upper section of the doors.

All meter cabinets shall be installed 1.8 meters to the top from the finished floor.

CONDITIONS OF SERVICE

Table 6 Meter Centres (Article 2.3.7.1.2)

Meter centers rated 750v or less are to meet the following specifications:

1) Side-hinged doors or panels shall be installed over all sections of the switchboard where H.O.B. may be required to work, such as un-metered sections and those sections containing breakers, switches and meter mounting devices. Hinged doors or panels shall have provision for sealing and padlocking in the closed position. Where bolts are used, they shall be of the captive knurled type.

2) Breakers or switch handles shall have provision for positive sealing and padlocking in the "off" position.

3) Meter mounting devices shall be wired so as to be on the "load" side of the breakers or switches.

4) Each combination meter socket and breaker panel shall have adequate space for permanent Customer identification of street address and/or unit number.

5) The centre of the bottom row of meter sockets shall be not less than 600 mm from the finished floor. The centre of the top row of meter sockets shall not exceed 1800 mm above the finished floor.

6) The distance between adjacent meter socket rims in the horizontal plane shall not be less than 152 mm.

7) The distance between adjacent meter socket rims in the vertical plane shall be as follows:

   a) For 100 A., 4 or 5 jaw, not less than 76 mm.
   b) For 100 A., 7 jaw, not less than 152 mm.

8) The meter mounting socket and sealing ring shall be acceptable to H.O.B.

9) Where a neutral is required, the meter-mounting device shall have a pre-wired, ungrounded neutral connection to the 5th or 7th terminal. The connection, if not made directly to the neutral bus, shall be not less than #12 AWG copper or equivalent.

10) The Meter Centre is to be securely mounted to the floor and wall (site specific) and braced, to prevent movement.

Table 7 - a

Motors

Motors are subject to the starting current limitations shown in the following table:

System Supply Voltage	Maximum Permissible Starting Current
120v 1 Phase	40 Amps
240v 1 Phase	75 Amps
208v 3 Phase	Will be specified upon application to the Technical Services Department
600v 3 Phase	" " " " "
4160v 3 Phase	" " " " "
8320v 3 Phase	" " " " "
13800v 3 Phase	" " " " "
27600v 3 Phase	" " " " "
44000v 3 Phase	" " " " "

Incremental starters may be used provided that current increments occur at not less than one second intervals and do not exceed the prescribed starting current limit.

Table 7 - b

Welders

Generally, arc welder installations, due to their lower demand and operating characteristics, do not cause a flicker problem. However installations with a significant number of arc welders should be reviewed by H.O.B. prior to installation by the customer.

Resistance Welders are subject to limitations on kVA nameplate as per the following table:

Supply Voltage	Welder Type	Maximum Permissible Nameplate Rating
120/240 V	1 Phase Resistance	9 kVA
120/208 V	3 Phase Resistance	To be determined upon application to the Technical Services Department.
600 V; 600/347 V	3 Phase Resistance	" "
4160 V; 8320 V	3 Phase Resistance	" "
13800 V; 27600 V	3 Phase Resistance	" "
44000 V	3 Phase Resistance	" "

Arc Furnaces

Because of the continuous fluctuations caused by the operation of an Arc Furnace, it is imperative that the design features of the Arc Furnace be submitted to the Technical Services Department for approval prior to installation.

TABLE 8 – Maximum Losses for Power Transformers

TABLE A

Maximum losses for Power Transformers
3001 kVA – 5000 kVA, Min Low Voltage of 600 V
High Voltage 44 kV and Below

Rating		Impedance Voltage Range, %		Maximum Loss	
KVA	Minimum Low Voltage, V	Min	Max	No-Load,(NL),W	Load (L),W
3001-3500	600	5	7.5	6300	18650
3501-3750	600	5	7.5	6700	19400
3751-4000	600	5	7.5	7000	20500
4001-4500	600	5	7.5	7700	22600
4501-5000	600	5	7.5	8400	24750

TABLE B

Maximum Losses for Power Transformers
501 kVA – 5000 kVA, Min Low Voltage of 480 v
High Voltage 44 kv and Below

Rating		Impedance Voltage Range, %		Maximum Loss	
KVA	Minimum Low Voltage, V	Min	Max.	No-Load (NL), W	Load (L), W
501-750	480	5	7.5	2200	5900
751-1000	480	5	7.5	2700	7200
1001-1500	480	5	7.5	3500	9800
1501-2000	480	5	7.5	4200	12200
2001-2500	480	5	7.5	5000	14100
2501-3000	480	5	7.5	5600	16200
3001-3500	480	5	7.5	6300	18650
3501-3750	480	5	7.5	6700	19400
3751-4000	480	5	7.5	7000	20500
4001-4500	480	5	7.5	7700	22600
4501-5000	480	5	7.5	8400	24750

APPENDIX

1

Methodology And Assumptions For An Economic Evaluation

APPENDIX 1 -
METHODOLOGY AND ASSUMPTIONS FOR AN ECONOMIC EVALUATION

1.1 COMMON ELEMENTS OF THE DISCOUNTED CASH FLOW MODEL

To achieve consistent business principles for the development of the elements of an economic evaluation model, the following parameters for the approach are to be followed by all distributors.

The discounted cash flow (DCF) calculation for individual projects will be based on a set of common elements and related assumptions listed below.

Revenue Forecasting

The common elements for any project will be as follows:

(a) Total forecasted customer additions over the Customer Connection Horizon, by class as specified below;

(b) Customer Revenue Horizon as specified below;

(c) Estimate of average energy and demand per added customer (by project) which reflects the mix of customers to be added – for various classes of customers, this should be carried out by class;

(d) Customer additions, as reflected in the model for each year of the Customer Connection Horizon; and

(e) Rates from the approved rate schedules for the particular distributor reflecting the distribution (wires only) rates.

Capital Costs

Common elements will be as follows:

(a) An estimate of all capital costs directly associated with the expansion to allow forecast customer additions.

(b) For expansions to the distribution system, costs of the following elements, where applicable, should be included:
- distribution stations;
- distribution lines;
- distribution transformers;
- secondary busses;
- services; and
- land and land rights.

Note that the "Ownership Demarcation Point" as specified in the distributor' s Condition of Service would define the point of separation between a customers' facilities and distributor' s facilities.

(c) Estimate of incremental overheads applicable to distribution system expansion.

APPENDIX 1 -
METHODOLOGY AND ASSUMPTIONS FOR AN ECONOMIC EVALUATION

Expense Forecasting

Common elements will be as follows:

(a) Attributable incremental operating and maintenance expenditures – any incremental attributable costs directly associated with the addition of new customers to the system would be included in the operating and maintenance expenditures.

(b) Income and capital taxes based on tax rates underpinning the existing rate schedules.

(c) Municipal property taxes based on projected levels.

Specific Parameters/Assumptions

Specific parameters of the common elements include the following:

(a) A maximum customer connection horizon of five (5) years.[1]

(b) A maximum customer revenue horizon of twenty five (25) years, calculated from the in service date of the new customers.[2]

(c) A discount rate equal to the incremental after-tax cost of capital, based on the prospective capital mix, debt and preference share cost rates, and the latest approved rate of return on common equity.

(d) Discounting to reflect the true timing of expenditures. Up-front capital expenditures will be discounted at the beginning of the project year and capital expended throughout the year will be mid-year discounted. The same approach to discounting will be used for revenues and operating and maintenance expenditures.[3]

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1 For customer connection periods of greater than 5 years an explanation of the extension of the period will be provided to the Board

2 For example, that the revenue horizon for customers connected in year 1, is 25 years while for those connected in year 3, the revenue horizon is 22 years.

3 For certain projects Capital Expenditures may be staged and can occur in any year of the five-year Connection Horizon.

APPENDIX 1 -
METHODOLOGY AND ASSUMPTIONS FOR AN ECONOMIC EVALUATION

1.2DISCOUNTED CASH FLOW (DCF) METHODOLOGY

Net Present Value ("NPV")	= Present Value ("PV") of Operating Cash Flow + PV of CCA Tax Shield - PV of Capital
1. PV of Operating Cash Flow	= P V of Net Operating Cash (before taxes) - PV of Taxes
a) PV of Net Operating Cash	= PV of Net Operating Cash Discounted at the Company's discount rate for the customer revenue horizon. Mid-year discounting is applied. Incremental after tax weighted average cost of capital will be used in discounting.
Net (Wires) Operating Cash	= (Annual(Wires) Revenues - Annual (Wires) O&M)
Annual (Wires) Revenue	= Customer Additions * [Appropriate (Wires) Rates * Rate Determinant]
Annual (Wires) O&M	= Customer Additions * Annual Marginal (Wires) O&M Cost/customer
b) PV of Taxes	= PV of Municipal Taxes + PV of Capital Taxes + PV of Income Taxes (before Interest tax shield)
Annual Municipal Tax	= Municipal Tax Rate * (Total Capital Cost)
Total Capital Cost	= Distribution Capital Investment + Customer related Investment + overheads at the project level
Annual Capital Taxes	= (Capital Tax Rate) * (Closing Undepreciated Capital Cost Balance)
Annual Capital Tax	= (Capital Tax Rate) * (Net Operating Cash - Annual Municipal Tax – Annual Capital Tax)

The Capital Tax Rate is a combination of the Provincial Capital Tax Rate and the Large Corporation Tax (Grossed up for income tax effect where appropriate).

Note: Above is discounted, using mid-year discounting, over the customer revenue horizon.

APPENDIX B -
METHODOLOGY AND ASSUMPTIONS FOR AN ECONOMIC EVALUATION

2. PV of Capital = PV of Total Annual Capital expenditures

   a) PV of Total Annual Capital Expenditures

   Total Annual Capital Expenditures over the customer's revenue horizon discounted to time zero.

Total Annual Capital Expenditure	= (for New Facilities and/or Reinforcement Investments + Customer Specific Capital + Overheads at the project level). This applies for implicated system elements at the utility side of the "Ownership Demarcation Line".

   Note: Above is discounted to the beginning of year one over the customer addition horizon.

3. PV of CCA Tax Shield

   P V of the CCA Tax Shield on [Total Annual Capital]

   The PV of the perpetual tax shield may be calculated as:
   PV at time zero of: $\frac{[(\text{Income tax Rate}) * (\text{CCA Rate}) * \text{Annual Total Capital}]}{(\text{CCA Rate} + \text{Discount Rate})}$

   or,

   Calculated annually and present valued in the PV of Taxes calculation.
   Note: An adjustment is added to account for the ½ year CCA rule.

4. Discount Rate

   PV is calculated with an incremental, after-tax discount rate.

APPENDIX

2

Sample
Offer to Connect – Residential Subdivision

DATE

Attn :

Our E. P. File

Re: Offer to Connect - ___ Lot Subdivision,

Draft Plan 21T – _____, In the City of Brampton

Dear Sir/Madam:

Further to recent discussions with your consultant we are pleased to submit the following information regarding our residential servicing process.

We offer the Developer two choices to service residential subdivisions in Brampton. The two methods, Option A and Option B, are distinctly different and are described in detail in this letter.

Option A; Turn Key Design and Installation by Hydro One Brampton

Option B; Alternative Bid – Design and Installation by the Developer

Street Lighting

Please note that the City of Brampton will be managing all street lighting and park lighting aspects of your project regardless of the servicing option you select. This includes design, approvals, inspection, and maintenance of the street lighting system within the public road allowance, walkways, and parklands.

Hydro One Brampton will require an approved streetlight design and an Electrical Safety Authority permit prior to connecting any lighting supplies to our system. For more information concerning street lighting in new developments, please contact Mr. George Yip of the City of Brampton, he can be reached at 905-874-2575.

The Electrical Servicing Process

1.) Option A: Turn Key Design and Installation by Hydro One Brampton

HOB will process all works required to complete the installation of the electrical distribution system for the site. This includes but is not limited to preparing the electrical design, procuring materials, site layout, contract administration and tendering for the installation of electrical facilities, inspection and energization of the system.

Under this arrangement the Hydro One Brampton will:

- design the electrical system
- supply all electrical distribution system materials
- provide survey and layout services for the installation of the electrical distribution system
- install the electrical distribution system
- complete all cable terminations and splices

Under this option the Developer will:

- design the street light system
- supply all street light related materials
- install the street light system including supply pedestals
- complete street light pole connections

……all subject to City of Brampton specifications and approvals.

The developer will be responsible to hire an electrical consultant to prepare a separate streetlight design. This design must be reviewed and approved by the City of Brampton. Contact Mr. George Yip at 905 874-2575 for details.

Under the Option A arrangement the Developer is responsible to provide a Letter of Credit to Hydro One Brampton for one hundred percent of the estimated cost of the electrical distribution system. This Letter of Credit is required twelve weeks prior to servicing your site.

Hydro One Brampton will draw on the LC at predetermined intervals to pay for the cost of materials. Draws may be substituted with cash payments.

The estimated servicing cost under an Option A arrangement is as follows:

a) Electrical servicing:
(____units @ $3,000 / per unit):..... $_____
HST @ 13 %..... $_____
Total Securities Required: ..... $_____

Please note that these costs exclude street lighting as well as the cost of installing the services from the street line to the electrical meter base at each home.

2.) Option B: Alternative Bid – Design and Servicing by the Developer

In selecting the Option B process the developer accepts all obligations for the installation and placement of Hydro One Brampton's infrastructure in accordance with Hydro One Brampton's design criteria, HOB standards and the City of Brampton road cross sections prepared for the development. The developer will be responsible to manage all site servicing issues and to provide personnel to respond to site issues as they arise. HOB staff will be consulted where changes to the original electrical design are required.

Under this arrangement the Developer will:

- design the electrical system
- supply all electrical distribution system materials
- provide survey and layout services for the installation of the electrical distribution system
- provide complete project management services
- install the electrical distribution system
- complete all non energized low voltage and distribution voltage cable terminations and splices
  ……all subject to Hydro One Brampton specifications and approvals

- design the street light system
- supply all street light related materials
- install the street light system including supply pedestals
- complete all street light connections
  ……all subject to City of Brampton specifications and approvals

HOB will be responsible for; review of the Developer's design, perform site inspections, complete terminations and splicing of feeder cables where applicable, approval of cable and transformer Certified Test Reports and any work on or in proximity to the distribution system once it becomes energized. All work and materials supplied by HOB, with the exception of the design review, will be applied to the total subdivision costs and shall be included in the economic analysis.

All costs incurred by HOB to accommodate phased construction of the development will be fully recoverable and excluded from the economic analysis.

Under this Option, the Developer will provide a Letter of Credit for 33% of the estimated total installed cost of the electrical distribution system.

The estimated servicing cost under an Option B arrangement is as follows:

(____ units @ $1,000 / per unit):	$_____
HST @ 13 %	$_____
Total Securities Required:	$_____

This Letter of Credit is required prior to the release of any Civil or Electrical construction drawings

Economic Evaluation

Under Chapter 3, Section 3.2.1. of the OEB Distribution System Code, the Utility must "perform an economic evaluation to determine if the future revenue from the customer(s) will pay for the capital cost and on-going maintenance costs of the expansion project".

Section 3.2.6 states that "if a shortfall between the present value of the project costs and revenues is calculated, the distributor may propose to collect all or a portion of that amount from the customer, in accordance with the distributor's documented policy on capital contribution by customer class." The economic evaluation period will commence based on the date when the first primary cable internal to the expansion project, is connected to Hydro One Brampton's point of supply.

Using the methodology in Appendix "B" of the Distribution System Code, HOB will complete a final analysis at the end of the "Five Year Customer Connection Horizon" or, after ninety percent of all services have been connected. This will determine any refund to or amounts owing by the Developer.

Design (Option A) or Design Review (Option B)

In order to commence the electrical distribution design or review a subdivision design prepared by the developer we require the following items:

1) One hard copy set of the plan and profile engineering drawings at the second submission stage showing community mailbox locations.

2) Hard copy and digital files of the City of Brampton road cross-sections for roadways to be constructed in this development.

3) Digital files of the general above and below ground engineering drawings.

In order to initiate a design or design review the developer must submit a design deposit. The design deposit is calculated at $42.00 per lot including HST, with a minimum amount of $2,120.00 to a maximum amount of $10,600.00. The design review deposit for your development is $_____

Costs incurred by HOB for reviewing a design prepared by the Developer (Option B) are fully recoverable and not included in the economic analysis in accordance with OEB rules. Actual costs incurred for the design review will be invoiced against the deposit.

Costs incurred by HOB to prepare a design (Option A) are included in the economic analysis in accordance with OEB rules. Actual costs incurred for the design review will be included in the final economic analysis and the design deposit will be credited towards the developer's financial obligations for the project.

Maintenance Period

In order to provide security for maintenance of the installed electrical system, we will not reduce the Letter of Credit to less than 15% of its original amount (Minimum $10,000 – Maximum $50,000) until the lands dedicated by the Developer for use as public highways, are accepted by the municipality.

The Developer will be responsible for correcting all deficiencies of the electrical system during the maintenance period. The maintenance period will terminate upon assumption of the development by the City of Brampton. HOB will rectify all deficiencies where work is required in proximity to energized equipment or situations where immediate action is required as a result of a safety or system reliability issues. Costs to correct deficiencies will be the responsibility of the Developer during the maintenance period.

Capitalization Cost

Upon completion of the electrical system in your subdivision, we require a summary of actual costs including engineering and administration fees for the following:

a) Distribution Transformers: include the installed cost of distribution transformers used to transform electricity to the voltage at which it is used by the consumer. The cost will include the transformers, the foundation, grounding equipment, and other material and labour necessary for the installation.
b) Balance of Distribution: include the installed cost of the balance of the cables or distribution facilities to distribute electrical energy from Hydro One Brampton's system to the dwelling units.

Costs provided are to exclude HST and any streetlighting related expenses.

Please note that prior to releasing any Letter of Credit amounts or proceeding with the final economic analysis we will require a statutory declaration letter signed by the owner stating that all monies payable for works, services or fees relating to any aspect of the electrical servicing of the site, have been paid in full excluding any holdback amounts properly retained.

Meter base Locations

Please note that meter base locations on condominium units and town houses must be reviewed and approved by this office. Surface mount, recessed mount, and ganged meter installations are options available for specific applications. Appropriate site plan and elevation drawings must be provided to the project designer to determine suitability. Please notify your builders of this requirement.

If you have any comments or questions, please contact the undersigned at 905-840-6300 extension 5508 and refer to our File # _____.

In closing we require that you confirm the servicing option that you wish to pursue.

Yours truly,
Hydro One Brampton Networks Inc.

Engineering Supervisor – Development Division
WS/
c.c. Engineering Manager Hydro One Brampton ,
Eng Tech Hydro One Brampton
G.Yip City of Brampton, Electrical Consultant

SCHEDULE "B"

TO AN AGREEMENT BETWEEN
HYDRO ONE BRAMPTON

And

_____

TO: HYDRO ONE BRAMPTON

WE HEREBY AUTHORIZE YOU TO DRAW ON THE (NAME OF CANADIAN CHARTERED BANK OR TRUST COMPANY AND ADDRESS) FOR THE ACCOUNT OF (NAME OF DEVELOPER) UP TO AN AGGREGATE AMOUNT OF $_____ AVAILABLE ON DEMAND.

Pursuant to the request of our customer, the said (NAME OF DEVELOPER) we (NAME OF BANK) hereby establish and give to you an Irrevocable Letter of Credit in your favour in the total amount of $_____ which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honour without enquiring whether you have a right as between yourself and our said customers to make such demand, and without recognizing any claim of our said customers.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us, a certificate confirming that monies drawn pursuant to this Letter of Credit are to be and/or have been expended pursuant to obligations incurred or to be incurred in connection with the Agreement between (NAME OF DEVELOPER) and HYDRO ONE BRAMPTON.

This Letter of Credit will continue up to the ____ day of (month) 2004 and will expire on that date and may call for payment of the full amount outstanding under this Letter of Credit at any time prior to that date. Partial drawings are permitted. The amount of this Letter of Credit may be reduced from time to time as advised by notice in writing given to us by you.

It is a condition of this Letter of Credit that it shall be deemed to be automatically extended for one year from the present or any future expiration date hereof, unless thirty days prior to any such date we shall notify you in writing that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your demand accompanied by your written certification that the amounts drawn will be retained and used to meet obligations incurred or to be incurred in connection with the above mentioned Agreement.

DATED:_____ _____

THIS AGREEMENT made in duplicate this ___day of _____200_.

BETWEEN

HYDRO ONE BRAMPTON NETWORKS INC.

hereinafter called "H.O.B.N.I."

OF THE FIRST PART

- And -

_____

hereinafter called the "Developer"

OF THE SECOND PART

WITNESSETH THAT WHEREAS:

The Developer represents that he is the registered owner of the lands described in Schedule "A" hereto (referred to herein as "the lands");

The Developer proposes to develop the lands as a residential subdivision and has obtained draft approval of the plan by the Minister under the Planning Act;

The Developer is required, as a condition of final approval, to enter into an Agreement or Agreements with the municipality for the provision of services in the subdivision;

H.O.B.N.I. has exclusive authority, over the construction, management and operation of the works for the supply of such power within the City of Brampton.

The Developer wishes to enter into an Agreement with H.O.B.N.I. for the construction of an extension of the said works for the purpose of providing electrical power to the future inhabitants of the subdivision and for the construction of an extension of the City's system to provide street lighting and park lighting within the subdivision (referred to herein collectively as the systems and individually as the electrical system and the street and park lighting system).

TABLE OF CONTENTS

1.0 THE WORK

1.1 The Developer shall, subject to the terms hereof, provide and install at his cost all transformers, switchgear, concrete pads, primary and secondary cables, house services from the street line to the meter base including splicing at the street line, ground rods and ground wires for the electrical system and all cables, poles, pole caps, luminaries and brackets for the street and park lighting system, but excluding the work and materials specified in Section 1.2.

1.2 H.O.B.N.I. shall, perform all terminating and connecting of cables to energized H.O.B.N.I. facilities. H.O.B.N.I. shall provide at the Developer's cost all materials associated with the work described in this Section. All costs mentioned in this section are included in Clause (d) of Section 2.1.

1.3 H.O.B.N.I. shall supervise the construction done by the Developer and will co-ordinate the construction work done by the parties.

2.0 PRELIMINARY STEPS

2.1 Upon the signing of this Agreement by the parties:

(a) H.O.B.N.I. shall supply to the Developer a list of approved contractors and the Developer shall inform H.O.B.N.I. in writing of the contractor or contractors on the list who it proposes to employ for any part of the work. A contractor who is not on H.O.B.N.I.'s list shall not be employed by the Developer;

(b) The Developer shall advise H.O.B.N.I. in writing of the date he expects that the lands will be ready for commencement of construction of the systems. Save with the approval in writing of H.O.B.N.I. obtained in advance, the date shall not occur before the expiry of a notice period of 120 days following such notification nor before the completion by the Developer of the following matters:

(i) Installation of sewer and water mains and of services to the property lines of all lots;

(ii) Road bases constructed and graveled;

(iii) Curb bases and curbs installed or ditches and shoulders established and final elevations provided to H.O.B.N.I.;

(iv) Grading completed to within 15 centimeters of final grade (more or less) of all parts of the lands in which the electrical system will be constructed;

(v) Contractual arrangements satisfactory to H.O.B.N.I. have been made by the Developer for the installation of telecommunications equipment in the lands and such work has been co-ordinate with the construction of the electrical system;

and the date so designated by the Developer is referred to herein as "commencement date".

(c) The Developer shall provide to H.O.B.N.I. such information as it may require respecting the subdivision, including but not limited to a copy of the plan of subdivision, engineering plans, the number and types of dwellings and the type of heating system to be used.

(d) H.O.B.N.I. costs will include:

(i) Work contracted out by H.O.B.N.I.;

(ii) Salaries and wages of H.O.B.N.I.'s own forces and usage of hourly rated vehicles and equipment engaged in the construction;

(iii) Materials provided by H.O.B.N.I.;

(iv) Services provided by H.O.B.N.I. in respect of the telecommunications companies' installations;

(v) Administrative, supervisory and inspection services, salary burdens, contract specifications, handling and storing materials and any other items of cost to H.O.B.N.I. generated by the construction through the work and materials provided by either party described herein (collectively referred to herein as "overhead").

2.2 H.O.B.N.I. shall notify the Developer in writing of the amount of the contract price and particulars, attaching to such notification a request for payment for the design portion of the contract price, payable within 30 days.

2.3 The Developer shall also provide a Letter of Credit to H.O.B.N.I. from a Canadian chartered bank or a trust company approved by H.O.B.N.I. in the form attached hereto as Schedule "B", 30 days prior to commencing work, as security. The Letter of Credit shall be in the amount of $ _____. This is 50% of the estimated total installed cost of the Electrical Distribution System.

In order to provide security for maintenance of the installed electrical system, the Letter of Credit will not be reduced to less than 15% of its total amount, until the lands dedicated by the Developer for use as public highways, are accepted by the municipality.

2.5 If the Developer fails to provide the Letter of Credit mentioned in Section 2.3 within 30 days of signing this Agreement, this Agreement may, at the option of H.O.B.N.I., be declared null and void.

3.0 DESIGNING THE SYSTEMS

3.1 The electrical system will be designed in such manner as to facilitate the extension of the same to other lands. If the Developer has no interest in those lands no extra costs associated with design and construction for such purpose will be included in the contract price.

3.2 The design drawings will identify the standards and specifications applicable to each aspect of the work. H.O.B.N.I. will make available to the Developer, his tenderers, contractors and employees for examination all standards and specifications identified in the design drawings. Such standards and specifications are deemed to be a schedule to this Agreement and an integral part thereof.

3.3 The Developer shall carefully examine the design layout of the system and advise H.O.B.N.I. of any conflict in the location of the systems or any part or parts thereof with other aspects of the subdivision, including driveways, fire hydrants, deep services, postal boxes and special landscaping. The parties shall certify in writing to H.O.B.N.I. that no conflict exists before any work on the systems is commenced.

4.0 CONSTRUCTION SCHEDULE

Upon receipt of the certificate mentioned in Section 3, H.O.B.N.I., in consultation with the Developer, shall make a construction schedule which will divide the work of constructing the systems into appropriate stages and establish a preliminary sequence to be followed. The purpose of the construction schedule is to co-ordinate supervision of the work and inspection of completed stages of the work by H.O.B.N.I. and to ensure continuity of the work and completion of the work without undue delay. The sequence of stages of the work may be altered by H.O.B.N.I. to accommodate the schedule to circumstances arising in the course of construction.

5.0 EASEMENTS

5.1 The Developer shall grant to H.O.B.N.I. such easements within the lands, free from encumbrance, as are determined by H.O.B.N.I. to be necessary for the construction and operation of the systems and in the locations designated by it up to the end of the maintenance period as set out in Section 14. H.O.B.N.I. shall make known to the Developer at the time of the design layout mentioned in Section 3 of this Agreement, the particulars and location of the easements, which in H.O.B.N.I.'s view will be required.

5.2 H.O.B.N.I. shall be entitled to require further easements, which are necessary, in its sole discretion, for the system at any time before completion of construction.

5.3 The Developer shall prepare the reference plans describing the areas over which the easements are required. The documents creating the easements shall be prepared and registered by H.O.B.N.I. The form of easement shall be such as may be approved by H.O.B.N.I.

5.4 Easements may, at the option of H.O.B.N.I., include as grantees, transferees, and licensed telecommunications operators using a common trench with H.O.B.N.I. for its cables and associated equipment. All easements unless otherwise specified by H.O.B.N.I. shall be granted in perpetuity.

5.5 In the event of failure by the Developer to grant any easement required by H.O.B.N.I. pursuant to the terms of this agreement the same may be acquired by the exercise of powers available to H.O.B.N.I. under the Expropriations Act of Ontario. Notwithstanding any provision of the said Act no compensation or costs are payable by H.O.B.N.I. to the Developer for the forcible taking of any easement including the market value of the interest taken, disturbance damages, injurious affection or any other compensation. The Developer hereby waives all claims and H.O.B.N.I. shall not be obliged to comply with any provision of the said Act the purpose of which is to determine compensation payable to the Developer. The costs incurred by H.O.B.N.I. in expropriating any easement pursuant to this section are payable by the Developer.

5.6 H.O.B.N.I. shall not expropriate an easement in any part of the lands occupied by a dwelling or any accessory or other building or structure or which is to be so occupied according to the Developer's plans and no easement so acquired shall be used by H.O.B.N.I. in such a manner as to affect the foundation or earth support of such dwelling, building or structure. A structure in this section shall not include any fence or any structure or object resting by its own weight on the surface of the ground.

6.0 NOTICE OF INTENTION TO COMMENCE WORK

6.1 The Developer shall give H.O.B.N.I. thirty (30) days notice in writing of his intention to commence the work under this Agreement. If the Developer fails to give written notice of intention to commence work on the commencement date or on a date within 12 months following the commencement date or if, having given notice of intention to commence work, he fails to commence work on the stated date and proceed with the work in accordance with the construction schedule, this Agreement may in any such case at the option of H.O.B.N.I. be terminated by written notice to the Developer.

6.2 The Developer shall give H.O.B.N.I. twenty-four hours written notice of his intention to commence any stage of construction in the construction schedule.

6.3 No work by the Developer under this contract will be performed outside of H.O.B.N.I.'s normal hours of work save with the approval of H.O.B.N.I.

7.0 REVIEWS, APPROVALS AND INSPECTIONS

7.1 Construction methods proposed by the developer are subject to review by H.O.B.N.I. before work commences on any stage of construction.

7.2 All work done by the Developer is subject to inspection by H.O.B.N.I.. Such inspection shall be requested by the Developer and performed by H.O.B.N.I. before any portion of the work is covered.

7.3 All materials provided by the Developer shall conform to H.O.B.N.I.'s specifications and all suppliers from whom materials are purchased by the Developer are subject to the approval of H.O.B.N.I. H.O.B.N.I. shall provide to the Developer a list of approved suppliers.

7.4 The Developer shall provide to H.O.B.N.I. for review drawings and test results of all equipment he proposes to purchase for the systems.

7.5 Transformers provided by the Developer under this Agreement must be evaluated at the lowest total cost calculated under the Municipal Electric Association's loss evaluation formula and a purchase order shall not be issued by the Developer to the supplier without H.O.B.N.I.'s approval in writing of the calculation. Such approval is not to be construed as a waiver of compensation where actual losses

exceed estimated losses. The Developer shall pay H.O.B.N.I.'s invoices for any such excess losses issued in accordance with the penalty formula in the latest MEA specification.

8.0 COMPLIANCE WITH LEGISLATIVE PROVISIONS

8.1 The Developer shall:

(a) Comply H.O.B.N.I.'s standards in providing for installation of H.O.B.N.I.'s energy meter on each dwelling;

(b) Comply with the requirements of the Ontario Building Code and Electrical Safety Authority and H.O.B. Networks Inc.'s regulations in respect of the location, minimum sizes and all other aspects of underground meter bases;

(c) Ensure that buildings are located in such manner that the minimum line-of-sight distance between any transformer of the electrical system and any door, window or combustible surface material is 3 meters and that all distances are in compliance with the Electrical Safety Authority.

8.2 The Developer shall rectify any violation of the laws, regulations, ordinances and provisions relating to the matters in this Section 8. Upon being directed to do so by the governmental authority involved or by H.O.B.N.I.. In the event of default by the Developer in carrying out such directions within 20 days H.O.B.N.I. may make the correction and invoice the Developer for the cost so incurred, the amount of which as determined by H.O.B.N.I. shall not be open to question and shall be paid forthwith by the Developer.

9.0 INSURANCE

Before the commencement date, the Developer shall provide and pay for comprehensive liability insurance in the joint names of the Developer and H.O.B.N.I. with limits of not less than Two Million ($2,000,000.00) Dollars per occurrence for bodily injury, death and damage to property including loss of use of property and shall maintain the same in effect during the term of this Agreement. There shall be no exclusion for blasting. The provision of such insurance shall not be construed as relieving the Developer from indemnifying H.O.B.N.I. in respect of any claim made against it arising out of the operations contemplated by this Agreement, whether or not such claim exceeds the insurance limits and whether or not the insurer denies liability to indemnify the named insured under the terms of the policy and the Developer hereby agrees to indemnify H.O.B.N.I. and its employees in respect of all such claims. The Developer shall provide to H.O.B.N.I. such proof as may reasonably be required that the said insurance has been obtained and may, at any time and from time to time, require proof from the Developer that the policy remains in effect.

10.0 CONSTRUCTION LIENS

10.1 H.O.B.N.I., upon receipt from the Developer's Letter of Credit in accordance with Section 2.3 of this Agreement, waives any lien to which it may be entitled under the Construction Lien Act of Ontario and agrees to indemnify the Developer in respect of any claim for lien or any action to realize such lien by anyone employed by H.O.B.N.I. or by any contractor or his employees, subcontractors or suppliers.

10.2 The Developer shall retain no holdbacks, whether in purported compliance with the Construction Lien Act or otherwise, out of the monies payable to H.O.B.N.I. under this Agreement.

10.3 H.O.B.N.I. shall not be deemed, by any provision of this Agreement, to admit that the Construction Lien Act applies to the construction of the systems.

10.4 H.O.B.N.I. shall be entitled to defend, in the Developer's name, any action to realize a claim for lien by anyone mentioned in this section or claiming to have provided services or materials to the lands for H.O.B.N.I., or under H.O.B.N.I. by contract, arrangement or employment with or by anyone in respect of which claim H.O.B.N.I. must indemnify the Developer and H.O.B.N.I. registered or of which notice is given to the Developer and to act in every respect, in the Developer's name, in dealing with any such claim, including the negotiation of settlement of an action to realize a lien.

10.5 The Developer shall notify H.O.B.N.I. in writing of any notice of claim for lien received by him forthwith upon receipt thereof.

11.0 CO-ORDINATION OF TELEPHONE AND CABLE TELEVISION WORK

The parties shall co-ordinate the work under this Agreement with the installation of equipment by any cable television company and licensed communications operator(s).

12.0 ENERGIZATION OF THE SYSTEMS

H.O.B.N.I. shall energize the systems in such manner and at such times as in its discretion it deems appropriate.

13.0 CERTIFICATE OF COMPLETION

When H.O.B.N.I. has completed its final inspection and is satisfied that the work of the Developer and that of H.O.B.N.I. is completed, it shall issue a certificate of completion.

14.0 PERIOD OF MAINTENANCE

14.1 The period of maintenance under this Agreement is the period commencing on the date of completion of the systems stated in the certificate of completion and ending when all the lands within the plan of subdivision dedicated by the Developer for use as public highways are accepted by the municipality.

14.2 The systems, including those portions constructed by H.O.B.N.I., shall remain at the risk of the Developer during the period of maintenance.

14.3 H.O.B.N.I. shall be responsible for the operation of the systems during the period of maintenance and shall have full access to the same and to the use of the easements granted pursuant to this Agreement.

14.4 At the expiration of the period of maintenance the electrical system shall, by that event, become the property of H.O.B.N.I. and the street and park lighting system shall become the property of the Corporation of the City of Brampton and thereupon, this agreement shall be at an end.

15.0 DEVELOPER'S DUTIES IN THE MAINTENANCE PERIOD

15.1 If during the maintenance period any pole, transformer or other component or part of the system is damaged, displaced, removed, toppled or is otherwise the subject of harm, impairment or mischief and is caused by any person, agency or means other than a person for whose acts H.O.B.N.I. is responsible in law, or if any defect in the developer's work shall appear the Developer shall promptly carry out the necessary repair or rectification upon being notified in writing by H.O.B.N.I..

15.2 If the Developer fails to comply with the said notice within 15 days of delivery thereof, H.O.B.N.I. may carry out the necessary repair or rectification at the Developer's expense and the Developer shall pay the cost thereof forthwith upon receipt of any invoice therefore from H.O.B.N.I..

15.3 H.O.B.N.I. shall have the right to draw on the Letter of Credit in any instance of default in the Developer under this Section 15.

16.0 RIGHT OF TERMINATION

16.1 In addition to the provision for termination under Sections 6.1 and 2.4, H.O.B.N.I. shall be entitled to terminate this Agreement by notice in writing to the Developer:

(a) If the Developer should become insolvent or cease to pay his debts as they become due or makes an assignment for the benefit of his creditors or is declared bankrupt;

(b) If the Developer is in substantial breach of this Agreement and fails to rectify such breach within 10 days of notice in writing delivered to him by H.O.B.N.I. or fails to commence such rectification within the said time and proceed with dispatch to its completion if the breach cannot reasonably be rectified within 10 days;

16.2 Without limiting Clause (b) of Section 16.1 the Developer shall be in substantial breach of this Agreement:

(a) If he fails to provide within a reasonable time any reference plan for an easement required by H.O.B.N.I. or fails to execute a grant of easement called for under this Agreement or remove any encumbrance on the title of the land which is to be subject to the easement;

(b) If he causes undue delay in the construction of the systems;

(c) If he fails to proceed with the subdivision development in accordance with the terms of his subdivision Agreement with the Municipality or

(d) If he assigns this Agreement contrary to Section 20.

16.3 Notice of termination in accordance with Clause (b) of Section 16.1 is a condition of termination under Clauses (a), (b) and (c) of Section 16.2.

16.4 If H.O.B.N.I. terminates the Agreement for breach by the Developer H.O.B.N.I. may, subject to the Developer's right to an accounting, utilize moneys paid under this Agreement to the extent necessary in its discretion to complete any of its work or to secure work already done by either party and generally to minimize any adverse effect upon the systems from the termination.

16.5 The foregoing Section 16.4 shall not be construed as limiting H.O.B.N.I.'s rights arising from a developer's breach.

17.0 WAIVER

The waiver by H.O.B.N.I. of any right under this Agreement or at law accruing from any act, omission or default by the Developer shall not be construed as a waiver of such right in respect of any subsequent act, omission or default.

18.0 COMMUNICATIONS IN WRITING

18.1 Any notice or communication in writing by one party to the other under this Agreement may be given or made:

(a) By delivery by hand to any adult person at the party's address or

(b) By telephone transmission to the party's fax number or

(c) By courier addressed to the party at his address or

(d) By prepaid first class mail addressed to the party at his address.

18.2 A notice or communication in writing is deemed to have been delivered and received by the party to whom it is sent:

(a) If delivered by hand, on the day of delivery;

(b) If transmitted by telephone, on the day it is transmitted;

(c) If sent by courier, on the day it is delivered to the party's address;

(d) If mailed, on the fourth day following the date of mailing.

19.0 ADDRESS FOR COMMUNICATIONS

19.1 The address of each party is:

(a) H.O.B. NETWORK INC.
175 Sandalwood Parkway West
Brampton, Ontario
L7A 1E8

Attention: Manager of Engineering

Telephone: (905) 840-6300
Fax: (905) 840-1305

(b) Attention:

Telephone:
Fax:

19.2 A party may change his address by notifying the other party in writing of the change in any manner specified in Section 18.

20.0 ASSIGNMENT

This Agreement shall not be assigned by the Developer without the written consent of H.O.B.N.I. obtained in advance.

21.0 OEB DISTRIBUTION SYSTEM CODE

Under Chapter 3, Section 3.2.1 of the Ontario Energy Board Distribution System Code, the Utility must "perform an economic evaluation to determine if the future revenue from the customer(s) will pay for the capital cost and on-going maintenance costs of the expansion project". Section 3.2.6 states that "if a shortfall between the present value of the projected costs and revenues is calculated, the distributor may propose to collect all or a portion of that amount from the customer, in accordance with the distributor's documented policy on capital contribution by customer class".

Some of the requirements in the Distribution System Code have yet to be developed or documented and other parameters are not yet available. In view of the Developer's schedule for this subdivision, H.O.B.N.I. will not be able to perform the economic evaluation on time. As a result, the servicing agreement has been based on H.O.B.N.I.'s existing conditions of service.

H.O.B.N.I. will proceed with an economic evaluation as soon as the methodology and parameters have been determined. This evaluation will be calculated using the date of signing of this agreement or the date of the Design Deposit, whichever occurs first, as the starting point. Using the methodology in Appendix "B" of the Distribution System Code, the analysis will be performed yearly using actual customer additions to determine H.O.B.N.I.'s cost responsibilities for the development and H.O.B.N.I. will refund the Developer accordingly. This will be done each year over the Customer Connection Horizon of 5 years as per the code.

IN WITNESS WHEREOF each party has executed the Agreement in the manner provided by law.

SIGNED, SEALED AND DELIVERED
In the presence of

_____

Per: _____

Per: _____

Affix Seal

HYDRO ONE BRAMPTON NETWORKS INC.

Per: _____

Per: _____

Affix Seal

SCHEDULE "A"

TO AN AGREEMENT BETWEEN

HYDRO ONE BRAMPTON NETWORKS INC.

AND

_____

DESCRIPTION OF LANDS:

Lands to be serviced as shown on

And

As defined by Draft Plan 21T-

All

Part of the, in the City of Brampton.

Lands to be subdivided into residential detached building lots.

SCHEDULE "B"

TO AN AGREEMENT BETWEEN

HYDRO ONE BRAMPTON NETWORKS INC.

And

_____

TO: HYDRO ONE BRAMPTON NETWORKS INC.

WE HEREBY AUTHORIZE YOU TO DRAW ON THE (NAME OF CANADIAN CHARTERED BANK OR TRUST COMPANY AND ADDRESS) FOR THE ACCOUNT OF (NAME OF DEVELOPER) UP TO AN AGGREGATE AMOUNT OF $_____ AVAILABLE ON DEMAND.

Pursuant to the request of our customer, the said (NAME OF DEVELOPER) we (NAME OF BANK) hereby establish and give to you an Irrevocable Letter of Credit in your favor in the total amount of $_____ which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honor without enquiring whether you have a right as between yourself and our said customers to make such demand, and without recognizing any claim of our said customers.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us, a certificate confirming that monies drawn pursuant to this Letter of Credit are to be and/or have been expended pursuant to obligations incurred or to be incurred in connection with the Agreement between (NAME OF DEVELOPER) and HYDRO ONE BRAMPTON NETWORK INC.

This Letter of Credit will continue up to the ____ day of (month) 2001 and will expire on that date and may call for payment of the full amount outstanding under this Letter of Credit at any time prior to that date. Partial drawings are permitted. The amount of this Letter of Credit may be reduced from time to time as advised by notice in writing given to us by you.

It is a condition of this Letter of Credit that it shall be deemed to be automatically extended for one year from the present or any future expiration date hereof, unless thirty days prior to any such date we shall notify you in writing that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your demand accompanied by your written certification that the amounts drawn will be retained and used to meet obligations incurred or to be incurred in connection with the above mentioned Agreement.

DATED:

_____ _____

APPENDIX

3

Sample Generator Connection Agreement

THIS CONNECTION AGREEMENT made as of the of

B E T W E E N :

Hydro One Brampton Networks Inc.

("H.O.B.")

- and -

[CUSTOMER]

("Customer")

RECITALS:

1. The Customer owns and operates _____ generator (the "Generating Equipment") located at _____and within the facility at Brampton, Ontario (the "Facility");

2. The Customer is defined as a Large Generator, as per the Province of Ontario's Distribution System Code Appendix F (In excess of 10 MW).

3. The H.O.B. electric distribution system (the "Distribution System") is designed to provide a unidirectional flow of electrical power radially from its supply stations to its customers' loads;

4. The connection of dispersed or embedded generation (such as the Generating Equipment) to and operated in parallel with, the Distribution System may alter the character of the Distribution System which raises various issues and concerns including the following:

    1. potential back feeding of electrical power into the Distribution System (including system fault infeed);

    2. start up transients;

    3. improper synchronizing;

    4. induced voltage fluctuations and harmonic content; and

    5. isolation of the Generating Equipment on a H.O.B. circuit;

5. The Ontario Energy Board Distribution System Code (the "Distribution Code") requires the Parties to enter into a connection agreement containing certain provisions relating to connection and access to the Distribution System including provisions relating to the matters as set out in Appendix E to the Distribution Code;

6. In order to promote public safety, to protect the employees and assets of H.O.B. and the Customer, to maintain quality of electrical distribution services to H.O.B. customers and to comply with the Distribution Code, the Parties wish to enter into this Agreement;

7. Hydro One Brampton and the customer shall comply with all Applicable Laws including the following in order of priority:

    -The Affiliate Relationships Code for Electricity Distributors and Transmitters;

    -The Distribution System Code;

-The Retail Settlement Code; and

-The Standard Supply Service Code.

If there is a conflict between this Agreement and any of the above, the documents listed above shall govern in order of priority. If there is a conflict between the Conditions of Service and this Agreement, this Agreement will govern. The fact that a condition, right, obligation, or other term appears in the Conditions of Service but not in any of the documents listed above or in this Agreement shall not be interpreted as, or be deemed grounds for finding conflict.

FOR TEN (10) DOLLARS AND OTHER VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Capitalized terms used in this Agreement and not defined in it shall have the meanings set out in Schedule A.

The division of this Agreement into Articles, Sections and Subsections, the insertion of headings and the provision of any table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

Subject to any provision contained herein which requires immediate action, if any payment is required to be made or other action required to be taken pursuant to this Agreement on a day which is not a Business Day then such payment or action shall be made or taken on the next Business Day.

Any reference in this Agreement to any statute, order or code or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement.

The following Schedules shall be attached to and form part of this Agreement:

Schedule A - Definitions
Schedule B - Contacts
Schedule C - Verification of Protection and Control Systems and Devices
Schedule D - One-Line Diagram.

OWNERSHIP AND JURISDICTION

The Customer's electrical service connects to the Distribution System at in Brampton, Ontario.

H.O.B. owns pole number _____in Brampton, Ontario and all hardware and feeders on the pole, including the line clamps identified on the pole as Line Clamps, which connect all equipment on the Customer-owned primary cable to the Distribution System upstream of the line clamps.

The Customer owns all hardware downstream from the line clamps identified as _____ Line Clamps.

Each Party shall have exclusive jurisdiction over the operation and control of its own assets except as otherwise set out in this Agreement.

H.O.B. shall, at all times, have unfettered control of primary switch number _____.

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Hydro One Brampton

H.O.B. represents and warrants to the Customer as follows and acknowledges that, except as otherwise expressly provided herein, the Customer is relying on such representations and warranties in connection with this Agreement and the connection and operation of the Generating Equipment and the Facility to the Distribution System.

H.O.B. is a corporation duly incorporated and validly subsisting under the Laws of Ontario and has the corporate power, capacity and authority to enter into this Agreement and perform its commitments and obligations under this Agreement and any other agreement or document to be delivered pursuant hereto. H.O.B. has taken, or has caused to be taken all action required to be taken by H.O.B. to authorize the execution and delivery of this Agreement.

This Agreement has been duly executed by H.O.B. and will, upon delivery, constitute a valid and binding obligation of H.O.B., enforceable against it in accordance with its terms.

All of the foregoing representations and warranties of H.O.B. will continue to be true and correct during the Term.

Representations and Warranties of the Customer

The Customer represents and warrants to H.O.B. as follows and acknowledges that, except as otherwise expressly provided herein, H.O.B. is relying on such representations and warranties in connection with this Agreement and the connection and operation of the Generating Equipment and the Facility.

The Customer is a [corporation duly incorporated and validly subsisting under the Laws of Ontario and has the corporate] power, capacity and authority to enter into this Agreement and perform its commitments and obligations under this Agreement and any other agreement or document to be delivered pursuant hereto. The Customer has taken, or has caused to be taken all action required to be taken by the Customer to authorize the execution and delivery of this Agreement.

This Agreement has been duly executed by the Customer and will, upon delivery, constitute a valid and binding obligation of the Customer, enforceable against it in accordance with its terms.

All the Generating Equipment is located within the legal boundaries of the Real Property.

The Customer is the legal and beneficial title holder to the Facility, the Real Property and the Generating Equipment, free and clear of all encumbrances.

The Customer is in material compliance with all Applicable Law relating to the Real Property, the Facility and the Generating Equipment.

All of the foregoing representations and warranties of the Customer will continue to be true and correct during the Term.

INTERCONNECTION

Subject to the terms and conditions set out in this Agreement and specifically Sections 4.2 and 4.3, the Customer is hereby granted the right to connect the Generating Equipment to and operate the Generating Equipment in parallel with, the Distribution System.

The Generating Equipment shall not connect to and be operated in parallel with the Distribution System for the first time without the Customer having received the prior written approval of H.O.B.. Subject to H.O.B.'s right to disconnect and maintain a state of disconnection between the Generating Equipment and the Distribution System pursuant to Sections 6.1 and 7.10, the Customer may reconnect the Generating Equipment to the Distribution System (following disconnection) at any time following H.O.B.'s written approval of the initial connection of the Generating Equipment to the Distribution System.

In determining whether to grant approval for connection of the Generating Equipment to the Distribution System, H.O.B. will consider various matters and facts including the following:

whether the Customer has complied with the terms and conditions of the H.O.B. Networks Inc. Conditions of Service Standard of December 31,2001 as amended or restated from time to time;

integrity of the Generating Equipment protection and control system including the Customer's submission of a one-line diagram of the Generating Equipment illustrating, among other things, all protection and control devices as set out in Schedule D;

inspection of the Facility and the Generating Equipment by H.O.B.;

results of a co-ordination study submitted for review to H.O.B. by the Customer;

payment of all outstanding costs due and payable by the Customer to H.O.B. relating to the connection of the Generating Equipment to the Distribution System;

whether the Customer has complied with all Applicable Law;

whether the Generating Equipment is fitted with suitable switching and protective equipment (in the opinion of H.O.B.) including automatic synchronizing equipment;

whether the Customer has Qualified Personnel, operating procedures and protocol in place to ensure the safe operation of the Generating Equipment in parallel with the Distribution System;

whether the Generating Equipment has been approved by the Ontario Electrical Safety Authority; and

whether all materials required to be submitted to H.O.B. for review and approval are in their final form and have not been altered or amended without notification to and approval from H.O.B..

COMMUNICATION AND NOTICES

Subject to Article 6, any notice, certificate, consent, determination, payment or other communication required or permitted to be given or made in writing under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

if to Hydro One Brampton, to:

175 Sandalwood Pky West
Brampton, ON L7A 1E8
Attn: Michael Hale

Telephone: 905-452-5533
Fax No: 905-452-5542
Email: mhale@hydroonebrampton.com

if to the Customer, to:

Brampton, ON

Attn:

Fax No:
Email:

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent prior to 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof, provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

Any Party may from time to time change its address under this Section by prior written notice to the other Party given in the manner provided by this Section.

All other notice or communication required or permitted under this Agreement shall be made by facsimile, telephone call or other simultaneous voice communication at the number(s) and to the persons and/or departments set out in Schedule B. The deposit of a voice message shall not be considered prior notice under this Agreement where such notice is required.

Each Party shall be able to contact the other party by telephone or other simultaneous voice communication at the number(s) as set out in Schedule B on a twenty-four (24) hour basis at all times.

In no circumstances shall the Parties make any change to the contact information contained in Schedule B without (a) delivering prior written notice to the other Party in accordance with Section 5.1 and (b) receiving written confirmation back of receipt of such written notice. The Parties hereby acknowledge that the nature of the operation of the Generating Equipment and the Distribution System is that instantaneous and/or Emergency communication may be required from time to time and therefore, the

contact information contained in Schedule B must be correct at all times and within the actual knowledge of each Party in order to safeguard life and property.

EMERGENCY OPERATING PROCEDURES

During an Emergency, either Party may take whatever immediate action is reasonably necessary in the circumstances and is qualified to perform, to safeguard life and property. The Party taking action in an emergency shall report such action to the other Party as soon as reasonably possible. For greater certainty, H.O.B. may be required to open the Customer's load interrupter switch (connecting the Facility to the Distribution System) to protect the stability of the Distribution System during an Emergency and such action may be taken without prior notice to the Customer.

OPERATING COVENANTS AND PROTECTION PROCEDURES

The Customer shall comply at all times during the Term with all Applicable Law relating to the Facility, the Real Estate and the Generating Equipment including the Electrical Safety Code and the *Occupational Health and Safety Act* (Ontario). The Customer shall operate or cause to be operated at all times the Facility and the Generating Equipment in accordance with the terms and conditions of this Agreement and in a prudent, reliable and safe manner in accordance with prudent industry practice and always with a view to safeguarding and protecting life and property including the Distribution System and the employees of H.O.B. and the Customer.

The Customer shall provide prior written notice to H.O.B. of any changes to the Facility or the Generating Equipment which may have any impact on the Distribution System including changes to the following:

interface protection relaying; and

control facilities and settings.

The notice shall provide a detailed description of the proposed changes and the steps being taken by the Customer to prevent any damage or injury to the Distribution System, life and other property. No change shall be made to the Generating Equipment in the foregoing circumstances without the prior written approval of H.O.B., acting reasonably.

The Generating Equipment shall not, in any circumstances, energize a H.O.B. circuit or a circuit under the control and operation of H.O.B.

The Customer shall not permit the flow of electricity in to the Distribution System at all times.

Upon request by H.O.B. from time to time, acting reasonably, the Customer shall demonstrate to H.O.B. the integrity of the protection and control system(s) relating to the Generating Equipment.

The Customer shall maintain, at all times, Qualified Personnel and authorized personnel at the Facility to operate the Generating Equipment in accordance with the terms and conditions set out in this Agreement.

The Customer shall contact and advise H.O.B. immediately of any abnormal operating conditions relating to the Generating Equipment including over or under voltage conditions, frequency conditions or voltage unbalance. The Customer shall take immediate steps to correct any such abnormal operating conditions.

The Customer shall maintain the following equipment related to the Generating Equipment in full functioning service at all times during the Term:

transfer trip protection devices;

interface protection devices; and

station services.

The Customer shall advise H.O.B. of any local or trade specific procedures that may have an impact on the overall operation and maintenance of the Generating Equipment.

In the event that the Customer is not operating or not causing the Generating Equipment to be operated in accordance with the terms and conditions of this Article 7, in the discretion of H.O.B., acting reasonably, H.O.B. may provide notice of the deficiency in operation to the Customer (with reasonable particulars of the deficiency in order that it may be identified and corrected by the Customer) and the Customer shall forthwith take reasonable steps to correct such deficiency within the period specified by H.O.B. in its notice, failing which H.O.B. may disconnect immediately the Generating Equipment from the Distribution System for an indefinite period pending resolution of the deficiency in operation satisfactory to H.O.B., acting reasonably. This provision is in addition to H.O.B.'s other rights under this Agreement including the right to terminate the Agreement and the connection of the Generating Equipment to the Distribution System.

The Customer shall ensure the closing of the Generating Equipment onto the H.O.B. feeder is synchronized.

Operating orders and messages will refer to nomenclature as identified on the one-line diagram attached as Schedule D.

WORK PROTECTION PRACTICES

All work on the Generating Equipment shall be carried out by the Customer in accordance with the Customer's practices and procedures which practices and procedures shall be consistent with the practices and procedures of a prudent operator in similar circumstances. At a minimum, the Customer shall meet the standards set forth in the *Occupational Health and Safety Act* (Ontario) and the Electrical Safety Code.

In the event the Generating Equipment must be isolated from the Distribution System, the Customer shall request H.O.B. to provide a Condition Guarantee on the terms requested by the Customer, acting reasonably. The Customer shall then establish its own Work Protection in accordance with the Customer's Work Protection practices. A request for a Condition Guarantee shall be verbally transmitted to H.O.B. and made with a minimum two Business Days advance notice.

MAINTENANCE

The Customer shall conduct routine and emergency maintenance on all equipment owned or controlled by it and related to the Generating Equipment and/or to the protection of the Distribution System. The Customer shall conduct the maintenance in a manner and at intervals as a prudent operator would conduct maintenance in similar circumstances. The maintenance shall include the inspection and testing of equipment and the replacement of old or damaged equipment.

The Customer shall make upgrades and rehabilitate equipment to ensure there is no degradation in equipment performance that would lead to unacceptable increases in equipment failure rates that would impact negatively on the Generating Equipment, the Facility and the Distribution System.

H.O.B. and the Customer may elect to conduct maintenance on their respective equipment during normal working hours even though this may prevent the parallel operation of the Generating Equipment. At the request and incremental cost of the Customer, H.O.B. may perform the required maintenance outside normal working hours.

The Customer shall maintain its relaying and control facilities and shall perform routine verification of its relaying and control facilities in accordance with the test schedule set out in Schedule C. The Customer shall retain records of such tests and re-verifications for inspection by H.O.B..

INFORMATION REQUIREMENTS AND EXCHANGE

H.O.B. and the Customer shall use reasonable efforts to keep each other informed of conditions and events within their respective jurisdictions that may affect each Party's respective assets related to the connection of the Generating Equipment to the Distribution System and the performance of each Party's obligations under this Agreement. Each Party shall consider the importance of various information in its possession relating to the safe and prudent operation of the Generating Equipment in parallel with the Distribution System when interpreting the words "reasonable efforts" set forth above in this Section.

The Customer shall maintain a daily operation log relating to the Generating Equipment which shall include:

general operating information on the Generating Equipment;

scheduled maintenance;

forced outages;

circuit breaker trip operations that require manual reset;

H.O.B. requested switching operations;

material events related to the operation of the Generating Equipment;

customer loading;

information related to verification of relaying and control facilities in accordance with the test schedule set out in Schedule C;

time of connection and disconnection of the Generating Equipment; and

such other information as H.O.B. may reasonably request from time to time.

The Customer shall retain the records contained in the daily operations log on file for a minimum of the previous five (5) years, and upon request shall provide information from the daily operations log to H.O.B.

ACCESS AND SECURITY

The Customer shall provide H.O.B. with immediate access to the Facility and the Generating Equipment on 24-hour basis at all times in the event of an Emergency. The Customer shall provide to persons designated by H.O.B. access codes and/or keys to the Facility.

The Customer shall provide H.O.B. with immediate access to all H.O.B. equipment located within the Facility and the Generating Equipment including all metering, monitoring and telemetry equipment on a 24-hour basis at all times.

The Customer shall provide to H.O.B. reasonable access to the Facility for H.O.B.'s purposes (in addition to the purposes set out in Sections 11.1 and 11.2) including the inspection of the Facility and the Generating Equipment by H.O.B. and the safe and efficient operation of the Distribution System.

The Customer shall provide prior written notice to H.O.B. prior to any modification to the electrical room, entrance way or security of the Facility which affects the ability of H.O.B. to gain access to the Facility on the same basis as set out above in Section 11.1 following any modification or change.

Subject to Article 6, all H.O.B. personnel shall contact the Customer prior to accessing the Facility and/or Generating Equipment.

The Customer shall ensure that the Generating Equipment is secure and shall take measures to prevent damage to or interference with the Generating Equipment by third parties.

INSURANCE AND INDEMNIFICATION

The Customer shall indemnify, defend and hold harmless H.O.B. and H.O.B.'s affiliates, and its and their directors, officers, employees, and agents (each an "Indemnified Party"), from and against all claims, losses, damages, costs, liabilities, obligations, and expenses (including reasonable legal fees) suffered by the Indemnified Party caused by, or arising, directly or indirectly, from, a claim by a third party relating to:

the inaccuracy, incorrectness or breach of any representation or warranty made by the Customer in this Agreement;

the business and activities of or related to, as the case may be, the Customer, the Facility or the Generating Equipment;

the operation, control and/or maintenance of the Facility, the Real Property and the Generating Equipment by the Customer; or

the Customer's performance or failure to perform its obligations under this Agreement;

in each case except to the extent that the claims, losses, damages, costs, liabilities, obligations or expenses are determined to have resulted solely from the negligence or intentional misconduct of the Indemnified Party.

Each Indemnified Party will promptly notify the Customer in writing of any claim described above, and the Customer will have the sole right to conduct the defence of any claim at the Customer's sole expense and all negotiations for its settlement or compromise, provided that the Customer will obtain the Indemnified Party's consent to the final terms of any settlement or compromise, which consent shall not be unreasonably withheld. In the event that the Customer does not undertake to conduct the defense of any claim as provided above, H.O.B. or the Indemnified Party may assume and control the defense and the Customer shall fully co-operate with H.O.B. or the Indemnified Party in conducting such defense and make available all witnesses, records, materials and information in the Customer's control relating to the claim as are required by H.O.B. or the Indemnified Party in conducting such defense. The Customer shall bear all costs incurred by H.O.B. or the Indemnified Party in conducting the defense of a claim by a third party.

The Customer shall insure the Facility and the Generating Equipment with a reputable insurer against accidents as a prudent operator of the Facility and the Generating Equipment would insure. The insurance policy shall carry limits of liability in an amount not less than $15,000,000 inclusive per occurrence for bodily injury, death and damage to property including loss of use of such property (such insurance shall be separate from standard automobile policies for any vehicle(s), providing third party liability and accident benefits insurance) and shall name H.O.B. as an additional insured with a cross-liability clause attached to the policy. The policy shall cover risks of environmental damage or loss as a result of the operation by the Customer of the Facility, the Real Property and the Generating Equipment. If requested by H.O.B., the Customer shall provide evidence to H.O.B. that the policy of insurance is in effect, that H.O.B. has been named as an additional insured and/or the premiums on the policy have been paid and are up to date and are in full force and effect.

PAYMENTS AND CHARGES

H.O.B. shall charge the Customer and the Customer shall pay H.O.B. for services performed relating to the Facility and the Generating Equipment including the following:

all costs incurred in reviewing and approving proposed generator installation; or

all costs for connection, re-connection or disconnection of the Generating Equipment to the Distribution System.

Unless agreed otherwise, H.O.B. shall invoice the Customer for all products and services provided and the Customer shall pay in full all amounts owning in connection with such invoices within 35 days of the invoice date.

TERM AND TERMINATION

The term of this Agreement (the "Term") will begin on the date first written above and continue until terminated in accordance with this Article.

The Customer may terminate this Agreement for any reason whatsoever on at least ninety (90) days prior written notice by the Customer to H.O.B. provided that any and all payments due to H.O.B. at the date of termination shall be made forthwith by the Customer.

H.O.B. may, in its sole discretion, terminate this Agreement upon the occurrence of one or more of the following at which time any and all payments due to H.O.B. shall be made forthwith by the Customer:

the Customer breaches the terms of this Agreement and fails to remedy the breach within five (5) Business Days following its receipt of written notice of the breach from H.O.B.;

a petition for relief under any bankruptcy legislation is filed by or against the Customer, or the Customer makes an assignment for the benefit of creditors, or a receiver is appointed, for all or a substantial part of the Facility and/or the Generating Equipment, and the petition, assignment or appointment is not dismissed or vacated within thirty (30) days; or

the Customer sells, transfers or assigns the Generating Equipment to a third party.

Any obligation of either Party to the other pursuant to the terms and conditions of this Agreement which is outstanding or due upon the termination of this Agreement shall survive such termination including any obligation to indemnify hereunder.

DISPUTE RESOLUTION

The Parties shall use reasonable efforts to resolve any dispute arising in connection with this Agreement failing which the Parties may exercise those remedies available under Applicable Law.

ENVIRONMENTAL REQUIREMENTS AND INDEMNITY

The Customer shall store and handle regulated and hazardous wastes and all other substances in accordance with Applicable Law including Ontario Regulation 347 - Waste Management Regulation of the *Environmental Protection Act* (Ontario). The Customer shall take immediate action in accordance with Applicable Law to clean up a spill of any hazardous, toxic or regulated waste on or in connection with the Real Property, the Facility and the Generating Equipment.

In addition to the indemnification provided in Article 12, the Customer covenants and agrees to indemnify, defend and hold harmless H.O.B. and H.O.B.'s affiliates, and its and their directors, officers, employees, and agents (each an "Indemnified Party") from and against all claims, losses, damages, costs, liabilities, obligations, and expenses (including reasonable legal fees) which may be made, brought against or suffered by an Indemnified Party and all damages which they may suffer or incur, directly or indirectly, as a result of or in connection with:

the presence of any hazardous substances on or within the real property (the "Real Property") of the Facility (whether it is owned or leased)(including underlying soils and substrata, surface water, groundwater and vegetation) which are not in compliance with Applicable Law or which exceed the decommissioning or remediation standards under any Applicable Law or standards published or administered by those governmental authorities responsible for establishing or applying such standards;

the presence of any hazardous substances on or within properties adjoining or proximate to any of the Real Property (including underlying soils and substrata, surface water, groundwater and vegetation) relating to any act or omission of the Customer or in any way related to the carrying on of the business at the Facility which is not in compliance with Applicable Law or which exceed the decommissioning or remediation standards under any Applicable Law or standards published or administered by those governmental authorities responsible for establishing or applying such standards;

any remedial order imposed in connection with the Generating Equipment, the Facility, the Real Property and/or any business carried on at the Facility (including underlying soils and substrata, surface water, groundwater and vegetation) relating to any condition, event or circumstances existing or occurring during the Term; and

any remedial order imposed in connection with properties adjoining or proximate to the Real Property (including underlying soils and substrata, surface water, groundwater and vegetation), in each case relating to any act or omission of the Customer or in any way to the carrying on of the business(es) carried on at the Facility.

GENERAL

The purchase and sale of electricity between the Customer and H.O.B., in relation to the operation of the Facility and the Generating Equipment shall be the subject matter of the Retail Settlement Code.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

This Agreement, constitutes the entire Agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement.

Neither Party may assign this Agreement without the prior written consent of the other Party except that H.O.B. may assign this Agreement to a purchaser of all or substantially all of the assets comprising the Distribution System without the consent of the Customer.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract. The Parties hereby attorn to the exclusive jurisdiction of the courts of Ontario.

Time will be of the essence of this Agreement in all respects.

Each Party will, promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement and the spirit and intent of this Agreement.

No amendment of this Agreement will be effective unless made in writing and signed by the Parties.

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

This Agreement will ensure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the Parties adopt any signatures received by a receiving fax machine as original signatures of the Parties; provided, however, that any Party providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed.

Except to the extent otherwise required by law or with the prior written consent of the other Party, neither Party will make any public announcement regarding this Agreement or the transactions contemplated by this Agreement.

Subject to the Section 17.7 (the requirement that any amendment made hereto be made in writing and signed by the Parties), either Party, acting reasonably, may request that the Parties review this Agreement. In any event, the Parties will meet at least every two (2) years (the "Bi-Annual Review"), commencing within fifteen (15) Business Days of the second anniversary of this Agreement, to review the terms and conditions of this Agreement. The Parties agree to meet within fifteen (15) Business Days of the anniversary date of this Agreement during each year in which a Bi-Annual Review is to take place.

IN WITNESS WHEREOF the Parties hereto by their duly authorized representatives have executed this Agreement as of the date first written above.

HYDRO ONE BRAMPTON NETWORKS INC.

_____ c/s
Name:
Title:
I have authority to bind the Corporation

CUSTOMER

_____ c/s
Name:
Title:
I have authority to bind the Corporation

DEFINITIONS

In this Agreement, the following terms shall have the meanings set out below unless theontext requires otherwise.

Agreement means this Connection Agreement including the Schedules to this Connection Agreement as it or they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Connection Agreement and not to any particular Section or other portion of this Connection Agreement.

Applicable Law means with respect to any person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty, guideline or other requirement having the force of law (collectively the "Law") relating or applicable to a person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any person having jurisdiction over it, or charged with its administration or interpretation.

Bi-Annual Review shall have the meaning set out in the Recitals hereto;

Business Day means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Brampton.

Condition Guarantee is a guarantee issued in support of Work Protection, which shall set out in detail the terms of the Work Protection. For example, the period for which specified electrical equipment shall remain in a de-energized state in order that maintenance work can be performed by Qualified Personnel. The Condition Guarantee may state that the guarantee shall continue for the period until such guarantee is surrendered by the Party in whose favour it was given. It is intended that a Work Protection shall ensure that apparatus specified in the Work Protection will remain in a given position for the length of time the Work Protection is in effect.

Distribution Code shall have the meaning set out in the Recitals hereto.

Distribution System shall have the meaning set out in the Recitals.

Emergency means an imminent or existing condition or situation which in the reasonable judgment of H.O.B. or the Customer, as applicable, will affect the ability of either Party to maintain a condition of safety in relation to the Generating Equipment and the Distribution Facility.

Facility shall have the meaning set out in the Recitals hereto. For greater certainty, the Facility shall include all assets and equipment located at, on or within the Facility including the Generating Equipment.

Generating Equipment shall have the meaning set out in the Recitals hereto.

Including means including without limitation, and "includes" means includes without limitation.

Indemnified Party shall have the meaning set out in Sections 12.1 and 16.2.

Isolated means a condition in which electrical equipment is disconnected or separated from sources of energy by industry accepted devices and procedures.

Party means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; "Parties" means every Party.

Qualified Personnel means persons with all required licenses and the level of skill and training that would be reasonably required by a prudent operator to control and operate the Generating Equipment in a safe and reliable manner in accordance with the terms and conditions of this Agreement.

Real Property shall have the meaning set out in Subsection 16.2(a).

Term shall have the meaning set out in Section 14.1.

Work Protection is a state or condition whereby an Isolated state or condition has been established for work to be performed on specified equipment.

SCHEDULE A

CONTACTS

[Note to Draft: Contact numbers and persons/departments including emergency contact numbers should be set forth in this Schedule.]

Hydro One Brampton

Control Centre (24 hr.):	905-840-6300 ext. 7250
Control Centre Supervisor:	905-840-6300 ext. 5529
Control Centre Facsimile:	905-452-5536

Customer

(to be inserted)

VERIFICATION OF PROTECTION AND CONTROL SYSTEMS AND DEVICES

1. The Generating Equipment protection systems that may impact on the Distribution System shall be re-verified every four (4) years by the Customer.

2. The Customer shall provide H.O.B. with at least seven (7) days notice of the re-verification of Generating Equipment protective relaying and shall provide to H.O.B. documentation confirming that the re-verification has been completed. H.O.B., in its discretion, may elect to supervise the testing and the Customer shall provide access for such supervision.

   Re-verification of the Generating Equipment protective relaying shall include:

   - Relay recalibration;
   - Test tripping of Generating Equipment breakers; and
   - Measurement and analysis of secondary AC voltages and currents to confirm integrity of protection system.

3. Specific protections to be observed and/or confirmed:

   - All line, generator, bus and transformer protections that trip the circuit switcher.
   - Confirmation that Generating Equipment settings accepted and submitted by H.O.B. are applied to the following protections:
   - Over/under voltage;
   - Over/under frequency; and
   - Line/feeder protection

SCHEDULE D

ONE-LINE DIAGRAM

One-line diagram attached hereto.

APPENDIX

4

Reference Guides / Standard Drawings for Commercial / Industrial Services

APPENDIX 4

Reference Guides/Standards for Commercial/Industrial Services Constructions

Please consult with Hydro One Brampton to ensure that your design's incorporate the most recent versions of our standard drawings.

Guide/Standard#	Description
Guides: TS-01	Commercial – Industrial Customer Data Form
TS-02	Customer-Owned Station Pre-service Inspection
TS-03	Transformer Vault Guide
TS-04	Three-phase Padmounted Transformer Guide
TS-05	Underground Concrete encased Primary Duct Structure Guide
TS-06	Overhead Supply Service Guide
TS-07	Underground Supply Lines
TS-08	Approved Meter Bases – Typical
TS-09	Pre-cast Foundation Base for Three-Phase Padmount Transformer
TS-10	Three Phase Padmounted Transformer Dimensions
Standard Drawings:	
37-114	Installation of Precast Foundation for Three Phase Pad-mounted
41-11	Transformer Three Phase Padmount Transformer Grounding Detail
37-116	Padmount Transformer Clearances from Vegetation
37-113	Installation of Precast Foundation for Single Phase Padmount Transformers
41-10	Single Phase Padmount Transformer Grounding Detail
37-380	Guard Post Detail
37-217	Three Phase Padmount Transformer Guard Post Installation
37-202	Typical Building Vault Layout
37-360	Prefabricated Manhole Detail
37-361	Manhole Cable Racking and Internal Grounding Detail
37-363	Typical Concrete Manhole Chimney Installation
37-120	Installation of Switchgear Foundation Base
27-15	General Service Meter Cabinet and Meter Socket Installation
27-30	Utility / Electrical Room Door
25-40	Maximum Short Circuit Current
19-50	Typical Transformer Impedances
41-37	Manhole External Grounding Detail

TS-01

Hydro One Brampton
175 Sandalwood Pkwy West
Brampton, Ontario L7A 1E8
Tel: (905) 840-6300
Fax: (905) 840-1305

Date: _____

Re: Electrical Demand (kW) Load Information to Hydro One Brampton Networks Inc.

In accordance with the Ontario Energy Board's (O.E.B.) Distribution System Code, sections 3.1, 3.1.5, & 3.1.6, (latest revision), and in accordance with Hydro One Brampton's (H.O.B.) Condition of Service sections 2.1.1, 2.1.2, 2.1.2.2, & 2.1.2.3, (latest revision), I/We provide the "Electrical Demand Load Information" identified on page two of this agreement, and confirm that it will be consumed at the municipal address shown on page two.

I/We understand that based on the information provided, H.O.B. will perform an initial economic evaluation to determine the need for a capital contribution by the customer.
If a Capital Contribution is required, I/We agree to deposit this estimated contribution at least four weeks prior to H.O.B. commencing its work at our project site.

I/We further understand and accept that (as per H.O.B.'s Condition of Service) H.O.B. will review actual construction costs incurred and revise its economic evaluation accordingly. Adjustments to any capital contribution previously calculated will be forwarded to the undersigned.

I/We provide the following details to assist Hydro One Brampton design the electrical service required for connection of our proposed facility to the Hydro One Brampton Networks Inc distribution system:

Authority:

Company Name: _____

Name: _____ **(print)**

Signature: _____

Title: _____

I have authority to bind the Corporation.

Deposit To Be Provided By:

Company Name: _____

Mailing Address: _____

Telephone Nbr: _____

COMMERCIAL & INDUSTRIAL
CUSTOMER DATA

A. GENERAL

Address of Property: _____
Legal Name of Company Developing Property: _____
Address of Company Developing Property: _____
_____
Building to be Occupied By: _____
Building Area: _____

B. ELECTRICAL SERVICE REQUIREMENTS:

Service Voltage: _____
Service Size (Amps): _____

C. ELECTRICAL DEMAND LOAD (kW)

Confirmed Demand Load (kW): _____

D. LOAD CHARACTERISTICS:

Largest Motor (hp): _____
Welders (Number, Size & Type): _____
Lighting Load (kW): _____
Electrical Heating (kW): _____
Air Conditioning (kW): _____
Computer: _____
Miscellaneous: _____
Total Connected Load (kW): _____
Initial Demand Load (kW): _____

E. PROJECT CONTACTS:

Owner Representative:_____ Phone:_____
Electrical / Mechanical Consultant: _____ Phone: _____
General Contractor: _____ Phone: _____
Architect: _____ Phone:_____
Electrical Contractor: _____ Phone: _____

F. CONSTRUCTION SCHEDULE:

Start of Construction: _____
Temporary Service Required By: _____
Permanent Service Required By: _____

TS – 02

Customer-Owned Sub-Station Pre-Service Inspection

Customer:	
Location:	
Date Performed:	
Disconnect Switch:	- type, ratings, condition.
Lightning Arresters:	- type, ratings, condition,
Fusing:	- type, ratings, condition, TCC.
Primary Cable & Terminations:	- type, ratings, termination high potential test values, time leakage.
Secondary Cable:	- type, size, connection type, and condition, number of conductors per phase
Transformer (customer owned)	- manufacturer, serial number, ratings, leaks, insulation, resistance test values, oil test results, including dielectric strength, neutralization number, interfacial tension, colour, API gravity and bolted connections
Transformer (Hydro owned)	- same as above except that Hydro personnel will check the condition of bolted connections.
Site:	- fence integrity, grounding, interlock

TS – 03

3.0 TRANSFORMER VAULTS

3.1 Transformer vaults supplied by the owner for the installation of Hydro One Brampton owned transformers shall conform to the Ontario Electrical Safety Code and to Hydro One Brampton's requirements. The location, size and vault configuration for each building will be determined in consultation with the Technical Services Department before building construction begins to ensure satisfactory space and access requirements have been provided.

3.2 The vault is to be constructed to the detail and specifications shown on Hydro One Brampton's standard vault drawing No. 37-202 and to the design shown on the vault detail sketch to be issued by the Technical Services Department for each building or project requiring a vault. All vaults will be constructed on grade.

3.3 Transformer vaults shall be located so as to provide a free and clear entrance for personnel and equipment directly from the outside. Equipment access requires a vault location adjacent to pavement that will provide for free and safe mobility of Hydro One Brampton vehicles.

3.4 Hydro One Brampton's employees and agents shall have access 24 hours to the vault to permit them to maintain supply to the building.

3.5 A ventilation system shall be provided in accordance with the requirements of Hydro One Brampton.

Ventilation openings are to be sized according to Table "A" of our Standard Drawing 37-202. The air intake vent is to be located 450mm above inside grade and the air exhaust vent is to be located as close as possible to the vault ceiling. Ventilation opening to have 60mm spaced gabled double louvre vent made of 16 GA galvanized steel and separated by a ½" square mesh bird screen, or 12 GA. aluminum louvres separated by a ½ " square bird screen complete with a centre support bar. A security bar made of ½" round bars, welded and having 150mm square spacing should be securely fastened to the inside wall of the intake vent.

3.6 Only equipment belonging to Hydro One Brampton will be located in the vault and to ensure that only persons familiar with high voltage equipment have entry, Hydro One Brampton will padlock the vault door.

3.7 Hydro One Brampton will supply and install all equipment and transformers. This includes warning signs, all electrical work in the vault and the connection to the owner's transition bus duct (or secondary cables).

3.7.1 Secondary connections between the electrical room and transformer vault are to be provided and installed by the owner in accordance with the requirements of Hydro One Brampton and the Ontario Electrical Safety Code and shall be via a transition unit.

3.7.2 Detail drawings of the transition unit must be submitted to the Technical Services Department for approval prior to fabrication. Drilling details will be shown on a separate standard drawing included with the approved shop drawing(s) when returned to the submitter.

3.7.3 The exact location of the secondary entrance to the transformer vault will be determined by Hydro One Brampton.

3.7.4 All the necessary secondary connections within the vault will be completed by Hydro One Brampton.

3.8 The owner will supply a separately fused lighting circuit and a standard 120V receptacle solely for vault purposes.

3.9 Subject to prior approval by Hydro One Brampton, ground rods may be located in an area remote from the vault. They shall be installed in the form of a grid to meet Ontario Electrical Safety Code Section 36-300, 36-302 etc.

3.10 Hydro One Brampton representatives will inspect the vault according to the following schedule:

- before floor or ceiling has been poured and with the duct entry to the vault in position.

- upon completion of ducts and vault including ventilation, drains, doors, grounding and painting.

Reasonable notice (48 hour minimum) is required by Hydro One Brampton's Inspection Department for those inspections.

TS – 04

4.0 THREE PHASE PAD MOUNTED TRANSFORMERS

4.1 A three phase pad mounted transformer will be provided by Hydro One Brampton for services up to and including 1600 ampere at 347/600V or 1600 ampere at 120/208V. Hydro One Brampton will require a five meter wide easement over the transformer and a three meter easement over the primary duct bank to the street line. We may also require extra ducts, the number to be determined by the Technical Services Department.

4.2 A precast transformer foundation is to be supplied and installed by the customer to the requirements shown on Hydro One Brampton Standard Drawing No. 37-114. For grounding details, see Hydro One Brampton Standard Drawing No. 41-11.

4.3 Padmounted transformers are to be located so that the line of sight measurement from the transformer to doors, windows or other building openings is a minimum of three meters. The distance from the transformer to vehicle access is to be maximum of 4.5 meters.

4.4 In order to avoid a direct view of the pad mounted transformer form the street, we ask that it be concealed by location, shrubs, decorating walls or beams. When deciding the method of concealment you must ensure that the side of the transformer containing doors will be kept clear of walls or other obstructions. Walls or shrubs can be used to conceal the other three sides but must be no closer to the transformer than 1 meter.

4.5 Hydro One Brampton's employees and agents shall have 24 hours access to the transformer to permit them to maintain supply to the building.

4.6 For approval of your design or assistance in choosing a suitable location for the padmount transformer please contact our Technical Services Department.

4.7 Consult with the City of Brampton Site Plan Approval process to ensure that the proposed placement of the pad mount transformer meets City of Brampton by-laws.

TS – 05

5.0 UNDERGROUND CONCRETE ENCASED PRIMARY DUCTS

5.1 The customer shall supply and maintain a sufficient number of concrete encased ducts to permit the installation of conductors by Hydro One Brampton.

5.2 The duct run shall consist of parallel ducts; the number and arrangements of ducts to be specified by Hydro One Brampton. These ducts shall have an internal diameter of 100mm and shall be terminated with bell fittings at each end unless otherwise specified.

5.3 The duct lengths shall be joined together with an approved coupling to provide a sound and watertight joint. The joints in adjacent ducts shall be staggered by at least 200 mm. The minimum bend radius permitted with a performed duct will be 1.5 metres.

5.4 The ducts shall be laid with a spacing of 150mm centre to centre, both horizontally and vertically. Spacers shall be plastic or masonry. Wooden spacers shall not be used. Two spacers per 3m of conduit shall be used.

5.5 The top surface of the duct bank shall be at least 760mm below the finished grade and a maximum of 1060m below the finished grade where the duct bank terminates at or near the street line.

5.6 The ducts shall have an even slope in one direction of not less than 75mm in 30m to provide drainage. If, in order to meet the requirements of paragraph 8.5 above, the direction of slope is from the street to the building, a soak away pit or riser manhole must be incorporated. The method to be used will be determined upon application to the Technical Services Department.

5.7 The ducts shall be Type 2, P.V.C. These ducts shall comply with C.S.A. Standards C22.2, B196.1 - 1972 and any subsequent revisions.

The ducts shall be encased with 20 mpa concrete with a maximum size aggregate of 10mm. A minimum cover of 75mm will be maintained on all sides, excluding bottom where cover will be 125mm. The concrete will be worked below and between pipes, to produce a level homogeneous mass, clear of voids.

5.8 The duct run shall be reinforced whenever it is laid over recent fill where the trench bottom is not solid, in areas of proposed driveways, roadways, and parking lots and in all other locations specified by Hydro One Brampton. The trench shall be deepened and the foundation spacers blocked up from the bottom to ensure a concrete base thickness of 125mm. Reinforcing steel bars 15mm (5/8") diameter shall be laid longitudinally along the trench with 100mm lateral spacing and 50mm above the base of the concrete. An overlap of 610mm on the reinforcing bars shall be provided where necessary. Reinforcing shall extend 1.5m out from such entry walls; the bars being embedded in the walls.

5.9 The contractor shall apply to Hydro One Brampton Technical Services Department 48 hours before digging the trench. The contractor will then schedule construction and pouring inspections with our Inspection Department.

5.10 When complete, the ducts shall be clean, waterproof and free from obstructions and the ends plugged with standard plastic duct plugs to prevent the ingress of moisture and dirt. The ducts shall be tested for clearance with a 95mm mandrel in the presence of a Hydro One Brampton representative. The mandrel shall be pulled through a minimum of 1.5m bending radius. A non-metallic, non-deteriorating rope of minimum five hundred pound breaking strength shall be installed in each duct (e.g. 5mm polypropylene rope).

5.11 Where it is required that the customer's ducts shall join directly with Brampton Hydro's ducts, the customer's ducts shall be left projecting (minimum 305mm) from their concrete envelope in staggered pattern. They shall be equipped with suitable couplings and plugged until the joints are made. The face of the concrete envelope shall be left rough to key with the extension envelope and 15mm diameter steel reinforcing bars 1.8m in length shall be encased longitudinally in the envelope, 50mm inside the perimeter of the bank at 100mm centres along sides and bottom of the bank. The rods shall project 914mm from the concrete to anchor firmly into the concrete of the extension when the latter is poured. The end of the duct bank is to be marked with a 50mm x 100mm x 1.8m stake with the bottom of the stake level with the end of the duct bank.

5.12 Where a duct bank is not to be continued, reinforcing bars and ducts complete with bell ends shall terminate flush with the end of the concrete encasement.

TS – 06

6.0 OVERHEAD SUPPLY LINES

6.1 Where conditions require the construction of a pole line by the customer to obtain service, the pole line shall be guyed at opposite ends in such a manner to be considered self-supporting.

6.2 For secondary voltage supply, the customer's first pole from the road shall be located within 30m of Hydro One Brampton's line pole. The size of this pole will be determined upon application to the Technical Services Department. The customer will leave sufficient conductor coiled at the base of the pole for Hydro One Brampton to connect to its line pole on the street.

6.3 For high voltage supply, the line must be constructed in accordance with detail and specifications outlined on a drawing to be prepared by the customer and approved by Electrical Safety Authority and Hydro One Brampton. Where the primary supply voltage is 27.6 kV or below, the line must be constructed and insulated to Hydro One Brampton 27.6 kV standards.

6.4 All distribution at any primary voltage other than 44kV is a 4 wire. The customer is required to bring out a neutral conductor for connection to the system neutral. If not required for the customer's use, this neutral shall be connected to the customer's station ground system.

6.5 Sufficient primary conductor must be left coiled at the base of the pole closest to the road for connection to Hydro One Brampton's circuit by Hydro One Brampton. The minimum conductor size shall be 3/0 ACSR.

6.6 Should a customer install a pole on which our transformers are to be erected, he/she will be responsible for installation of ground rods in undisturbed earth at the pole location.

6.7 Clearances from buildings shall be sufficient to meet the Electrical Safety Authority regulations as outlined in the current edition of the Ontario Electrical Safety Code.

TS – 07

7.0 UNDERGROUND SUPPLY LINES

7.1 With the exception of high voltage supply to customer substations, supply to customers in new industrial subdivisions will be by way of underground lines from the road allowance to the customer's building.

7.2 The customer will provide and install concrete encased ducts constructed to Hydro One Brampton's standards (see TS-05) for primary circuits. Secondary ducts will be built as per the Ontario Electrical Safety Code, unless Hydro One Brampton is providing secondary cables into the customer's service. Consult with H.O.B..

7.3 Duct structures will be terminated at the road allowance as designated on a drawing that will be prepared by Hydro One Brampton. Duct construction must not commence until this drawing has been received.

7.4 Where Hydro One Brampton is required to cross a roadway underground to bring electrical supply to a customer, the customer shall terminate his duct structure in a staggered pattern with the ducts and re-bar extending beyond the end of the concrete envelope. See Section TS-05 – 5.11 and 5.12.

7.5 Hydro One Brampton will supply and install primary conductor to the point of supply as agreed upon.

7.6 The customer's primary or secondary service entrance equipment shall be built as per the Ontario Electrical Safety Code.

7.7 The customer is required to supply and install C.S.A. approved secondary conductors between the main disconnect switch and the utilities point of attachment, and leave sufficient conductor coiled for our use. The conductors used must meet Electrical Safety Authority approval. The customer shall supply CSA approved 2 hole compression style lugs suitable for crimping by Hydro One Brampton.

7.8 For high-voltage supply to a customer-owned metal clad switchgear, the line terminals of the incoming load interrupter shall have connectors suitable for cable terminators. The terminators will be supplied by Hydro One Brampton and be of the modular style.

A minimum vertical dimension of 914mm is required between the concrete pad surface and terminator connection to the switch, and each cable entry through the pad shall be directly below the terminating point. (Cable entries grouped in one location are not acceptable). Adequate space is required to permit training of cables to the terminals).

TS-08

Meter Socket Requirements for Hydro One Brampton

Microlectric

Application	Phase	Wire	Amps	Voltage	Socket Jaws	Style	Model Number(s)		
Residential Self Contained	1	3	100	120/240	4	O/H	BA3-TCV	or	BE1-TCV
Residential Self Contained	1	3	100	120/240	4	U/G	MO2-V	or	MO2-V0
Residential Self Contained	1	3	200	120/240	4	O/H	BQ2-V	or	BS2L-V
Residential Self Contained	1	3	200	120/240	4	U/G	MO2-V	or	MO2-V0
Residential Transformer Rated	1	3	400	120/240	5	U/G	JS4A-400 *		
Commercial Self Contained (Network)	3	3	100	120/208	5	O/H or U/G	BE1-TVC-IN-6 or -9	or	BS2L-TVC-IN-6 or -9
Commercial Self Contained (Network)	3	3	200	120/208	5	O/H or U/G	BS2-TVC-IN-6 or -9	or	BS2L-TVC-IN-6 or -9
Commercial Self Contained	3	3	100	600	5	O/H or U/G	BE1-TVC-IN-6 or -9	or	BS2L-TVC-IN-6 or -9
Commercial Self Contained	3	3	200	600	5	O/H or U/G	BS2-TVC-IN-6 or -9	or	BS2L-TVC-IN-6 or -9
Commercial Self Contained	3	4	100	120/208	7	O/H or U/G	PL17-TCV-IN		
Commercial Self Contained	3	4	100	347/600	7	O/H or U/G	PL17-TCV-IN		
Commercial Self Contained	3	4	200	120/208	7	O/H or U/G	PL27-TCV-IN		
Commercial Self Contained	3	4	200	347/600	7	O/H or U/G	PL27-TCV-IN		
Central Metering	1	3	200 +	120/240	5	O/H	CL5-V *		
Commercial Transformer Rated	3	4	200 +	120	13	U/G	CT-113 **		

Notes: * to be purchased through Hydro One Brampton Only
** special approval only
Ganged Meter Base - Residential - See Hydro One Brampton Standard # 27-20

TS-09

PRE-CAST FOUNDATION BASE FOR THREE-PHASE PADMOUNT TRANSFORMER

75 KVA - 1500 KVA

Item	Industrial Cast Stone	Brooklin Concrete Products (Newmarket, ON)
Transformer Base		
75 kVA - 1500 kVA	ICS # 206	BCP 114PB
Top Lid Cover		
75 kVA - 500 kVA	ICS # 206A	BCP 114TBA9
750 kVA - 1500 kVA	ICS # 206B	BCP 114TBB9

Note: Telephone Numbers: Brooklin 1-888-407-6443 (Toll Free)

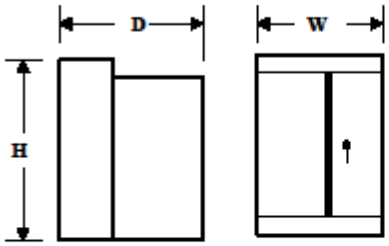
Industrial 1-905-737-5330

TS-10

THREE PHASE PADMOUNTED TRANSFORMER DIMENSIONS

TRANS SIZE (kVA)	VOLTAGE (kV)			DIMENSION (mm)		MASS (kg)
	PRIM	SEC	D'	W'	H	
75	27.6/16	600/347	—	—	—	1570
150	27.6/16	208/120	1124	1473	1791	1870
150	27.6/16	600/347	1173	1473	1791	2000
300	27.6/16	208/120	1226	1473	1892	2615
300	27.6/16	600/347	1275	1603	1791	2475
500	27.6/16	208/120	1275	1655	1791	3055
500	27.6/16	600/347	1275	1655	1791	3040
500	27.6x13.8	208/120	1325	1655	1892	3250
500	27.6x13.8	600/347	1275	1655	1892	3145
750	27.6/16	208/120	—	—	—	—
750	27.6/16	600/347	1327	1727	1892	3645
1000	27.6/16	600/347	1454	1857	1892	4795
1500	27.6/16	600/347	1555	1857	1892	6808
POWER TX 1500	44	600/347	2057	1905	2135*	6740

NOTE: * - MINIMUM TANK HEIGHT
' – INCLUDES FINS



APPENDIX

5

Reference Guides / Standards for Residential Subdivision Construction

APPENDIX 5

Reference Guides/Standards for Residential/Subdivision Construction

Please consult with Hydro One Brampton to ensure that your designs incorporate the most recent version of our standard drawings.

Guide/Standard#	Description
Guides: TS-08	Approved Meter Bases - Typical
Standard Drawings:	
25-053	Typical Installation of 30" Deep Junction Tap Box
25-102	600amp Splitter Box for 120/240v Underground Service
25-103	Termination for Residential Underground Secondary Service
25-104	Termination for Residential Underground 400amp Secondary Service
25-110	Service Lateral from Main Trench to Meter Base
25-111	Service Lateral Terminations
27-20	Typical End Unit Gang Metering Installation
37-100	Cable in Conduit Installation for Mini-Pad Transformer
37-109	Transformer Base and Communications Plant Layout
37-113	Installation of Precast Foundation for 1 PH Padmount Transformer
37-120	Installation of Switchgear Foundation Base
37-199	Duct Bank Details
37-200	Typical Road Crossing details
37-201	Typical Duct and Trench Details
37-208	Typical Road Crossing for Cable in Conduit Installation
37-211	Typical 1 PH Padmount Transformer Installation
37-360	Prefabricated Manhole Detail
37-363	Typical Manhole Installation
37-380	Typical Concrete Chimney Installation
37-450	Typical Guard Post Detail
41-005	Typical Grounding Rod Installation
41-010	1 PH Padmount Transformer Grounding Detail (Alternative B)
41-012	Padmounted Switchgear Grounding Detail
41-013	Installation of Grounding and system Neutral on Padmounted Switchgear

APPENDIX

6

Sample
Offer to Connect – Commercial & Industrial Subdivision

Our E. P. File #

Attention:

Re:

Dear Sir:

Thank you for your submission concerning the above noted development.

As part of the work required to supply this development the developer accepts all obligations for the installation and placement of Hydro One Brampton's infrastructure in accordance with Hydro One Brampton's design criteria, HOB standards and the City of Brampton road cross sections prepared for the development. The developer will be responsible to manage all site servicing issues and to provide personnel to respond to site issues as they arise. HOB staff will be consulted where changes to the original electrical design are required.

The Developer will:

- design the electrical system
- supply all electrical distribution system materials
- provide survey and layout services for the installation of the electrical distribution system
- provide complete project management services
- install the electrical distribution system
- complete all non energized low voltage and distribution voltage cable terminations and splices

All aspects of the electrical design are subject to Hydro One Brampton specifications and approvals

- design the street light system
- supply all street light related materials
- install the street light system including supply pedestals
- complete all street light connections

All aspects of the street light design are subject to City of Brampton specifications and approvals

HOB will be responsible for; review of the Developer's design, perform site inspections, complete terminations and splicing of feeder cables where applicable, approval of cable and transformer Certified Test Reports and any work on or in proximity to the distribution system once it becomes energized. All work and materials supplied by HOB, with the exception of the design review, will be applied to the total subdivision costs and shall be included in the economic analysis.

Street Lighting

Please note that the City of Brampton will be managing all street lighting and park lighting aspects of your project. This includes design approvals, inspection, and maintenance of the street lighting system within the public road allowance, walkways, and parklands.

Hydro One Brampton will require an approved streetlight design and an Electrical Safety Authority permit prior to connecting any lighting supplies to our system. For more information concerning street lighting in new developments, please contact Mr. George Yip of the City of Brampton; he can be reached at 905-874-2575.

Financial Requirements

The Developer is required to provide securities in the form of a letter of credit, for the total cost of services to be provided by Hydro One Brampton for the development.

The costs for this project include the following items:

1.)	Design review deposit		$ 2,000.00
2.)	Relocate		
3.)	Complete 1000 Kcmil feeder riser pole terminations distribution riser pole terminations on Steeles Avenue.		$
4.)	Complete 1/0 Al 28kV riser pole terminations		$
5.)	Complete PMH- 9 switchgear termination including		$
6.)	Maintenance Security:		$
		SubTotal:	$
		HST:	$
		Total:	$

All costs incurred by HOB to accommodate phased construction of the development will be fully recoverable and excluded from the economic analysis.

Please note that these costs exclude any work required to provide electrical service from the public road allowance to individual customer connections within the subdivision.

Please contact our Technical Services Department at 905 840-6300 ext 5533, to process new service connections within this development.

Design Review

In order to review and approve your consultant's design we require the following items:

4) One hard copy set of the plan and profile engineering drawings at the second submission stage showing community mailbox locations.

5) Hard copy and digital files of the City of Brampton road cross-sections for roadways to be constructed in this development.

6) Digital files of the general above and below ground engineering drawings.

7) Hard copy and digital files of the street-light design drawings.

8) Hard copy and digital files of the legal plans for the subdivision.

For your information we have provided the design parameters and supply points, to your consultant under separate cover.

Warranty Period

All labour equipment and materials supplied and installed by the developer will be the responsibility of the developer or the developer's agents until such time as the new system is accepted and energized by HOB.

Following energization of the new system HOB will respond to any electrical deficiencies of power outages. This work is covered under the maintenance period.

Maintenance Period

In order to provide security for maintenance of the installed electrical system, we will not reduce the Letter of Credit to less than 15% of its original amount (Minimum $10,000 – Maximum $50,000) until the lands dedicated by the Developer for use as public highways, are accepted by the municipality.

The Developer will be responsible for correcting all deficiencies of the electrical system during the maintenance period. The maintenance period will terminate upon assumption of the development by the City of Brampton. HOB will rectify all deficiencies where work is required in proximity to energized equipment or situations where immediate action is required as a result of a safety or system reliability issues. Costs to correct deficiencies will be the responsibility of the Developer during the maintenance period.

Economic Evaluation

Under Chapter 3, Section 3.2.1. of the OEB Distribution System Code, the Utility must "perform an economic evaluation to determine if the future revenue from the customer(s) connected to the new system will pay for the capital cost and on-going maintenance costs of the expansion project".

Section 3.2.6 states that "if a shortfall between the present value of the project costs and revenues is calculated, the distributor may propose to collect all or a portion of that amount from the customer, in accordance with the distributor's documented policy on capital contribution by customer class." The economic evaluation period will commence based on the date when the first primary cable internal to the expansion project, is connected to Hydro One Brampton's point of supply.

Using the methodology in Appendix "B" of the Distribution System Code, HOB will complete a final analysis at the end of the "Five Year Customer Connection Horizon" to determine any final settlement amounts.

Capitalization Cost

Upon completion of the electrical system in your subdivision, we require a summary of actual costs including engineering and administration fees for the following:

c) Distribution Transformers: include the installed cost of distribution transformers used to transform electricity to the voltage at which it is used by the consumer. The cost will include the transformers, the foundation, grounding equipment, and other material and labour necessary for the installation.

d) Balance of Distribution: include the installed cost of the balance of the cables or distribution facilities to distribute electrical energy from Hydro One Brampton's system to the dwelling units.

Costs provided are to exclude HST and any street-lighting related expenses.

Please note that prior to releasing any Letter of Credit amounts or proceeding with the final economic analysis we will require a statutory declaration letter signed by the owner stating that all monies payable for works, services or fees relating to any aspect of the electrical servicing of the site, have been paid in full excluding any holdback amounts properly retained.

For general inquiries refer to Project File # _____and for financial inquiries refer to work order _____. If you have any questions, please call me at extension _____ or the project designer at ext. _____.

Yours truly,
Hydro One Brampton Networks Inc.

R.Evangelista C.E.T.
Engineering Supervisor –Development
WS/lm

c.c.	R.Fernandes	VP Engineering & Operations	HOB
	M. Hale,	Technical Service Supervisor,	HOB
		Engineering Technician	HOB
		Project Manager	Consultant

SCHEDULE "B"

TO AN AGREEMENT BETWEEN
HYDRO ONE BRAMPTON

And

_____

TO: HYDRO ONE BRAMPTON

WE HEREBY AUTHORIZE YOU TO DRAW ON THE (NAME OF CANADIAN CHARTERED BANK OR TRUST COMPANY AND ADDRESS) FOR THE ACCOUNT OF (NAME OF DEVELOPER) UP TO AN AGGREGATE AMOUNT OF $_____ AVAILABLE ON DEMAND.

Pursuant to the request of our customer, the said (NAME OF DEVELOPER) we (NAME OF BANK) hereby establish and give to you an Irrevocable Letter of Credit in your favour in the total amount of $_____ which may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you which demand we shall honour without enquiring whether you have a right as between yourself and our said customers to make such demand, and without recognizing any claim of our said customers.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us, a certificate confirming that monies drawn pursuant to this Letter of Credit are to be and/or have been expended pursuant to obligations incurred or to be incurred in connection with the Agreement between (NAME OF DEVELOPER) and HYDRO ONE BRAMPTON.

This Letter of Credit will continue up to the ____ day of (month) 2004 and will expire on that date and may call for payment of the full amount outstanding under this Letter of Credit at any time prior to that date. Partial drawings are permitted. The amount of this Letter of Credit may be reduced from time to time as advised by notice in writing given to us by you.

It is a condition of this Letter of Credit that it shall be deemed to be automatically extended for one year from the present or any future expiration date hereof, unless thirty days prior to any such date we shall notify you in writing that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your demand accompanied by your written certification that the amounts drawn will be retained and used to meet obligations incurred or to be incurred in connection with the above mentioned Agreement.

DATED:_____ _____

APPENDIX

7

Sample
Offer to Connect – Condominium Townhouse Subdivision

(Date)

Attn :

Our E. P. File

Re: **Offer to Connect - ___ Unit Condominium**
Draft Plan 21T – _____, In the City of Brampton

Dear Sir/Madam:

Further to recent discussions with your consultant we are pleased to submit the following information regarding our residential servicing process.

We offer the Developer two choices to service residential subdivisions in Brampton. The two methods, Option A and Option B, are distinctly different and are described in detail in this letter.

Option A; Turn Key Design and Installation by Hydro One Brampton

Option B; Alternative Bid – Design and Installation by the Developer

Street Lighting

The lighting in this Development is privately owned and operated by the Condominium Board.

Hydro One Brampton will require an approved streetlight design and an Electrical Safety Authority permit prior to connecting any lighting supplies to our system.

The Electrical Servicing Process

1.) Option A: Turn Key Design and Installation by Hydro One Brampton

HOB will process all works required to complete the installation of the electrical distribution system for the site. This includes but is not limited to preparing the electrical design, procuring materials, site layout, contract administration and tendering for the installation of electrical facilities, inspection and energization of the system.

Under this arrangement the Hydro One Brampton will:

- design the electrical system
- supply all electrical distribution system materials
- provide survey and layout services for the installation of the electrical distribution system
- install the electrical distribution system
- complete all cable terminations and splices

Under this option the Developer will:

- design the street light system
- supply all street light related materials
- install the street light system including supply pedestals
- complete street light pole connections
  ……all subject to City of Brampton specifications and approvals.

The developer will be responsible to hire an electrical consultant to prepare a separate streetlight design. This design must be reviewed and approved by the City of Brampton. Contact Mr. George Yip at 905 874-2575 for details.

Under the Option A arrangement the Developer is responsible to provide a Letter of Credit to Hydro One Brampton for one hundred percent of the estimated cost of the electrical distribution system. This Letter of Credit is required twelve weeks prior to servicing your site.

Hydro One Brampton will draw on the LC at predetermined intervals to pay for the cost of materials. Draws may be substituted with cash payments.

The estimated servicing cost under an Option A arrangement is as follows:

b) Electrical servicing:

(____ units @ $3,000 / per unit): ..... $_____
HST @ 13 % ..... $_____
Total Securities Required: ..... $_____

Please note that these costs exclude street lighting as well as the cost of installing the services from the street line to the electrical meter base at each home.

2.) Option B: Alternative Bid – Design and Servicing by the Developer

In selecting the Option B process the developer accepts all obligations for the installation and placement of Hydro One Brampton's infrastructure in accordance with Hydro One Brampton's design criteria, HOB standards and the City of Brampton road cross sections prepared for the development. The developer will be responsible to manage all site servicing issues and to provide personnel to respond to site issues as they arise. HOB staff will be consulted where changes to the original electrical design are required.

Under this arrangement the Developer will:

- design the electrical system
- supply all electrical distribution system materials
- provide survey and layout services for the installation of the electrical distribution system
- provide complete project management services
- install the electrical distribution system
- complete all non energized low voltage and distribution voltage cable terminations and splices
- ……all subject to City of Brampton specifications and approvals

- design the street light system
- supply all street light related materials
- install the street light system including supply pedestals
- complete all street light connections

……all subject to City of Brampton specifications and approvals

HOB will be responsible for; review of the Developer's design, perform site inspections, complete terminations and splicing of feeder cables where applicable, approval of cable and transformer Certified Test Reports and any work on or in proximity to the distribution system once it becomes energized. All work and materials supplied by HOB, with the exception of the design review, will be applied to the total subdivision costs and shall be included in the economic analysis.

All costs incurred by HOB to accommodate phased construction of the development will be fully recoverable and excluded from the economic analysis.

Under this Option, the Developer will provide a Letter of Credit for 33% of the estimated total installed cost of the electrical distribution system.

The estimated servicing cost under an Option B arrangement is as follows:

(____ units @ $1,000 / per unit): ..... $_____
HST @ 13 % ..... $_____
Total Securities Required: ..... $_____

This Letter of Credit is required prior to the release of any Civil or Electrical construction drawings

Economic Evaluation

Under Chapter 3, Section 3.2.1. of the OEB Distribution System Code, the Utility must "perform an economic evaluation to determine if the future revenue from the customer(s) will pay for the capital cost and on-going maintenance costs of the expansion project".

Section 3.2.6 states that "if a shortfall between the present value of the project costs and revenues is calculated, the distributor may propose to collect all or a portion of that amount from the customer, in accordance with the distributor's documented policy on capital contribution by customer class." The economic evaluation period will commence based on the date when the first primary cable internal to the expansion project, is connected to Hydro One Brampton's point of supply.

Using the methodology in Appendix "B" of the Distribution System Code, HOB will complete a final analysis at the end of the "Five Year Customer Connection Horizon" or, after ninety percent of all services have been connected. This will determine any refund to or amounts owing by the Developer.

Design (OptionA) or Design Review (OptionB)

In order to commence the electrical distribution design or review a subdivision design prepared by the developer we require the following items:

9) One hard copy set of the plan and profile engineering drawings at the second submission stage showing community mailbox locations.

10) Hard copy and digital files of the City of Brampton road cross-sections for roadways to be constructed in this development.

11) Digital files of the general above and below ground engineering drawings.

In order to initiate a design or design review the developer must submit a design deposit. The design deposit is calculated at $42.00 per lot including HST, with a minimum amount of $2,120.00 to a maximum amount of $10,600.00. The design review deposit for your development is $_____

Costs incurred by HOB for reviewing a design prepared by the Developer (Option B) are fully recoverable and not included in the economic analysis in accordance with OEB rules. Actual costs incurred for the design review will be invoiced against the deposit.

Costs incurred by HOB to prepare a design (Option A) are included in the economic analysis in accordance with OEB rules. Actual costs incurred for the design review will be included in the final economic analysis and the design deposit will be credited towards the developer's financial obligations for the project.

Maintenance Period

In order to provide security for maintenance of the installed electrical system, we will not reduce the Letter of Credit to less than 15% of its original amount (Minimum $10,000 – Maximum $50,000) until the lands dedicated by the Developer for use as public highways, are accepted by the municipality.

The Developer will be responsible for correcting all deficiencies of the electrical system during the maintenance period. The maintenance period will terminate 36 months after completion of the installation. HOB will rectify all deficiencies where work is required in proximity to energized equipment or situations where immediate action is required as a result of a safety or system reliability issues. Costs to correct deficiencies will be the responsibility of the Developer during the maintenance period.

Capitalization Cost

Upon completion of the electrical system in your subdivision, we require a summary of actual costs including engineering and administration fees for the following:

e) Distribution Transformers: include the installed cost of distribution transformers used to transform electricity to the voltage at which it is used by the consumer. The cost will include the transformers, the foundation, grounding equipment, and other material and labour necessary for the installation.

f) Balance of Distribution: include the installed cost of the balance of the cables or distribution facilities to distribute electrical energy from Hydro One Brampton's system to the dwelling units.

Costs provided are to exclude HST and any streetlighting related expenses.

Please note that prior to releasing any Letter of Credit amounts or proceeding with the final economic analysis we will require a statutory declaration letter signed by the owner stating that all monies payable for works, services or fees relating to any aspect of the electrical servicing of the site, have been paid in full excluding any holdback amounts properly retained.

Meter base Locations

Please note that meter base locations on condominium units and town houses must be reviewed and approved by this office. Surface mount, recessed mount, and ganged meter installations are options available for specific applications. Appropriate site plan and elevation drawings must be provided to the project designer to determine suitability. Please notify your builders of this requirement.

If you have any comments or questions, please contact the undersigned at 905-840-6300 extension 5508 and refer to our File # _____.

In closing we require that you confirm the servicing option that you wish to pursue.

Yours truly,
Hydro One Brampton Networks Inc.

(Name)
Engineering Supervisor – Development Division
RE/
c.c.
(Engineering Manager Name) Hydro One Brampton
(Eng Techician Name) Hydro One Brampton
G.Yip City of Brampton,
(Electrical Consultant Name and Company)

EXHIBIT 1 TAB 2

OVERVIEW

SUMMARY OF APPLICATION

Hydro One Brampton is applying for an Order approving the revenue requirement, cost allocation and rates for the 2011 Test Year under the assigned Docket Number EB-2010-0132. This summary provides a brief description of the approvals being sought through this Application and a summary of reasons for the increase in revenue requirement.

SCOPE OF APPLICATION

The scope of this Application includes:

- The review of the Company's evidence in support of Distribution revenue requirements for 2011;
- The review of revised Distribution rates to be implemented on January 1, 2011; and
- The review of Hydro One Brampton's Green Energy Plan filed as part of this Application in accordance with the Deemed Conditions of License: Distribution System Planning Guidelines G-2009-0087 issued June 16, 2009.

This submission reflects the Company's plan to invest in its distribution assets to meet objectives regarding public and employee safety, regulatory and legislative compliance, maintenance of system security and reliability, system growth requirements, and investments required per the Green Energy and Green Economy Act, 2009 (GEGEA).

Details of the Company's capital expenditures are provided in schedules filed at Exhibit 2 Tab 5

Details of the Company's OM&A expenditures are provided in schedules filed at Exhibit 4 Tab 2

During 2009, the Company conducted a review of its depreciation rates and developed new useful lives for amortization purposes. This is detailed in Exhibit 4 Tab 7.

The Company has completed much of the work required to make the conversion to International Financial Reporting Standards (IFRS). Included in the revenue requirement is an estimate of the cost impacts to OM&A and Capital associated with the conversion. This is detailed in Exhibit 4 Tab 2.

This Application is consistent with the requirements issued by the Board on May 27, 2009. This Application addresses all outstanding Board directives found in Exhibit 1 Tab1 Schedule 12.0.

The Company has applied to maintain the deemed capital structure of 60% debt and 40% common equity approved by the Board in their EB-2007-0681 Decision in determining its 2010 rates.

The Company is requesting an equity return of 9.92% for the 2011 Test Year as per the Board's formulaic approach in Appendix B of the Cost of Capital Report. The Company expects that the return on equity (ROE) and other Cost of Capital (COC) parameters for 2011 will be updated to reflect the current Consensus Forecasts and Bank of Canada data available at the time of the Decision.

The Company assessed the condition of its distribution assets in 2009, and the resulting Asset Condition Study, described in Exhibit 2, Tab 6, Schedule 1.2 has been used to develop the OM&A and Capital plans set out in Exhibit 4 Tab 2 and Exhibit 2 Tab 5.

There have been several influences that have driven adjustments to the current revenue requirement. Hydro One Brampton has invested in significant capital and operating programs in order to maintain its distribution system and adhere to various government initiatives. These programs have caused considerable financial impacts on the base revenue requirement since the time of the last Cost of Service filing in 2006, and have not been considered in previous rates generated by Second Generation IRM application mechanisms. Some of these include:

- capital contributions to Hydro One Networks Inc. for the construction of two transformer stations required to maintain reliability of supply.
- costs associated with the Smart Meter program as a result of the Ministry of Energy and Infrastructure initiative.
- extensive road widening activities at the discretion of the road authorities - mainly driven by population growth within the city of Brampton, and availability of stimulus funding for local governments.
- capital requirements to eliminate load transfers with neighbouring utilities as a result of a regulatory directive.
- the transfer of all responsibilities from the transmitter to Hydro One Brampton associated with operation and ownership of wholesale metering at delivery points.

- an erosion of distribution revenues in prior years due to successful conservation Demand Management initiatives programs - this application includes a recovery of revenue as calculated under LRAM and SSM criteria.
- the impact of IFRS on operating expenses, offset by reduced depreciation expense as a result of the Company's review of asset lives.

The combination of these and other drivers have created upward pressure on the revenue requirement in the test year.

COMPARISON OF HYDRO ONE BRAMPTON NETWORKS INC. OM&A COSTS TO "GTA TOWNS LDC" COHORT GROUPING

Hydro One Brampton has reviewed the OEB's *Comparison of Ontario Electricity Distributors Costs [EB-2006-0268]* report dated December 4, 2008, as updated with 2007 data[1], and has obtained additional data for 2008 from the OEB 2008 Yearbook of Electricity Distributors.

Hydro One Brampton is positioned as the top performing distributor in its cohort group. It has also been identified as a significantly superior performing distributor within the "Large City Southern High Undergrounding" cohort group, based on its OM&A costs per customer. In 2008, the average OM&A cost per customer for the cohort group was $186 while Hydro One Brampton's cost was $141. Hydro One Brampton's average cost per customer was $133 for the four year period from 2005 to 2008 while the average for the cohort group was $178. **Table 1** below displays the analysis supporting the calculations of these OM&A costs per customer:

Table 1: Cohort Group for Large City Southern High Undergrounding

Cohort Group for Large City Southern High Undergrounding					
Distributor	**Average**	**2008**	**2007**	**2006**	**2005**
Hydro One Brampton Networks Inc.	**$133**	$141	$129	$136	$127
Horizon Utilities Corporation	**$164**	$172	$165	$147	$170
London Hydro Inc.	**$171**	$187	$175	$168	$156
PowerStream Inc.	**$183**	$190	$182	$169	$190
Enersource Hydro Mississauga Inc.	**$238**	$240	$249	$235	$229
Group Average	**$178**	**$186**	**$180**	**$171**	**$174**

[1] Data for the OEB's *Comparison of Ontario Electricity Distributors Costs [EB-2006-0268]* report obtained from 2007 OEB Reporting and Record-keeping Requirements (RRR) on June 24, 2008.

BUDGET PROCESS OVERVIEW
(CAPITAL AND OPERATING)

Hydro One Brampton prepares a business plan annually. The plan is focused on a five year period with emphasis on the first year in detail. For the 2011 budget process and in recognition of the transition to IFRS, both CGAAP and IFRS versions of the budget were prepared. Otherwise, there have been no changes in methodology from previous applications, established Board practice, or policy.

OVERALL BUSINESS PLANNING PROCESS

Hydro One Corporate Finance issues business planning instructions including those specific to subsidiaries. Those instructions include a timetable and various budget templates. Hydro One Brampton's Regulatory department provides preliminary load forecast, revenue and cost of power assumptions and these assumptions are reviewed and approved by the Senior Executives. Preliminary trended staffing, expense and capital plans are prepared and submitted to Hydro One Brampton Finance by individual department Managers. Risk assessments and productivity initiatives identified by individual department Managers are reviewed with the Senior Executives. Preliminary performance measures and targets are established and included in the plan. The draft business plan and template including staffing approval requests are provided to Hydro One Corporate Finance and subsequently reviewed by the Hydro One Executive Committee. The Plan document is reviewed with the Hydro One Brampton Finance and Regulatory Policy Committee prior to submission to the Hydro One Brampton Board of Directors for approval. The final approval is by the Hydro One Board of Directors. Both CGAAP and IFRS versions of the business plan were prepared using the same process.

CAPITAL BUDGETING PROCESS

All projects are classified as either controllable or non-controllable. All Projects that are considered controllable are internally directed. These that result from externally generated requests such as Municipal road widening projects are non-controllable. The initiation of the project spending is the main differentiator between the two types of projects. For example, a road widening project would be considered non-controllable as it is not initiated by or within

Hydro One Brampton's staff control. For controllable projects, Hydro One Brampton department Managers estimate their yearly budget for individual capital projects and send it to the Hydro One Brampton Finance department for review and compilation. The Finance department provides the detailed budget to the Hydro One Brampton CEO, including estimates for non-controllable projects.

OM&A BUDGETING PROCESS

The budgeted operating expenses are reviewed in-depth by account, taking into consideration operating priorities and requirements for each of the budget years. Both CGAAP and IFRS versions of the operating expense budget were prepared in the 2011 budget process.

The following assumptions were provided to all department Managers to assist with the budgeting of operating expenses:

Table 1: Economics (from Hydro One Corporate Finance)

	2010	2011	2012	2013	2014	2015
CPI – Ontario (%)	1.9	2.1	2.0	2.1	2.0	2.1
Dx cost escalation for Construction (%)	0.0	1.5	2.1	2.6	2.7	2.5
Dx cost escalation for Operations & Maintenance (%)	1.3	2.3	2.4	2.3	2.1	2.2
Exchange Rate (CDN$/US$)	1.044	1.054	1.055	1.073	1.086	1.123

CPI-Ontario was based on the IHS Global Insight April 2010 forecast and US cost escalators forecasts were based on the Global Insight February 2010 forecast.

The exchange rate forecasts for 2010, 2011, 2012 in **Table 1**, above, are based on the March 2010 Consensus Forecast while the 2013, 2014, 2015 exchange rate forecasts are based on February 2010 Global Insight.

INTEREST RATES (FROM HYDRO ONE)

Table 2: Interest Rates from Hydro One Inc.

	2010	*2011*	*2012*	*2013*	*2014*	*2015*
HO1 5-Year Bond Rate (%)	3.36	3.86	4.76	4.86	4.86	4.76
HO1 10-Year Bond Rate (%)	4.36	4.86	5.76	5.86	5.86	5.76
HO1 30-Year Bond Rate (%)	5.48	5.98	6.88	6.98	6.98	6.88
90-Day Banker's Acceptance Rate (%)	0.57	1.77	3.20	4.25	4.81	4.87

In **Table 2,** above, Hydro One bond rates for 2010 and 2011 were prepared based on the March 2010 edition of *Consensus Forecasts*; the remaining years were based on the long term forecast from the October 2009 edition of *Consensus Forecasts*. Hydro One credit spreads are based on an average of indicative new issue spreads for March 2010 from the dealers in Hydro One's medium term note syndicate.

The 90-Day Banker's Acceptance Rate for 2010 and 2011 was prepared based on the March 2010 edition of *Consensus Forecasts*; the remaining years were based upon the *Global Insight February 2010 Long-Term Forecast and Analysis*.

Table 3: Interest cap rates (IFRS)

	2010	*2011*	*2012*	*2013*	*2014*	*2015*
Interest Capitalized IFRS (%)	6.30	6.20	6.30	6.50	6.60	6.60

Interest cap rates (IFRS):Based on forecast of Hydro One's weighted average borrowing cost. These rates were used for costing of the work program for IFRS.

LABOUR ESCALATION

On March 25, 2010, the Ontario government announced it will pass legislation to institute a public sector salary freeze. Although it does not impact current collective agreements for IBEW and CAW, it is assumed to apply to the 2 years after the expiration of these agreements.

(a) IBEW and CAW

The plan does not provide for economic adjustments to collective agreements in 2011 and 2012, consistent with the Provincial directive. Labour agreements are subject to renegotiation in March 2011 however, they may be impacted by settlements at neighbouring utilities. Should a settlement be reached in excess of the zero amount budgeted, this would result in a negative impact on net income of approximately $0.1M per 1% increase.

(b) Management Staff

As of January 1, 2010, there were 55 Management staff. As per the government's announcement on March 25, 2010 wage increases are frozen until March 31, 2012. Annual increases of 3% per year in base pay are anticipated subsequent to this date.

SCHEDULE OF REVENUE DEFICIENCY

HOBNI has provided detailed calculations supporting its 2011 revenue deficiency. HOBNI's net revenue deficiency is $2,900,426 and when grossed up for PILs HOBNI's gross revenue deficiency is $4,042,406. **Table 1: Revenue Deficiency Summary,** on the following page, provides a comparison of the components of the revenue deficiencies for the 2006 Board Approved year through to the 2011 Test Year.

When determining the throughput revenue analysis HOBNI included the Smart Meter Rate Rider in the throughput revenue so that it is consistent with the Trial Balance data used in the Revenue Requirement Model. In addition, this allowed for more comparative data of prior years throughput revenue vs. the 2011 Test Year. The 2010 Bridge Year and the 2011 Test Year were both prepared based on accounting data under the modified IFRS regime. The change to IFRS accounting creates significant impacts to Capital and Operating expenditures as reconciled in Exhibit 1 Tab 3 Schedule 3.1.

REVENUE DEFICIENCY SUMMARY

Table 1: Revenue Deficiency Summary

	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Operation, Maintenance, and Administration	13,748,003	16,155,651	15,925,811	17,173,680	17,836,429	24,040,769	25,306,728
Amorization Expense	12,792,510	15,278,462	15,598,345	16,216,369	17,450,905	13,145,166	12,494,579
Capital Taxes	864,244	857,800	715,082	694,022	938,034	240,386	-
Interest Expense	9,527,121	9,953,707	10,838,102	11,868,811	12,432,657	13,227,811	12,964,060
PILs Taxes	9,376,631	8,130,156	11,815,920	7,272,011	8,569,841	2,168,217	2,520,658
Return On Equity	10,094,138	10,546,112	10,373,660	10,246,455	10,733,229	11,554,432	13,295,729
Service Revenue Requirement - 1	56,402,647	60,921,887	65,266,919	63,471,349	67,961,095	64,376,782	66,581,755
Distribution Revenue At Current Rates - 2	53,394,209	57,455,803	59,795,225	60,262,873	60,935,610	59,611,677	58,552,937
Other Revenue	3,008,438	5,092,690	4,571,062	4,061,417	3,789,918	3,883,514	3,986,412
Total Operating Revenue	56,402,647	62,548,493	64,366,287	64,324,291	64,725,528	63,495,191	62,539,349
Service Revenue Sufficiency/(Deficiency)	0	1,626,606	(900,632)	852,941	(3,235,566)	(881,590)	(4,042,406)

1 - Note the Service Revenue Requirements for 2006 Actuals to 2010 Bridge Year include Smart Meter amounts to facilitate year over year comparability.

2 - Note the actuals for 2006 to 2009 are based on rates in effect for the rate year multiplied by historical actual normalized throughput quantities. The 2011 Test Year is based on 2010 OEB Approved Rates multiplied by forecast throughput quantities.

The gross revenue deficiency of $4,042,406 for the 2011 Test Year as compared to the 2010 Bridge Year is as the result of the after tax increased requirement for Return on Equity. The after tax increase in Net Income is caused by:

- Increased OM&A costs of $1,265,959 ($25,306,728 minus $24,040,769), as discussed in further detail in Exhibit 4, Tab 2, Schedule1.3
- Reduced depreciation expense of $650,587 ($13,145,166 minus $12,494,579) as discussed in Exhibit 4, Tab 7.
- Increased Revenue Requirement for Payments in Lieu of taxes (including capital taxes) of $112,055 ($2,520,658 minus $2,408,603), per table 1 above;
- Increased Return on Rate Base due to continued growth in investments in gross assets and changes in capitalization due to adoption of Modified IFRS for Regulatory Accounting purposes. The resulting increase in the rate base is discussed in detail in Exhibit 2, Tab 1, Schedule 1 – Rate Base combined with the resulting increased rate of return as provided in Exhibit 5, Tab 2 – Return on Equity and Cost of Debt.

REVENUE DEFICIENCY MAPPING:

Table 2: Revenue Deficiency Mapping Table on the following page contains the detailed calculations underlying HOBNI's revenue deficiencies for the 2010 Bridge Year and the 2011 Test Year. HOBNI has mapped the various components of these calculations to the corresponding Schedules of this Application.

Table 2: Revenue Deficiency Mapping Table

Description	2010 Bridge Actual	2011 Test Existing Rates	2011 Test - Required Revenue	Reference in Prefiled Evidence		
				Exhibit	Tab	Schedule
Revenue						
Revenue Deficiency			**4,042,405.93**	**6**	**1**	
Distribution Revenue	59,611,677.22	58,552,937.01	58,552,937.01	**3**	**3**	
Other Operating Revenue (Net)	3,883,514.14	3,986,411.82	3,986,411.82	**3**	**4**	
Total Revenue	**63,495,191.36**	**62,539,348.83**	**66,581,754.76**			
Costs and Expenses						
Administrative & General, Billing & Collecting	12,824,480.00	14,416,233.00	14,416,233.00	**4**	**2**	**1**
Operation & Maintenance	11,216,288.84	10,890,495.03	10,890,495.03	**4**	**2**	**1**
Depreciation & Amortization	13,145,165.88	12,494,578.82	12,494,578.82	**4**	**7**	**1**
Capital Taxes	240,386.33	0.00	0.00	**4**	**8**	**2**
Deemed Interest	13,227,811.32	12,964,060.00	12,964,060.00	**5**	**3**	**0**
Total Costs and Expenses	**50,654,132.37**	**50,765,366.84**	**50,765,366.84**			
Utility Income Before Income Taxes	**12,841,058.99**	**11,773,981.99**	**15,816,387.92**			
Income Taxes:						
Corporate Income Taxes	1,894,923.92	1,378,678.76	2,520,658.44	**4**	**8**	**1**
Total Income Taxes	**1,894,923.92**	**1,378,678.76**	**2,520,658.44**			
Utility Net Income	**10,946,135.08**	**10,395,303.22**	**13,295,729.48**			
Capital Tax Expense Calculation:						
Total Rate Base	320,956,457.18	335,073,827.53	335,073,827.53	**2**	**1**	**2**
Exemption	(441,353.00)	0.00	0.00	**4**	**8**	**2**
Deemed Taxable Capital	**320,515,104.18**	**335,073,827.53**	**335,073,827.53**			
Ontario Capital Tax	240,386.33	0.00	0.00	**4**	**8**	**2**
Income Tax Expense Calculation:						
Accounting Income	12,841,058.99	11,773,981.99	15,816,387.92	**4**	**8**	**1**
Tax Adjustments to Accounting Income	(6,728,401.20)	(6,893,703.17)	(6,893,703.17)	**4**	**8**	**1**
Taxable Income	**6,112,657.79**	**4,880,278.81**	**8,922,684.74**			
Income Tax Expense	1,894,923.92	1,378,678.76	2,520,658.44	**4**	**8**	**1**
	31.00%	28.25%	28.25%			
Actual Return on Rate Base:						
Rate Base	320,956,457.18	335,073,827.53	335,073,827.53	**2**	**1**	**2**
Interest Expense	13,227,811.32	12,964,060.00	12,964,060.00	**5**	**3**	**0**
Net Income	10,946,135.08	10,395,303.22	13,295,729.48	**5**	**3**	**0**
Total Actual Return on Rate Base (A)	**24,173,946.40**	**23,359,363.22**	**26,259,789.48**			
Actual Return on Rate Base	7.53%	6.97%	7.84%		**As Determined above.**	
Required Return on Rate Base:						
Rate Base	320,956,457.18	335,073,827.53	335,073,827.53	**2**	**1**	**2**
Return Rates:						
Return on Debt (Weighted)	6.87%	6.45%	6.45%	**5**	**3**	**0**
Return on Equity	9.00%	9.92%	9.92%	**5**	**3**	**0**
Deemed Interest Expense	13,227,811.32	12,964,060.00	12,964,060.00	**5**	**3**	**0**
Return On Equity	11,554,432.46	13,295,729.48	13,295,729.48	**5**	**3**	**0**
Total Return (B)	**24,782,243.78**	**26,259,789.48**	**26,259,789.48**			
Expected Return on Rate Base	7.72%	7.84%	7.84%	**5**	**3**	**0**
Revenue Deficiency After Tax (B) - (A)	**608,297.38**	**2,900,426.26**	**0.00**	**5**	**1**	
Revenue Deficiency Before Tax	**881,590.41**	**4,042,405.93**	**0.00**	**5**	**1**	

REVENUE REQUIREMENT WORK FORM

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc (1)

File Number:

Rate Year: 2011 Version: 1.0

Table of Content

Notes:

(1) Pale green cells represent inputs

(2) *Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.*

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

		Data Input					(1)
		Application		Adjustments		Per Board Decision	
1	Rate Base						
	Gross Fixed Assets (average)	$299,437,990	(4)			$299,437,990	
	Accumulated Depreciation (average)	($18,421,998)	(5)			($18,421,998)	
	Allowance for Working Capital:						
	Controllable Expenses	$25,306,728	(6)			$25,306,728	
	Cost of Power	$335,078,839				$335,078,839	
	Working Capital Rate (%)	15.00%				15.00%	
2	Utility Income						
	Operating Revenues:						
	Distribution Revenue at Current Rates	$58,552,937					
	Distribution Revenue at Proposed Rates	$62,595,342					
	Other Revenue:						
	Specific Service Charges	$316,281					
	Late Payment Charges	$1,450,331					
	Other Distribution Revenue	$1,967,800					
	Other Income and Deductions	$252,000					
	Operating Expenses:						
	OM+A Expenses	$25,306,728				$25,306,728	
	Depreciation/Amortization	$12,494,578				$12,494,578	
	Property taxes	$ -				$0	
	Capital taxes	$0					
	Other expenses	$ -				$0	
3	Taxes/PILs						
	Taxable Income:						
	Adjustments required to arrive at taxable income	($6,893,703)	(3)				
	Utility Income Taxes and Rates:						
	Income taxes (not grossed up)	$1,808,572					
	Income taxes (grossed up)	$2,520,658					
	Capital Taxes	$ -					
	Federal tax (%)	16.50%					
	Provincial tax (%)	11.75%					
	Income Tax Credits						

4	**Capitalization/Cost of Capital**					
	Capital Structure:					
	Long-term debt Capitalization Ratio (%)	56.0%			56.0%	
	Short-term debt Capitalization Ratio (%)	4.0%	(2)		4.0%	(2)
	Common Equity Capitalization Ratio (%)	40.0%			40.0%	
	Prefered Shares Capitalization Ratio (%)					
	Cost of Capital					
	Long-term debt Cost Rate (%)	6.76%				
	Short-term debt Cost Rate (%)	2.07%				
	Common Equity Cost Rate (%)	9.92%				
	Prefered Shares Cost Rate (%)					

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

(1) All inputs are in dollars ($) except where inputs are individually identified as percentages (%)
(2) 4.0% unless an Applicant has proposed or been approved for another amount.
(3) Net of addbacks and deductions to arrive at taxable income.
(4) Average of Gross Fixed Assets at beginning and end of the Test Year
(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Rate Base

Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	$299,437,990	$ -	$299,437,990
2	Accumulated Depreciation (average)	(3)	($18,421,996)	$ -	($18,421,996)
3	Net Fixed Assets (average)	(3)	$281,015,992	$ -	$281,015,992
4	Allowance for Working Capital	(1)	$54,057,835	$ -	$54,057,835
5	Total Rate Base		$335,073,827	$ -	$335,073,827

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses		$25,306,728	$ -	$25,306,728
7	Cost of Power		$335,078,839	$ -	$335,078,839
8	Working Capital Base		$360,385,567	$ -	$360,385,567
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		$54,057,835	$ -	$54,057,835

Notes

(2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
(3) Average of opening and closing balances for the year.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Line No.	Particulars		Utility income Application	Adjustments	Per Board Decision
	Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)		$62,595,342	$ -	$62,595,342
2	Other Revenue	(1)	$3,986,412	$ -	$3,986,412
3	Total Operating Revenues		$66,581,754	$ -	$66,581,754
	Operating Expenses:				
4	OM+A Expenses		$25,306,728	$ -	$25,306,728
5	Depreciation/Amortization		$12,494,578	$ -	$12,494,578
6	Property taxes		$ -	$ -	$ -
7	Capital taxes		$ -	$ -	$ -
8	Other expense		$ -	$ -	$ -
9	Subtotal		$37,801,306	$ -	$37,801,306
10	Deemed Interest Expense		$12,964,060	$ -	$12,964,060
11	Total Expenses (lines 4 to 10)		$50,765,366	$ -	$50,765,366
12	**Utility Income before Income taxes**		$15,816,388	$ -	$15,816,388
13	Income taxes (grossed-up)		$2,520,658	$ -	$2,520,658
14	**Utility net income**		$13,295,730	$ -	$13,295,730

Notes

(1)

Other Revenues / Revenue Offsets			
Specific Service Charges	$316,281		$316,281
Late Payment Charges	$1,450,331		$1,450,331
Other Distribution Revenue	$1,967,800		$1,967,800
Other Income and Deductions	$252,000		$252,000
Total Revenue Offsets	$3,986,412		$3,986,412

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
	Determination of Taxable Income		
1	Utility net income	$13,295,729	$13,295,729
2	Adjustments required to arrive at taxable utility income	($6,893,703)	($6,893,703)
3	Taxable income	$6,402,026	$6,402,026
	Calculation of Utility income Taxes		
4	Income taxes	$1,808,572	$1,808,572
5	Capital taxes	$ -	$ -
6	Total taxes	$1,808,572	$1,808,572
7	Gross-up of Income Taxes	$712,086	$712,086
8	Grossed-up Income Taxes	$2,520,658	$2,520,658
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$2,520,658	$2,520,658
10	Other tax Credits	$ -	$ -
	Tax Rates		
11	Federal tax (%)	16.50%	16.50%
12	Provincial tax (%)	11.75%	11.75%
13	Total tax rate (%)	28.25%	28.25%

Notes

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio (%)	Capitalization Ratio ($)	Cost Rate (%)	Return ($)
	Application				
	Debt				
1	Long-term Debt	56.00%	$187,641,343	6.76%	$12,686,619
2	Short-term Debt	4.00%	$13,402,953	2.07%	$277,441
3	**Total Debt**	60.00%	$201,044,296	6.45%	$12,964,060
	Equity				
4	Common Equity	40.00%	$134,029,531	9.92%	$13,295,729
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$134,029,531	9.92%	$13,295,729
7	**Total**	100%	$335,073,827	7.84%	$26,259,789
	Per Board Decision				
	Debt				
8	Long-term Debt	56.00%	$187,641,343	6.76%	$12,686,619
9	Short-term Debt	4.00%	$13,402,953	2.07%	$277,441
10	**Total Debt**	60.00%	$201,044,296	6.45%	$12,964,060
	Equity				
11	Common Equity	40.0%	$134,029,531	9.92%	$13,295,729
12	Preferred Shares	0.0%	$ -	0.00%	$ -
13	**Total Equity**	40.0%	$134,029,531	9.92%	$13,295,729
14	**Total**	100%	$335,073,827	7.84%	$26,259,789

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

		Revenue Sufficiency/Deficiency			
		Per Application		Per Board Decision	
Line No.	Particulars	At Current Approved	At Proposed Rates	At Current Approved	At Proposed Rates
1	Revenue Deficiency from Below		$4,042,405		$4,042,405
2	Distribution Revenue	$58,552,937	$58,552,937	$58,552,937	$58,552,937
3	Other Operating Revenue Offsets - net	$3,986,412	$3,986,412	$3,986,412	$3,986,412
4	Total Revenue	$62,539,349	$66,581,754	$62,539,349	$66,581,754
5	Operating Expenses	$37,801,306	$37,801,306	$37,801,306	$37,801,306
6	Deemed Interest Expense	$12,964,060	$12,964,060	$12,964,060	$12,964,060
	Total Cost and Expenses	$50,765,366	$50,765,366	$50,765,366	$50,765,366
7	Utility Income Before Income Taxes	$11,773,983	$15,816,388	$11,773,983	$15,816,388
8	Tax Adjustments to Accounting Income per 2009 PILs	($6,893,703)	($6,893,703)	($6,893,703)	($6,893,703)
9	Taxable Income	$4,880,280	$8,922,685	$4,880,280	$8,922,685
10	Income Tax Rate	28.25%	28.25%	28.25%	28.25%
11	Income Tax on Taxable Income	$1,378,679	$2,520,659	$1,378,679	$2,520,659
12	Income Tax Credits	$ -	$ -	$ -	$ -
13	Utility Net Income	$10,395,304	$13,296,730	$10,395,304	$13,296,730
14	Utility Rate Base	$335,073,827	$335,073,827	$335,073,827	$335,073,827
	Deemed Equity Portion of Rate Base	$134,029,531	$134,029,531	$134,029,531	$134,029,531
15	Income/Equity Rate Base (%)	7.76%	9.92%	7.76%	9.92%
16	Target Return - Equity on Rate Base	9.92%	9.92%	9.92%	9.92%
	Sufficiency/Deficiency in Return on Equity	-2.16%	0.00%	-2.16%	0.00%
17	Indicated Rate of Return	6.97%	7.84%	6.97%	7.84%
18	Requested Rate of Return on Rate Base	7.84%	7.84%	7.84%	7.84%
19	Sufficiency/Deficiency in Rate of Return	-0.87%	0.00%	-0.87%	0.00%
20	Target Return on Equity	$13,295,729	$13,295,729	$13,295,729	$13,295,729
21	Revenue Sufficiency/Deficiency	$2,900,426	$0	$2,900,426	$0
22	Gross Revenue Sufficiency/Deficiency	$4,042,405 (1)		$4,042,405 (1)	

Notes:
(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Line No.	Particulars	Revenue Requirement	
		Application	Per Board Decision
1	OM&A Expenses	$25,306,728	$25,306,728
2	Amortization/Depreciation	$12,494,578	$12,494,578
3	Property Taxes	$ -	$ -
4	Capital Taxes	$ -	$ -
5	Income Taxes (Grossed up)	$2,520,658	$2,520,658
6	Other Expenses	$ -	$ -
7	Return		
	Deemed Interest Expense	$12,964,060	$12,964,060
	Return on Deemed Equity	$13,295,729	$13,295,729
8	Distribution Revenue Requirement before Revenues	$86,581,754	$86,581,754
9	Distribution revenue	$82,595,342	$82,595,342
10	Other revenue	$3,986,412	$3,986,412
11	Total revenue	$86,581,754	$86,581,754
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	$0 (1)	$0 (1)

Notes
(1) Line 11 - Line 8

REVENUE REQUIREMENT WORK FORM

Name of LDC: Hydro One Brampton Networks Inc
File Number:
Rate Year: 2011

Selected Delivery Charge and Bill Impacts Per Draft Rate Order										
		Monthly Delivery Charge					Total Bill			
		Current	Per Draft Rate Order	Change $	Change %		Current	Per Draft Rate Order	Change $	Change %
Residential	800 kWh/month	$ 10.84	$ 10.91	$ 0.07	0.6%		$ 111.91	$ 114.98	$ 3.07	2.7%
GS < 50kW	2000 kWh/month	$ 20.15	$ 18.83	-$ 1.32	-6.6%		$ 281.89	$ 279.65	-$ 2.24	-0.8%

Notes:

Total Bill includes all rate riders/adders applicable to that class.

EXHIBIT 1 TAB 3

FINANCIAL INFORMATION

COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS (USoA)

HOBNI has followed the accounting principles and main categories of accounts as detailed in the OEB's Accounting Procedures Handbook (the APH) and the Uniform System of Accounts ("USoA") in the preparation of this Application.

CHANGE IN METHODOLOGY

Hydro One Brampton Networks Inc. is using the methodology established by the OEB in Chapter 2 of the Filing Requirements for Transmission and Distribution Applications. HOBNI's filing is consistent with these requirements and no changes in methodology are being requested by the Company in the current Application.

IFRS IMPLEMENTATION FOR 2011 TEST YEAR

On February 13, 2008, the Canadian Accounting Standards Board (AcSB) confirmed that Publicly Accountable Enterprises (PAEs) will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting purposes for fiscal years beginning January 1, 2011. These standards will replace Canadian Generally Accepted Accounting Principles (CGAAP) that are overseen by the AcSB. IFRS are set by the International Accounting Standards Board (IASB).

The goal of IFRS is to improve financial reporting by establishing one set of high quality, consistent, comparable, and transparent reporting standards. As a result, IFRS is intended to benefit PAEs by providing better access to international capital, funding, and investment opportunities.

Conversion to IFRS on January 1, 2011 is not a choice: it is mandatory for PAEs including Hydro One Brampton. The transition not only affects external financial reporting but impacts all business processes that permeate throughout the entire utility. IFRS is the financial reporting language investors and other stakeholders will require of Hydro One Brampton.

Hydro One Brampton continues to assess the financial reporting impacts of the adoption of IFRS. At this time, the impact on the future financial position and results of operations is difficult to forecast because IFRS continues to evolve and it is likely that it will continue to do so until its ultimate adoption in 2011. HOBNI does not believe that the adoption of IFRS will have a material impact on its reported cash flows, but it does have a material impact on the balance sheet and statements of operations and comprehensive income.

Hydro One Brampton has determined that the areas with the highest impact to its financial reporting requirements are rate regulated accounting, accounting for fixed assets, payments in lieu of corporate income taxes, employee future benefits, and the initial adoption of IFRS under the provisions of IFRS 1, *First-Time Adoption of IFRS.*

RATE REGULATED ACCOUNTING

In May 2009, the IASB posted agenda papers on rate regulated accounting and specific IFRS 1 amendments pertaining to rate-regulated operations. On June 19, 2009, the IASB approved a number of staff proposals and authorized staff to proceed with an exposure draft to be released

in July 2009, with an expected final standard issued in 2010. The approved staff proposal included:

- Costs of property, plant and equipment (PP&E) and intangible assets, to include both directly attributable costs and other amounts permitted by the regulator, e.g., indirect overheads;
- The prospective application of the new standard for regulatory assets and liabilities; and
- The elimination of the previously proposed IFRS 1 exemption which would have permitted the use of carrying values as deemed costs upon transition to IFRS.

Based on the June 19, 2009 vote, Hydro One Brampton expected that amounts permitted to be recovered by the regulator will continue to be included in the costs of self-constructed assets.

As a result of these recent developments, Hydro One Brampton adjusted its costing of work programs in this application from CGAAP to IFRS.

Depending on the outcome of the IASB project and their final decision, there could still be more changes that Hydro One Brampton may have to make as a result of IFRS. The subject of these changes is addressed in the proposed IFRS Variance Account (see Exhibit 9, Tab 1, Schedule 3.0).

PROPERTY, PLANT AND EQUIPMENT (PP&E)

There are differences between IFRS and CGAAP with respect to the accounting for PP&E and intangible assets. Some of the specific differences that apply to Hydro One Brampton are outlined below:

a) IFRS references component accounting for depreciation purposes, generally applied on a straight-line basis, which potentially is at a more detailed level than that under CGAAP. Hydro One Brampton has assessed its componentization and revised it to be compliant with IFRS.

b) CGAAP permits interest to be capitalized on all assets, and as determined by a regulator. Under current IFRS, only directly attributable borrowing costs are capitalized and only upon qualifying assets.

c) IFRS recognizes gains or losses on the disposal of PP&E and intangible assets immediately into income as opposed to the current CGAAP treatment of deferral in accumulated depreciation.

d) Under IFRS, the obligation associated with customer contributions received in advance of construction cannot be included as an offset to PP&E. These amounts must either be deferred as a liability and amortized into income as revenue, or recognized immediately as revenue for financial reporting purposes. Hydro One Brampton proposes to defer customer contributions as a liability and amortize to income.

For items (b) to (d), the application will depend on the outcomes of the IASB project on rate regulated entities.

To the extent that final decisions of the IASB affect the carrying amounts of PP&E and intangible assets, Hydro One Brampton proposes that when these amounts are determined, they be captured as part of the IFRS Variance Account (see Exhibit 9, Tab 1, Schedule 3.0).

IFRS 1

Under IFRS 1, the Company was to prepare an opening IFRS balance sheet at the date of transition to IFRS that will form the starting point in accounting for transactions and events under IFRS. Disclosure of the effects of these changes in the notes to the first set of interim and annual financial statements is also required after conversion. The general premise of IFRS 1 is that IFRS should be retrospectively applied in the preparation of the opening IFRS balance sheet as if IFRS had always applied.

As a result of the June 19, 2009 decision, rate-regulated entities including Hydro One Brampton are expected to be able to elect to use carrying values of PP&E and intangible assets at transition to IFRS.

It is the Company's expectation that given the IASB's project direction to date, the final decision regarding accounting for regulatory assets and liabilities will not require Hydro One Brampton to retrospectively restate PP&E and intangible assets upon adoption of IFRS.

PAYMENT IN LIEU OF CORPORATE TAXES

As of January 1, 2009, HOBNI recognized future income tax assets and liabilities in accordance with the revised section 3465 *Income Taxes* in the CICA Handbook applicable to rate regulated entities. Concurrently, the Company recognized an equivalent regulatory asset. The recognition of these accounts impacted the balance sheet only. As the Company continues to follow the flow-through method of accounting for income taxes, there is no impact on the Statement of Operations.

The current absence of specific guidance in IFRS on the recognition and measurement of regulatory assets or liabilities arising from temporary differences between the flow-through method and the liability method of accounting for income taxes (i.e., recovery of future income taxes), may cause a change in recognition of these amounts at the IFRS transition date. It is unclear whether the final IFRS standard on regulatory assets and liabilities from the IASB will permit the Company to continue using the flow-through method. As a result of these uncertainties and for purposes of this rate application in respect of IFRS for 2011, the Company has continued to apply the flow-through method for the purposes of setting the revenue requirement, consistent with past applications. As such, HOBNI is requesting a rate treatment for income taxes consistent with current CGAAP for the purposes of IFRS in 2011. Hydro One Brampton believes that this is a reasonable assumption given the recent developments in the IASB's rate regulated accounting project.

For financial reporting purposes, the Company will apply rate regulated accounting for differences between the cash and accrual methods, either as a regulatory asset or liability. Any differences in accounting resulting from changes in direction in this project would be captured in the proposed IFRS variance account.

EMPLOYEE FUTURE BENEFITS

Under CGAAP, Hydro One Brampton currently does not recognize any pension-related balance sheet accounts for the related regulatory liability. The Company uses the cash basis of accounting for these transactions and these accounts would represent the cumulative difference between the Company's pension contributions accounted for on a cash basis, and the costs that would be recognized on an accrual basis under CGAAP.

The current absence of specific guidance on the recognition of regulatory assets or liabilities under IFRS means that any regulatory account balances would not be recognized if the Company was required to adopt the accrual basis for its Statement of Operations. It is unclear whether the final standard on regulatory assets and liabilities from the IASB will permit the Company to continue following the cash basis of accounting for pension costs.

As a result of these uncertainties and for the purposes of this rate application in respect to IFRS for 2011, the Company has continued to apply the cash method of accounting for pensions for purposes of setting the revenue requirement, consistent with past applications. As such, HOBNI is requesting a rate treatment for pension consistent with current CGAAP for the purposes of IFRS in 2011. The Company believes that this is a reasonable assumption given the recent developments in the IASB's rate regulated accounting project.

For financial reporting purposes, the Company will apply rate regulated accounting to differences between the cash and accrual methods, either as a regulatory asset or liability. Any differences in accounting resulting from changes in direction on this project would be captured in the proposed IFRS variance account.

CONCLUSION

Hydro One Brampton continues to assess the impacts of adopting IFRS. Recent developments at the IASB level since the board's IFRS stakeholder consultation have caused Hydro One Brampton to re-examine the impacts of IFRS going forward. In the event that changes in accounting result after the proposals have been published, Hydro One Brampton would capture these impacts in the proposed IFRS variance account.

REVENUE REQUIREMENT IMPACT CGAAP COMPARED TO MODIFIED IFRS

The Report of the Board "Transition to International Financial Reporting Standards" (File EB-2008-408) included filing and reporting requirements for distributors. Distributors filing cost of service applications in 2010 for 2011 rates were provided the choice "to present modified IFRS based forecasts for 2010 and 2011, if the distributor prefers to have rates set on the basis of modified IFRS." In addition the distributor "must identify financial differences and resulting revenue requirement impacts arising from the adoption of modified IFRS accounting".

The table below summarises the main financial differences:

($ millions)

Item	CGAAP	Modified IFRS	Differences
OM&A	22.2	25.3	3.1
Amortization expense	12.9	12.5	(0.4)
Interest expense	13.1	12.9	(0.2)
PILs	2.6	2.5	(0.1)
Return on Equity	13.5	13.3	(0.2)
Impact on revenue requirement			2.2

ACCOUNTING POLICIES CHANGED SINCE LAST REBASING

There have been no changes in methodology from previous applications, nor any Board practice or policies established.

AUDITED FINANCIAL STATEMENTS

2008 and 2009

Hydro One Brampton's Audited 2008 and 2009 Financial Statements accompany this Exhibit as **Appendix C** on the subsequent pages.

Hydro One Brampton Networks Inc.

Financial Statements

December 31, 2008

AUDITORS' REPORT

To the Shareholder of **Hydro One Brampton Networks Inc.**

We have audited the balance sheet of **Hydro One Brampton Networks Inc.** (the Company) as at December 31, 2008, and the statements of operations and comprehensive income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2007 were reported on by another firm of chartered accountants.

KPMG LLP

KPMG LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Canada
February 27, 2009

HYDRO ONE BRAMPTON NETWORKS INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Year ended December 31 (Canadian dollars in thousands)	**2008**	**2007**
Revenues		
Distribution	336,478	336,557
Other *(Note 14)*	4,256	3,943
	340,734	340,500
Costs		
Purchased power *(Note 14)*	275,848	275,963
Operation, maintenance and administration *(Note 14)*	19,073	16,771
Depreciation and amortization *(Note 3)*	16,316	15,616
	311,237	308,350
Income before financing charges and provision for payments in lieu of corporate income taxes	29,497	32,150
Financing charges *(Notes 4 and 14)*	10,342	9,928
Income before provision for payments in lieu of corporate income taxes	19,155	22,222
Provision for payments in lieu of corporate income taxes *(Notes 5 and 14)*	8,200	11,800
Net income and comprehensive income	10,955	10,422

STATEMENTS OF RETAINED EARNINGS

Year ended December 31 (Canadian dollars in thousands)	**2008**	**2007**
Retained earnings, January 1	33,541	31,119
Net income	10,955	10,422
Dividends *(Notes 13 and 14)*	(10,000)	(8,000)
Retained earnings, December 31	34,496	33,541

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEETS

December 31 (Canadian dollars in thousands)	2008	2007
Assets		
Current assets:		
Accounts receivable (net of allowance for doubtful accounts - $610; 2007 - $568) *(Note 14)*	55,024	61,307
Regulatory assets *(Note 7)*	595	887
Materials and supplies *(Note 2)*	1,226	1,634
	56,845	63,828
Fixed assets *(Note 6)*:		
Fixed assets in service	456,865	432,504
Less: accumulated depreciation	214,006	199,060
	242,859	233,444
Construction in progress	1,249	2,647
Future use components and spares *(Note 2)*	3,111	3,554
	247,219	239,645
Other long-term assets:		
Goodwill *(Note 13)*	60,060	60,060
Regulatory assets *(Note 7)*	2,842	935
	62,902	60,995
Total assets	366,966	364,468

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEETS (continued)

December 31 (Canadian dollars in thousands)	2008	2007
Liabilities		
Current liabilities:		
Bank indebtedness	5,411	2,746
Accounts payable and accrued charges *(Note 14)*	53,439	59,920
Accrued interest	844	844
Employee future benefits other than pension *(Note 11)*	150	105
	59,844	63,615
Long-term debt *(Notes 8, 9 and 14)*	142,377	142,366
Other long-term liabilities:		
Regulatory liabilities *(Note 7)*	12,139	8,147
Employee future benefits other than pension *(Note 11)*	5,589	5,238
Environmental liabilities *(Note 12)*	960	-
	18,688	13,385
Total liabilities	220,909	219,366
Contingencies and commitment *(Notes 16 and 17)*		
Shareholder's equity *(Note 13)*		
Contributed surplus	60,060	60,060
Common shares (authorized: unlimited; issued: 2,000)	51,501	51,501
Retained earnings	34,496	33,541
Total shareholder's equity	146,057	145,102
Total liabilities and shareholder's equity	366,966	364,468

See accompanying Notes to Financial Statements.

On behalf of the Board of Directors:

Laura Formusa
Chair

Roger Albert
Director

HYDRO ONE BRAMPTON NETWORKS INC.
STATEMENTS OF CASH FLOWS

Year ended December 31 (Canadian dollars in thousands)	2008	2007
Operating activities		
Net income	10,955	10,422
Adjustments for non-cash items:		
Depreciation and amortization (excluding removal costs)	16,622	15,820
Change in regulatory assets and liabilities (excluding stranded meters)	3,215	11,433
Amortization of debt transaction costs	11	9
	30,803	37,684
Changes in non-cash balances related to operations *(Note 15)*	1,566	4,759
Net cash from operating activities	32,369	42,443
Financing Activities		
Dividends paid	(10,000)	(8,000)
Net cash used in financing activities	(10,000)	(8,000)
Investing activities		
Capital expenditures	(25,552)	(30,882)
Other	518	3
Net cash used in investing activities	(25,034)	(30,879)
Net change in cash and cash equivalents	(2,665)	3,564
Cash and cash equivalents, January 1	(2,746)	(6,310)
Cash and cash equivalents, December 31 *(Note 15)*	(5,411)	(2,746)

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Hydro One Brampton Networks Inc. (Hydro One Brampton or the Company) was incorporated on April 25, 2000 under the *Business Corporations Act* (Ontario). Up to October 31, 2006, the Company was a wholly owned subsidiary of Hydro One Brampton Inc. Hydro One Brampton Inc. was legally dissolved on January 30, 2007. As a consequence, the Company is now a wholly owned subsidiary of Hydro One Inc. (Hydro One). The principal business of the Company is the ownership, operation and management of electricity distribution systems and facilities within the City of Brampton, Ontario. The Ontario Energy Board (OEB) regulates the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP).

The Company follows the "push down" basis of accounting for goodwill whereby the goodwill values that arose in the purchase equation, when the Company was acquired, were pushed down to the accounts of the Company.

Rate-setting

The rates of the electricity distribution business of the Company are subject to regulation by the OEB and these rates are based on a revenue requirement that includes a rate of return of 9.00%. In 2006, the OEB initiated a process of establishing an Incentive Regulation Mechanism (IRM) for the years 2007 to 2010. Hydro One Brampton applied for distribution rate adjustments in 2007 based on an OEB-approved formula that considers inflation and efficiency targets. In April 2007, the OEB approved the Company's submission and the revised rates were implemented effective May 1, 2007. On November 1, 2007, Hydro One Brampton filed an application for 2008 rates on the basis of the OEB's cost of capital and second generation IRM policies. On March 19, 2008, the OEB released its decision and the revised rates, including an amount of 67 cents per month per metered customer for smart meters, were approved with an implementation date of May 1, 2008.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities which represent amounts for revenues and expenses incurred in different periods than would be the case had the Company been unregulated. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made. Specific regulatory assets and liabilities are disclosed in Note 7.

Revenue Recognition

Distribution revenues attributable to the sale and delivery of electricity are recognized as electricity is delivered to customers. Distribution revenues reflect actual consumption billed, actual consumption yet to be billed, and an estimate for unbilled (unread) consumption. Unbilled revenue that relates to actual unbilled consumption is calculated using preliminary meter reading data and actual billing rates and an estimate for the price for energy. Unbilled revenues that relate to energy used by consumers from the last meter reading dates during the period to the end of the year are estimated based on historical consumption. Unbilled revenues included within accounts

receivable as at December 31, 2008 amounted to $27,760 thousand (2007 - $31,346 thousand). Actual results could differ from estimates of unbilled electricity usage.

Corporate Income and Capital Taxes

Under the *Electricity Act, 1998*, the Company is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario) as modified by the *Electricity Act, 1998*, and related regulations.

The Company provides for payments in lieu of corporate income taxes using the taxes payable method, as directed by the OEB. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of Hydro One Brampton at that time.

Inter-Company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including the Company. The Company earns interest on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. The Company is charged interest on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent consumables, spare parts and construction material held for internal construction and maintenance of fixed assets. These assets are carried at the lower of average cost or net realizable value.

Effective January 1, 2008, the Company retrospectively adopted Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3031, *Inventories*, with reclassification of comparative prior period amounts. This new section requires that certain major spare parts and standby equipment be reclassified from inventory to fixed assets. The new Handbook section also allows previously recorded impairment losses taken on inventory to be reversed if there is evidence that the net realizable value has subsequently recovered.

The Company already includes certain major standby equipment as in-service fixed assets and depreciates these assets over their useful lives. Upon adoption of the new section, the Company has reclassified $3,554 thousand in 2007 asset components and equipment previously classified as materials and supplies inventory to fixed assets. Future use components and spares are not depreciated until they are transferred to active capital projects and those projects are placed in-service.

Fixed Assets

Fixed assets are capitalized at cost, which comprises materials, labour, engineering, overheads, depreciation on service equipment and the OEB-approved allowance for funds used during construction applicable to major capital construction activities.

Fixed assets in service consist of land and land rights, buildings, distribution equipment, transformers and meters, trucks and equipment, and office and computer equipment. Major spare parts and standby equipment have been re-classified from materials and supplies to fixed assets, retrospectively, to conform with new accounting guidelines effective January 1, 2008.

Some of the Company's distribution assets, particularly those located on unowned easements and rights-of-way, may have asset retirement obligations, conditional or otherwise. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms

are generally subject to extension or renewal. As the Company expects to use the majority of its installed assets for an indefinite period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of disposing of assets that the Company is legally required to remove, an asset retirement obligation will be recognized at that time.

Construction in Progress

Overhead costs, including corporate functions and services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology. Financing costs are capitalized on fixed assets under construction based on the OEB's approved allowance for funds used during construction (2008 – 5.32%; 2007 – 4.95%).

Depreciation

The capital costs of fixed assets are depreciated on a straight-line basis over their estimated service lives as follows:

	Depreciation Rate
Land rights	2.00%
Buildings	2.00%
Distribution equipment	2.50% - 6.67%
Transformers and meters	4.00% - 6.67%
Trucks and equipment	12.50% - 20.00%
Office and computer equipment	10.00% - 20.00%

In accordance with group depreciation practices, the original cost of normal fixed asset retirements is charged to accumulated depreciation, with no gain or loss reflected in results of operations. Gains and losses on sales of fixed assets and losses on premature retirements are charged to results of operations as adjustments to depreciation expense. Depreciation expense also includes the costs incurred to remove fixed assets.

The estimated service lives of fixed assets are subject to periodic review. Any changes arising from such a review are implemented on a remaining service life basis consistent with their inclusion in rates.

Goodwill

Goodwill arose upon the acquisition of the Company by Hydro One and the application of push down accounting resulted in the recognition of contributed surplus in the Company's accounts. The carrying value of goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require. Goodwill impairment is assessed based on a comparison of the fair value of the reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill, with any write-down of the carrying value of goodwill being charged to results of operations. The Company has determined that its goodwill is not impaired.

Financial Instruments

Comprehensive Income

Comprehensive income is composed of the Company's net income and other comprehensive income (OCI). The Company did not have any transactions impacting OCI in the year or in prior years and hence, the Company has no accumulated OCI.

Financial Assets and Liabilities

All financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, other liabilities or available-for-sale. All financial instruments, including derivatives, are carried at fair value on the Balance Sheet except for loans and receivables, held-to-maturity

investments and other financial liabilities, which are measured at amortized cost. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in financing charges in the period which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in OCI until the instrument is derecognized or impaired. The Company has classified its financial instruments as follows:

Bank indebtedness	Other liabilities
Accounts receivable	Loans and receivables
Accounts payable and accrued charges	Other liabilities
Long-term accounts payable and accrued charges	Other liabilities
Long-term debt	Other liabilities

Derivatives and Hedge Accounting

All derivative instruments, including embedded derivatives, are carried at fair value on the Balance Sheet unless exempted from derivative treatment as a normal purchase and sale or when it is deemed that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. All changes in fair value are recorded in financing charges unless cash flow hedge accounting is used, in which case changes in fair value are recorded in OCI to the extent that the hedge is effective.

The Company does not engage in derivative trading or speculative activities.

Transaction Costs

Transaction costs for financial assets and liabilities that are other than held-for-trading, are added to the carrying value of the asset or liability and then amortized over the expected life of the instrument using the effective interest method.

Financial Instrument Disclosures and Presentation

Effective January 1, 2008, the Company adopted two new accounting standards comprising CICA Handbook Sections 3862, *Financial Instruments Disclosures* and 3863, *Financial Instruments Presentation*. The adoption of the new disclosure standard required an increased emphasis on disclosure about the risks associated with recognized and unrecognized financial instruments. These additional disclosures are provided in Note 9. The adoption of the new standard on presentation carried forward unchanged the presentation requirements from Section 3861, *Financial Instruments Disclosure and Presentation*, and therefore adoption of this new standard did not have any impact on the Financial Statements.

Capital Disclosures

Effective January 1, 2008, the Company adopted a new accounting standard comprising CICA Handbook Section 1535, *Capital Disclosures*. The adoption of the new standard required the disclosure of qualitative and quantitative information about the Company's capital and how it is managed. These disclosures are provided in Note 10.

Employee Future Benefits

Employee future benefits for all employees of the Company include pension, group life insurance, health care and long-term disability.

The Company accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Employee future benefits other than pension are recorded on an accrual basis. Costs are determined by independent actuaries using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Past service costs

from plan amendments and actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the employees covered.

Employee future benefit costs are attributed to labour and are charged to operations, maintenance and administration or capitalized as part of the cost of fixed assets.

Environmental Costs

The Company recognizes a liability for estimated future expenditures associated with the assessment and remediation for the phase-out and destruction of polychlorinated biphenyl (PCB) contaminated mineral oil from electrical equipment, based on the present value of these estimated future expenditures. As the Company anticipates that the related expenditures will continue to be recoverable in future rates, a regulatory asset has been recognized to reflect the future recovery of these costs from customers. The Company reviews its estimates of future environmental expenditures on an ongoing basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the year. Actual results could differ from estimates, including changes as a result of future decisions made by the OEB or the Province of Ontario (the Province).

Emerging Accounting Changes

Income Taxes

In August 2007, the Canadian Accounting Standards Board (AcSB) issued a decision, effective January 1, 2009, to withdraw the temporary exemption in CICA Handbook Section 1100, *Generally Accepted Accounting Principles*, which permits the recognition and measurement of assets and liabilities arising from rate regulation. Further, CICA Handbook Section 3465, *Income Taxes*, was amended to require the recognition of future income tax liabilities and assets for regulated enterprises that were previously not subject to these provisions. Consequently, the Company will be required to reflect on its Balance Sheet, the effect of applying the liability method when accounting for payments in lieu of corporate income taxes and a corresponding regulatory liability. The Company is currently assessing the impact of the AcSB's decision on its Balance Sheet.

Goodwill and Intangibles

In November 2007, the AcSB approved new CICA Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Sections 3062, *Goodwill and Other Intangible Assets*, and 3450, *Research and Development Costs*. The new section is applicable to Hydro One Brampton Networks' annual Financial Statements for the 2009 fiscal year. The Company is currently evaluating the classification of certain assets currently classified as fixed assets in service to determine if they meet the definition of intangible assets. It is not anticipated that the new section will have any impact on goodwill or result in any impact on the Company's results of operations.

3. DEPRECIATION AND AMORTIZATION

Year ended December 31 (Canadian dollars in thousands)	2008	2007
Depreciation of fixed assets in service	15,951	15,099
Amortization of regulatory assets	259	426
Fixed asset removal costs	80	64
Amortization of land rights	26	27
	16,316	15,616

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

4. FINANCING CHARGES

Year ended December 31 (Canadian dollars in thousands)	2008	2007
Interest on long-term debt	9,939	9,939
Amortization of debt transaction costs	11	9
Plus (less):		
Interest accreted on regulatory accounts	500	143
Interest capitalized on construction in progress	(94)	(60)
Interest income	(14)	(103)
	10,342	9,928

5. PROVISION FOR PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

The provision for payments in lieu of corporate income taxes (PILs) differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. A reconciliation between the statutory and effective tax rates is provided as follows:

Year ended December 31 (Canadian dollars in thousands)	2008	2007
Income before provision for PILs	19,155	22,222
Federal and Ontario statutory income tax rate	33.50%	36.12%
Provision for PILs at statutory rate	6,417	8,027
Increase (decrease) resulting from:		
Net temporary differences:		
Regulatory accounts	2,157	4,134
Employee future benefits other than pension expense in excess of cash payments	43	55
Capital cost allowance in excess of depreciation and amortization	(111)	(49)
Other	(311)	(319)
Net temporary differences	1,778	3,821
Net permanent differences:		
Government hiring credits	-	(56)
Other	5	8
Net permanent differences	5	(48)
Provision for PILs	8,200	11,800
Effective income tax rate	42.81%	53.10%

Future income taxes have not been recorded in the accounts as they are expected to reduce future revenues consistent with the OEB direction to follow the taxes payable method. As at December 31, 2008, future income tax assets of $4,617 thousand (2007 – $2,628 thousand), based on substantively enacted income tax rates, have not been recorded.

In the absence of rate regulated accounting, the Company's provision for PILs would have been recognized using the liability method rather than the taxes payable method. As a result, the provision for PILs would have been lower by approximately $1,989 thousand (2007 – $3,121 thousand), including the impact of a change in the substantively enacted rates.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

6. FIXED ASSETS

December 31 *(Canadian dollars in thousands)*	Fixed Assets in Service	Accumulated Depreciation	Construction in Progress	Components and Spares	Total
2008					
Land and land rights	9,536	220	-	-	9,316
Buildings	26,289	7,460	-	-	18,829
Distribution equipment	289,433	141,052	1,249	3,111	152,741
Transformers and meters	113,453	52,800	-	-	60,653
Trucks and equipment	11,413	7,497	-	-	3,916
Office and computer equipment	6,741	4,977	-	-	1,764
	456,865	214,006	1,249	3,111	247,219
2007					
Land and land rights	9,529	194	-	-	9,335
Buildings	25,021	6,900	-	-	18,121
Distribution equipment	276,720	131,108	2,647	3,554	151,813
Transformers and meters	103,712	49,815	-	-	53,897
Trucks and equipment	11,205	6,890	-	-	4,315
Office and computer equipment	6,317	4,153	-	-	2,164
	432,504	199,060	2,647	3,554	239,645

Financing costs are capitalized on fixed assets under construction, including allowance for funds used during construction on regulated assets, and were $94 thousand in 2008 (2007 - $60 thousand).

7. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. The Company has recorded the following regulatory assets and liabilities (see Note 2):

December 31 (Canadian dollars in thousands)	2008	2007
Regulatory assets:		
Environmental	1,555	-
Stranded meters	1,346	508
Regulatory asset recovery account	-	887
Other regulatory assets	536	427
Total regulatory assets	3,437	1,822
Less: current portion	595	887
Long-term regulatory assets	2,842	935
Regulatory liabilities:		
Retail settlement variance accounts	10,556	7,276
Regulatory asset recovery account	604	-
PILs variance	596	496
Smart meters	383	375
Long-term regulatory liabilities	12,139	8,147

In the absence of rate regulated accounting, interest would not have been accreted on these regulatory assets and liabilities, and net financing charges would have been lower in 2008 by $500 thousand (2007 – $143 thousand).

Regulatory assets

Environmental

The Company records a liability for the estimated future expenditures required to remediate past environmental contamination. Because such expenditures are expected to be recoverable in future rates, the Company has recognized an equivalent amount as a regulatory asset. This regulatory asset is expected to be amortized to results of operations on a basis consistent with the pattern of actual expenditures expected to be incurred up to the year 2025. The OEB has the discretion to examine and assess the prudence and the timing of recovery of all of the Company's future regulatory expenditures. In the absence of rate regulated accounting, operation, maintenance and administration expense in 2008 would have been higher by $1,652 thousand (2007 - $nil). In addition, amortization expense in 2008 would have been lower by $117 thousand (2007 – $nil).

Stranded meters

On January 16, 2007 the OEB approved the use of a deferral account to record the stranded costs of conventional or accumulation meters removed at the time of installation of smart meters. The net book value of conventional meters removed from service was reclassified from fixed assets to regulatory assets. The remaining value less any proceeds of disposition will be amortized over the same period as the remaining useful life, had they remained in service.

Regulatory asset recovery account

On March 21, 2005, the OEB approved the Company's request to continue to recover regulatory asset balances including interest, recognized prior to 2004. On April 12, 2006, final approval was received from the OEB for the recovery of the December 2004 regulatory asset balances. Recoveries from May 2006 to April 2008 exceeded these balances and disposition of the resulting regulatory liability is subject to a future OEB proceeding. In the absence of rate regulated accounting, amortization of regulatory assets in the amount of $142 thousand (2007 - $426 thousand) would not have been recorded and amortization expense would have been lower by the same amount.

Regulatory liabilities

Retail settlement variance accounts

Retail settlement variance accounts (RSVA) consist of amounts deferred under the provisions of *Article 490* of the OEB's Accounting Procedures Handbook. The Company has accumulated a net liability in its RSVA and anticipates that the OEB will include the net balance of this regulatory account in future rates.

PILs variance

Effective May 1, 2006, the OEB established a PILs variance account in accordance with the OEB's 2006 Electricity Distribution Rate Handbook and related guidance. The purpose of this account is to capture the tax impact of any differences affecting 2006 PILs included in rates that arise from changes in tax rules or tax re-assessments. Disposition of this account balance is subject to OEB review.

Smart meters

On March 21, 2006, the OEB approved the establishment of regulatory deferral accounts for smart meter-related expenditures and a monthly customer charge of 28 cents per metered customer was reflected in the Company's revenue requirement. Consistent with the OEB's direction and pending further guidance, the Company recognized a regulatory asset consisting of the net balance of capital and operating expenditures for smart meters less recoveries received from customers. In April 2007, as part of its decision regarding the Company's 2007 distribution rate applications, the OEB increased the monthly customer charge effective May 1, 2007 to 67 cents per metered customer.

On August 8, 2007, the OEB issued a decision on its combined proceeding to determine recoverability of expenditures incurred by distributors. Expenditures associated with the minimum functionality for advanced metering infrastructure incurred by the Company were approved for recovery. As a result of this decision, smart meter expenditures are no longer deferred as regulatory assets. Such expenditures are now classified as capital or are charged to results of operations consistent with the Company's standard accounting practices.

The OEB decision also required that related revenues be based upon a calculated revenue requirement specific to smart meters. As a result, the carrying value of the smart meter regulatory liability account represents the difference between revenue recorded on this basis and actual recoveries received under existing rate adders. In the absence of rate regulated accounting, operation, maintenance and administration expense would have been lower by $nil (2007 – lower by $25 thousand) and revenues would have been lower by $8 thousand (2007 – $103 thousand).

8. DEBT

The long-term debt, net of deferred transaction costs described below, of $142,377 thousand (2007 - $142,366 thousand) is a promissory note payable to Hydro One bearing interest at a rate of 6.95% per annum until maturity on June 1, 2032. The note is subject to redemption or repurchase by the Company before maturity, in whole or in part. On issuance of this promissory Note, $773 thousand of transaction costs incurred by Hydro One were transferred to the Company. These transaction costs are presented net with long-term debt and are being amortized over the 30-year term of the note. The unamortized balance at December 31, 2008 was $623 thousand (2007- $634 thousand).

9. CARRYING AND FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of all financial instruments, except long-term debt, approximate fair value. The fair value of long-term debt, based on year-end quoted market prices for the same or similar debt of the same remaining maturities, is provided in the following table:

December 31 (Canadian dollars in thousands)	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	143,000	152,223	143,000	176,576

Financial Instrument Disclosures

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of losses that result from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk and its foreign exchange risk is currently insignificant. Hydro One Brampton is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. The Company estimates that a 1% decrease in the forecast long-term Government of Canada bond yield used in the current OEB formula for determining the Company's rate of return on equity would reduce its results of operations by approximately $1,200 thousand.

Credit Risk

Financial assets create credit risk that a counter-party will fail to discharge an obligation, causing a financial loss. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Brampton did not earn a significant amount of revenue from any individual customer. As at December 31, 2008, there were no significant balances of accounts receivable due from any single customer.

In the year, the Company's provision for bad debts increased slightly to $610 thousand (2007 - $568 thousand). Minor adjustments and write-offs were determined on the basis of a review of overdue accounts, taking into consideration historical experience. As at December 31, 2008, approximately 5% of the Company's accounts receivable was aged more than 60 days.

The Company manages its counter-party credit risk through various techniques including, entering into transactions with highly rated counter-parties, limiting total exposure levels with individual counterparties, entering into agreements with the contractual right of offset, and monitoring the financial condition of counterparties. The Company's credit risk for accounts receivable is limited to the carrying amount on the Balance Sheet.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, and the Inter-company Demand Facility arrangement with Hydro One. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

As at December 31, 2008, accounts payable and accrued liabilities in the amount of $53,439 thousand are expected to be settled in cash at their carrying amounts within the next year. Long-term debt maturing over the next twelve months is $nil thousand. Interest payments over the next twelve months on the Company's outstanding debt amount to $9,938 thousand.

As at December 31, 2008, the Company has issued long-term debt in the amount of $143,000 thousand and the Company is required to make interest payments in the amount of $9,938 thousand.

10. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholder's equity, short-term and long-term debt, and cash and cash equivalents. The Company's capital structure as at December 31, 2008 and December 31, 2007 was as follows:

(Canadian dollars in thousands)	2008	2007
Cash and cash equivalents	5,411	2,746
Long-term debt	142,377	142,366
Contributed Surplus	60,060	60,060
Common Shares	51,501	51,501
Retained Earnings	34,496	33,541
	146,057	145,102
Total Capital	293,845	290,214

For the purposes of this table and the Statements of Cash Flows, "cash and cash equivalents" refers to the Balance Sheet item "bank indebtedness."

11. EMPLOYEE FUTURE BENEFITS

Employees of the Company participate in OMERS, a multi-employer public sector pension fund. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and salary. The Company accounts for its participation as a defined contribution plan. During 2008, the Company contributed $1,095 thousand to the plan (2007 - $1,016 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

The Company also provides certain medical and life insurance benefits to its retired employees and their dependents. The Company recognizes these post-retirement costs in the period in which the employees render services. Costs are determined by independent actuaries using the projected benefit method pro-rated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments are amortized on a straight-line basis and cumulative actuarial gains and losses are amortized over the expected average remaining service life of the employees covered using the 10% corridor method. The measurement date used to determine the accrued benefit obligation is December 31.

Net periodic post-retirement benefit costs of $477 thousand (2007 - $445 thousand) are attributed to labour. In 2008, $208 thousand (2007 - $195 thousand) was charged to operations and $269 thousand (2007 - $250 thousand) was capitalized as part of the cost of fixed assets.

Information about the Company's post-retirement benefit plan is as follows:

December 31 (Canadian dollars in thousands)	2008	2007
Accrued benefit liability, beginning of year	5,343	4,999
Net periodic post-retirement benefit cost	477	445
Benefits paid	(81)	(101)
Accrued benefit liability, end of year	5,739	5,343

During 2008, the Company had an actuarial gain of $1,351 thousand as a result of updating year-end assumptions. The net accumulated unamortized actuarial gain at December 31, 2008 was $1,891 thousand (2007 - $545 thousand).

Components of net periodic post-retirement benefit cost are as follows:

December 31 (Canadian dollars in thousands)	2008	2007
Current service cost	212	193
Interest cost	270	252
Actuarial (gain) on benefit obligation	(1,351)	(239)
Costs arising in the period	(869)	206
Differences between costs arising in the period and costs recognized in the period in respect of:		
Actuarial loss	1,346	239
Net periodic post-retirement benefit cost	477	445
Effect of 1% increase in health care cost trends on:		
Accrued benefit obligation, December 31	262	401
Service and interest costs	55	47
Effect of 1% decrease in health care cost trends on:		
Accrued benefit obligation, December 31	(233)	(347)
Service and interest costs	(48)	(41)

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

	2008	2007
Expected annual remaining service life of employees	14 years	14 years
Discount rate for the expense for the year ended December 31	5.50%	5.25%
Discount rate for accrued benefit obligation as at December 31	7.25%	5.50%
Rate of compensation scale escalation (without merit)	4.00%	4.00%
Rate of increase of long-term supplementary medical costs is 9.00% per annum in 2008 grading down to 4.5% per annum in and after 2023.	9.00%	4.50%
Rate of increase of prescription drugs is 9.00% per annum in 2008 grading down to 4.50% per annum in and after 2023.	9.00%	9.75%
Rate of increase of dental costs is 5.00% per annum.	5.00%	4.50%

12. ENVIRONMENTAL LIABILITIES

On September 17, 2008, Environment Canada published its final regulations governing the management, storage and disposal of polychlorinated biphenyls (PCBs). These regulations were enacted under the *Canadian Environmental Protection Act, 1999*. The new regulations impose timelines for disposal of PCBs based on different types of equipment, in-use status and PCB contamination thresholds. Under the regulations, all PCBs in concentrations of 500 parts per million (ppm) or more, except pole-top transformers and their pole-top auxiliary electrical equipment and light ballasts, must be disposed of by the end of 2009. PCBs in concentrations of 50 ppm or more in pole-top transformers and their pole-top auxiliary electrical equipment, light ballasts and other electrical equipment must be disposed of by the end of 2025. In addition, liquids with 2 ppm or more that have been removed from equipment cannot be reused.

Management judges that the Company has very limited PCB-contaminated assets in excess of 500 ppm (priority will be given to targeting inspection and testing work toward identifying and removing PCBs in assets as quickly as operationally feasible). Assets to be disposed of primarily consist of pole and pad mount distribution transformers and light ballasts which require disposal by 2025.

Management's best estimate of the future expenditures to comply with the final regulations as at December 31, 2008 was $1,944 thousand. These expenditures will be incurred over the period from 2009 to 2025.

As Hydro One Brampton anticipates that the related expenditures will continue to be recoverable in future rates, an environmental regulatory asset in the amount of $1,555 thousand has been recorded to reflect the probability of future recovery of these PCB expenditures from customers.

In determining the amounts to be recorded as environmental liabilities, the Company has estimated the current cost of completing mitigation work and has made assumptions as to when the future expenditures will actually be incurred to generate future cash flow information. A long-term inflation assumption of approximately 3% has been used to express current cost estimates as estimated future expenditures. These future expenditures are discounted using a factor of 5.14%. The factors used in estimating the Company's environmental liability represents management's best estimate. However, it is reasonably possible that numbers or volumes of contaminated assets, current cost estimates, inflation assumptions and assumed pattern of annual cash flows may differ significantly from our assumptions. In addition, the availability of critical resources such as skilled labour and replacement assets and the ability to take maintenance outages in critical facilities may influence the timing of expenditures.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Estimated environmental liabilities are reviewed annually or more frequently if significant changes in regulation or other relevant factors occur. Estimate changes are accounted for prospectively.

December 31 (Canadian dollars in thousands)	2008
Environmental liabilities, January 1	-
Environmental liability recorded	1,652
Interest accretion	20
Expenditures	(117)
Environmental liabilities, December 31	1,555
Less: current portion included in accounts payable and accrued charges	(595)
	960

Estimated future environmental expenditures for each of the five years subsequent to December 31, 2008 and in total thereafter are as follows: 2009 - $626 thousand; 2010 - $482 thousand; 2011 - $44 thousand; 2012 - $45 thousand; 2013 - $47 thousand and thereafter - $700 thousand.

There are uncertainties in estimating future environmental costs due to potential external events such as changing regulations and advances in remediation technologies. The Company continuously reviews factors affecting its cost estimates as well as the environmental condition of the various properties. The actual cost of investigation or remediation may differ from current estimates.

13. SHARE CAPITAL

Common Shares

The Company is authorized to issue an unlimited number of common shares. 2,000 shares have been issued to date.

Contributed Surplus

Contributed surplus represents $60,060 thousand in goodwill recognized upon Hydro One's 2001 purchase and pushed down to the accounts of the Company.

Dividends

Common dividends are declared at the sole discretion of the Company's Board of Directors and are recommended by management based upon results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations.

Common dividends declared and paid during 2008 were $10,000 thousand (2007 - $8,000 thousand).

14. RELATED PARTY TRANSACTIONS

Hydro One and its subsidiaries including Hydro One Networks Inc. (Hydro One Networks), the OEFC, Ontario Power Generation Inc. (OPG), the Independent Electricity System Operator (IESO), the Ontario Power Authority (OPA) and the Province are related parties of the Company. In addition, the OEB is related to the Company by virtue of its status as a provincial Crown agent, although as a self-financing and self-sufficient regulatory organization, it carries out independent regulation for Ontario's energy sector, including the Company's regulated distribution business. Transactions with these parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties. Transactions between these parties and the Company were as follows:

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

In 2008, the Company purchased power from the IESO-administered spot market in the amount of $270,715 thousand (2007 - $272,000 thousand). During 2008, Hydro One provided prudential support to the IESO on behalf of the Company in the form of parental guarantees of $75,000 thousand (2007 - $75,000 thousand).

The Company purchased certain transmission, connection, and administrative services from Hydro One Networks and Hydro One totaling $4,312 thousand (2007 - $5,364 thousand). The Company provided certain transmission and connection services to Hydro One Networks totaling $1,341 thousand (2007 - $1,490 thousand). The Company recorded other rental revenues from Hydro One Networks of $115 thousand (2007 - $195 thousand).

During 2008, the Company paid for certain telecommunication services in the amount of $50 thousand (2007 - $76 thousand) and leased a portion of its facilities and equipment to Hydro One Telecom Inc. in the amount of $141 thousand (2007 - $217 thousand).

Consistent with the OPA mandate, the OPA is responsible for some of our Conservation and Demand Management (CDM) programs. The funding includes program costs, incentives and management fees and bonuses. In 2008, the Company received $1,012 thousand (2007 – $680 thousand) from the OPA in respect of the CDM programs and had a net accounts receivable of $221 thousand (2007 – $1,064 thousand).

The provision for payments in lieu of corporate income taxes was paid or payable to the OEFC.

Under the *Ontario Energy Board Act, 1998*, the OEB is required to recover all of its annual operating costs from gas and electricity distributors and electricity transmitters. In 2008, the Company incurred $420 thousand (2007 - $424 thousand) in OEB fees.

The amounts due to or from related parties as a result of the transactions referred to above are as follows:

December 31 (Canadian dollars in thousands)	2008	2007
Accounts receivable	625	1,449
Accounts payable and accrued charges	(26,903)	(26,166)

Included in accounts payable and accrued charges are amounts owing to the IESO in respect of power purchases of $24,111 thousand (2007 - $22,776 thousand).

A common dividend of $10,000 thousand was paid to Hydro One in the year (2007 - $8,000 thousand).

Interest income earned under the inter-company demand facility with Hydro One includes interest expense of $49 thousand (2007 - $70 thousand).

As at December 31, 2008, long-term debt of $143,000 thousand was due to Hydro One (2007 - $143,000 thousand). Net financing charges for 2008 include interest expense on this debt in the amount of $9,939 thousand (2007 - $9,939 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

15. STATEMENTS OF CASH FLOWS

For the purposes of the Statements of Cash Flows, "cash and cash equivalents" refers to "bank indebtedness".

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 (Canadian dollars in thousands)	2008	2007
Accounts receivable decrease (increase)	6,283	(3,060)
Materials and supplies decrease (increase)	408	(695)
Accounts payable and accrued charges (decrease) increase	(6,481)	8,417
Environmental liabilities and other long term liabilities increase (decrease)	960	(247)
Employee future benefits other than pension increase	396	344
	1,566	4,759

Supplementary information:		
Interest paid	10,332	10,251
Payments in lieu of corporate income taxes	12,810	9,840

16. CONTINGENCIES

The Company is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have an adverse effect on the Company's financial position, results of operations or cash flows.

A class action claiming $500,000 thousand in restitutionary payments, plus interest, was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of amounts allowed by law. This action has been brought under the *Class Proceedings Act, 1992*. The plaintiff class seeks $500,000 thousand in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the *Criminal Code*. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. ("Enbridge") (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas Case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

In 2007, Enbridge filed an application to the OEB to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved recovery of the said amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas. The Electricity Distributors Association is undertaking the defence of this class action. The

Company believes that it is unlikely that the outcome of this litigation will have a material adverse effect on its business, results of operations, financial position or prospects.

17. COMMITMENT

Prudential support

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IESO could draw on these guarantees if the Company fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the nominal amount of the parental guarantees. If Hydro One's highest long term credit rating deteriorated to below the "Aa" category, the Company would be required to provide letters of credit in addition to the parental guarantees. Prudential support at December 31, 2008 was provided using parental guarantees of $75,000 thousand (2007 - $75,000 thousand).

18. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2008 financial statements.

Hydro One Brampton Networks Inc.

Financial Statements

December 31, 2009

AUDITORS' REPORT

To the Shareholder of **Hydro One Brampton Networks Inc.**

We have audited the balance sheet of **Hydro One Brampton Networks Inc.** (the Company) as at December 31, 2009, and the statements of operations and comprehensive income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 3, 2010

HYDRO ONE BRAMPTON NETWORKS INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Year ended December 31 (Canadian dollars in thousands)	**2009**	**2008**
Revenues		
Distribution	346,574	336,478
Other *(Note 15)*	3,833	4,256
	350,407	340,734
Costs		
Purchased power *(Note 15)*	285,513	275,848
Operation, maintenance and administration *(Note 15)*	18,780	19,073
Depreciation and amortization *(Note 3)*	17,447	16,316
	321,740	311,237
Income before financing charges and provision for payments in lieu of corporate income taxes	28,667	29,497
Financing charges *(Notes 4 and 15)*	9,854	10,342
Income before provision for payments in lieu of corporate income taxes	18,813	19,155
Provision for payments in lieu of corporate income taxes *(Notes 5 and 15)*	8,398	8,200
Net income and comprehensive income	10,415	10,955

STATEMENTS OF RETAINED EARNINGS

Year ended December 31 (Canadian dollars in thousands)	**2009**	**2008**
Retained earnings, January 1	34,496	33,541
Change in accounting policy for the recognition of future income tax assets and liabilities *(Note 2)*	(2,452)	-
Change in accounting policy for the de-recognition of goodwill and associated future income tax impacts *(Note 2)*	13,063	-
Net income	10,415	10,955
Dividends *(Notes 14 and 15)*	-	(10,000)
Retained earnings, December 31	55,522	34,496

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEETS

December 31 (Canadian dollars in thousands)	2009	2008
Assets		
Current assets:		
Accounts receivable (net of allowance for doubtful accounts - $944 thousand; 2008 - $610 thousand) *(Note 15)*	57,650	55,024
Regulatory assets *(Note 8)*	710	595
Materials and supplies	1,159	1,226
Future income tax assets *(Notes 2 and 5)*	228	-
	59,747	56,845
Fixed assets *(Notes 2 and 6)*:		
Fixed assets in service	477,377	452,533
Less: accumulated depreciation	228,861	213,076
	248,516	239,457
Construction in progress	798	761
Future use components and spares	3,370	3,111
	252,684	243,329
Other long-term assets:		
Regulatory assets *(Note 8)*	3,644	2,842
Intangible assets (net of accumulated amortization) *(Notes 2 and 7)*	9,631	4,613
Future income tax assets *(Notes 2 and 5)*	13,878	-
	27,153	7,455
Total assets	339,584	307,629

See accompanying Notes to Financial Statements.

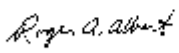
HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEETS

December 31 (Canadian dollars in thousands)	2009	2008
Liabilities		
Current liabilities:		
Bank indebtedness	14,776	5,411
Accounts payable and accrued charges *(Note 15)*	52,579	53,439
Accrued interest	844	844
Employee future benefits other than pension *(Note 12)*	203	150
	68,402	59,844
Long-term debt *(Notes 9, 10 and 15)*	142,388	142,377
Other long-term liabilities:		
Regulatory liabilities *(Note 8)*	15,037	12,139
Deferred revenue *(Note 2)*	804	723
Employee future benefits other than pension *(Note 12)*	5,783	5,589
Environmental liabilities *(Note 13)*	147	960
	21,771	19,411
Total liabilities	232,561	221,632
Contingencies and commitment *(Notes 17 and 18)*		
Shareholder's equity *(Notes 2 and 14)*		
Common shares (authorized: unlimited; issued: 2,000)	51,501	51,501
Retained earnings	55,522	34,496
Total shareholder's equity	107,023	85,997
Total liabilities and shareholder's equity	339,584	307,629

See accompanying Notes to Financial Statements.

On behalf of the Board of Directors:

Laura Formusa
Chair



Roger Albert
Director

HYDRO ONE BRAMPTON NETWORKS INC.
STATEMENTS OF CASH FLOWS

Year ended December 31 (Canadian dollars in thousands)	2009	2008
Operating activities		
Net income	10,415	10,955
Environmental expenditures	(462)	(117)
Adjustments for non-cash items:		
Depreciation and amortization (excluding removal costs)	17,975	16,739
Regulatory assets and liabilities	(4,542)	4,770
Future income taxes	3,097	-
Amortization of debt costs	11	11
	26,494	32,358
Changes in non-cash balances related to operations *(Note 16)*	(2,978)	160
Net cash from operating activities	23,516	32,518
Financing Activities		
Dividends paid	-	(10,000)
Net cash used in financing activities	-	(10,000)
Investing activities		
Capital expenditures		
Fixed assets	(27,175)	(24,473)
Intangible assets	(5,455)	(1,228)
	(32,630)	(25,701)
Other assets	(251)	518
Net cash used in investing activities	(32,881)	(25,183)
Net change in cash and cash equivalents	(9,365)	(2,665)
Cash and cash equivalents, January 1	(5,411)	(2,746)
Cash and cash equivalents, December 31 *(Note 16)*	(14,776)	(5,411)

See accompanying Notes to Financial Statements.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Hydro One Brampton Networks Inc. (Hydro One Brampton or the Company) was incorporated on April 25, 2000 under the *Business Corporations Act* (Ontario). The Company is a wholly owned subsidiary of Hydro One Inc. (Hydro One). The principal business of the Company is the ownership, operation and management of electricity distribution systems and facilities within the City of Brampton, Ontario. The Ontario Energy Board (OEB) regulates the business of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP).

In previous years, the Company followed the "push down" basis of accounting for goodwill whereby the goodwill values that arose in the purchase equation, when the Company was acquired, were pushed down to the accounts of the Company. During 2009, the Company changed its accounting policy and retrospectively de-recognized goodwill. Management determined that the change in accounting policy provides more reliable and relevant information and prepares the Company for the adoption of International Financial Reporting Standards (IFRS), on January 1, 2011.

This change in accounting policy resulted in the removal of goodwill in the amount of $60,060 thousand and associated contributed surplus of an equal amount. As a result of this change, a deferred income tax asset was recognized in the amount of $13,063 thousand and retained earnings opening balance was adjusted to reflect this change.

Rate-setting

The rates of the electricity distribution business of the Company are subject to regulation by the OEB and these rates are based on a revenue requirement that includes a rate of return of 9.00%. In 2006, the OEB initiated a process of establishing an Incentive Regulation Mechanism (IRM) for the years 2007 to 2010. Hydro One Brampton applied for distribution rate adjustments based on an OEB-approved formula that considers inflation and efficiency targets.

On November 7, 2008 Hydro One Brampton filed an application for 2009 rates on the basis of the OEB's cost of capital and second generation IRM policies. On March 13, 2009, the OEB released its decision and the revised approved rates, including an amount of $1.00 per month per metered customer for smart meters with an implementation date of May 1, 2009.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities which represent amounts for revenues and expenses incurred in different periods than would be the case had the Company been unregulated. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made. Specific regulatory assets and liabilities are disclosed in Note 8.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Revenue Recognition

Distribution revenues attributable to the sale and delivery of electricity are recognized as electricity is delivered to customers. Distribution revenues reflect actual consumption billed, actual consumption yet to be billed, and an estimate for unbilled (unread) consumption. Unbilled revenue that relates to actual unbilled consumption is calculated using preliminary meter reading data and actual billing rates and an estimate for the price for energy. Unbilled revenues that relate to energy used by consumers from the last meter reading dates during the period to the end of the year are estimated based on historical consumption. Unbilled revenues included within accounts receivable as at December 31, 2009 amounted to $32,413 thousand (2008 - $27,760 thousand). Actual results could differ from estimates of unbilled electricity usage.

Corporate Income and Capital Taxes

Under the *Electricity Act, 1998*, Hydro One Brampton is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario) as modified by the *Electricity Act, 1998*, and related regulations.

Effective January 1, 2009, the Company adopted amendments to the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465, *Income Taxes* and CICA Handbook Section 1100, *Generally Accepted Accounting Principles*. These amended sections establish new standards for the recognition, measurement, presentation and disclosure of future income tax assets and liabilities of rate regulated enterprises.

As a result of adopting these amended standards, on January 1, 2009, the Company recognized current future income tax assets of $536 thousand, long-term future income tax assets of $ 6,969 thousand.

The Company also recognized corresponding current regulatory liabilities of $536 thousand and long-term regulatory liabilities of $9,421 thousand. An adjustment to retained earnings of $2,452 thousand was recorded as at January 1, 2009 for the cumulative earnings impact of future income tax assets as at December 31, 2008 that are excluded from the rate setting process.

For transactions and events that cause temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, the Company recognized future income tax assets and liabilities, and corresponding regulatory liabilities and assets, as a result of adopting these amended standards on January 1, 2009.

Adjustments to retained earnings were recorded for the cumulative earnings impact of future income tax assets and liabilities as at December 31, 2008 that are excluded from the rate setting process.

Current Income Taxes

The provision for current taxes and the assets and liabilities recognized for the current and prior periods are measured at the amounts receivable or payable from/to the OEFC.

Future Income Taxes

Future income taxes are provided for using the liability method and are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Future income tax liabilities are generally recognized on all taxable temporary differences and future tax assets are recognized to the extent that it is more likely than not to be realized from taxable profits available against which deductible temporary differences can be utilized.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Future income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Future income taxes are charged or credited to the statement of operations and comprehensive income.

The carrying amount of future income tax assets is reviewed at each balance sheet date and reduced to the extent that all or part of the future income tax assets have not met the "more likely than not" criterion. Previously unrecognized future income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become more likely than not of being recovered from future taxable profits.

The Company has recognized regulatory assets and liabilities which correspond to future income taxes that flow through the rate-making process.

Inter-Company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including the Company. The Company earns interest on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. The Company is charged interest on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent consumables, spare parts and construction material held for internal construction and maintenance of fixed assets. These assets are carried at the lower of average cost or net realizable value.

Fixed Assets

Fixed assets are capitalized at cost, which comprises materials, labour, engineering, overheads, depreciation on service equipment and the OEB-approved allowance for funds used during construction applicable to major capital construction activities.

Fixed assets in service consist of land and land rights, buildings, distribution equipment, transformers and meters, trucks and equipment, and office and computer equipment. Fixed assets also include future use assets such as major spare parts and standby equipment.

Some of the Company's distribution assets, particularly those located on unowned easements and rights-of-way, may have asset retirement obligations, conditional or otherwise. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms are generally subject to extension or renewal. As the Company expects to use the majority of its installed assets for an indefinite period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of disposing of assets that the Company is legally required to remove, an asset retirement obligation will be recognized at that time.

Construction in Progress

Overhead costs, including corporate functions and services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology. Financing costs are capitalized on fixed assets under construction based on the OEB's approved allowance for funds used during construction (2009 – 5.89%; 2008 – 5.32%).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Depreciation and Amortization

The capital costs of fixed assets and intangible assets are depreciated on a straight-line basis over their estimated service lives as follows:

	Depreciation Rate
Land rights	2.00%
Buildings	2.00%
Distribution equipment	2.50% - 6.67%
Transformers and meters	4.00% - 6.67%
Trucks and equipment	12.50% - 20.00%
Office and computer equipment	10.00% - 20.00%

The costs of intangible assets are included within the office and computer equipment and distribution equipment classifications above and these assets are amortized on a straight-line basis. Amortization rates for computer applications software is 20% per year and amortization rates for distribution equipment is 2.50% per year.

Depreciation rates for easements are based on their contract life. The majority of easements are held in perpetuity and are not depreciated.

In accordance with group depreciation practices, the original cost of normal fixed asset retirements is charged to accumulated depreciation or amortization, with no gain or loss reflected in results of operations. Gains and losses on sales of fixed assets and losses on premature retirements are charged to results of operations as adjustments to depreciation or amortization expense. Depreciation expense also includes the costs incurred to remove fixed assets.

The estimated service lives of fixed or intangible assets are subject to periodic review. Any changes arising from such a review are implemented on a remaining service life basis consistent with their inclusion in rates.

Intangible Assets

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaced CICA Handbook Section 3062, *Goodwill and Other Intangible Assets*, and CICA Handbook Section 3450, *Research and Development Costs*. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets.

Intangible assets include computer applications software, as well as capital contributions to Hydro One Networks Inc. (Hydro One Networks) for the construction of transmission connection facilities. These assets are carried at cost net of accumulated amortization. The cost of computer applications is comprised of materials, labour, overheads and the OEB-approved allowance for funds used during construction applicable to development activities within the regulated businesses.

Upon adoption of the new accounting standard, on January 1, 2009, the Company reclassified $4,613 thousand in computer applications software and capital contributions to Hydro One Networks previously classified as fixed assets to intangible assets.

Deferred Revenue

Certain amounts are received pursuant to agreements with developers for the estimated costs for the remediation of deficiencies for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Financial Instruments

Comprehensive Income

Comprehensive income is composed of the Company's net income and other comprehensive income (OCI). The Company did not have any transactions impacting OCI in the year or in prior years and hence, the Company has no accumulated OCI.

Financial Assets and Liabilities

All financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, other liabilities or available-for-sale. All financial instruments, including derivatives, are carried at fair value on the Balance Sheet except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in financing charges in the period which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in OCI until the instrument is derecognized or impaired. The Company has classified its financial instruments as follows:

Bank indebtedness	Other liabilities
Accounts receivable	Loans and receivables
Accounts payable and accrued charges	Other liabilities
Long-term debt	Other liabilities

All financial instrument transactions are recorded at trade date.

Derivatives and Hedge Accounting

All derivative instruments, including embedded derivatives, are carried at fair value on the Balance Sheet unless exempted from derivative treatment as a normal purchase and sale or when it is deemed that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. All changes in fair value are recorded in financing charges unless cash flow hedge accounting is used, in which case changes in fair value are recorded in OCI to the extent that the hedge is effective.

The Company does not engage in derivative trading or speculative activities.

Transaction Costs

Transaction costs for financial assets and liabilities that are other than held-for-trading, are added to the carrying value of the asset or liability and then amortized over the expected life of the instrument using the effective interest method.

Financial Instrument Disclosures

Effective for the 2009 annual reporting period, the Company adopted the amended CICA Handbook Section 3862, *Financial Instruments Disclosures*. This amended section improves financial instrument fair value measurement and liquidity risk management disclosures. The amendments require an entity to classify fair value measurements using a fair value hierarchy in levels ranging from 1 to 3 that reflects the significance of the inputs used in making these measurements. The amendments also provide clarification about the required liquidity risk disclosures. Upon application by the Company, the fair value hierarchy level used in the determination of the fair market value of the long-term debt has been disclosed in Note 10.

Employee Future Benefits

Employee future benefits for all employees of the Company include pension, group life insurance, health care and long-term disability.

The Company accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Employee future benefits other than pension are recorded on an accrual basis. Costs are determined by independent actuaries using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments and actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the employees covered.

Employee future benefit costs are attributed to labour and are charged to operations, maintenance and administration or capitalized as part of the cost of fixed assets.

Environmental Costs

The Company records a liability for estimated future expenditures associated with the assessment and remediation for the phase-out and destruction of polychlorinated biphenyl (PCB) contaminated mineral oil from electrical equipment, based on the present value of these estimated future expenditures. As the Company anticipates that the related expenditures will continue to be recoverable in future rates, a regulatory asset has been recorded to reflect the future recovery of these costs from customers. The Company reviews its estimates of future environmental expenditures on an ongoing basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the year. Actual results could differ from estimates, including changes as a result of future decisions made by the OEB or the Province of Ontario (the Province).

Emerging Accounting Changes

International Financial Reporting Standards

On February 13, 2008 the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian generally accepted accounting principles for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. On October 14, 2009, the Public Sector Accounting Board released a decision summary confirming that government organizations following commercial practices adhere to standards for publicly accountable entities after January 1, 2011. As such, the Company will apply IFRS to its financial statements ending December 31, 2011 with restatement of the amounts recorded on the opening IFRS balance sheet as at January 1, 2010, for comparative purposes.

The Company continues to assess the impact of conversion to IFRS on its results of operations. The International Accounting Standards Board (IASB) issued an exposure draft on rate regulated activities in July, 2009. Responses to the IASB's request for comment varied substantially. The IASB staff presented their analysis of the responses to the IASB in February, 2010, which included options for the next steps of the rate regulated activities project. It is unclear at this time what the outcome of the Board's deliberations will be and how that will impact the Company's reporting under IFRS. The effect on the Company's future financial position and results of operations are not estimable at this time.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

3. DEPRECIATION AND AMORTIZATION

Year ended December 31 (Canadian dollars in thousands)	2009	2008
Depreciation of fixed assets in service	16,378	15,554
Amortization of intangible assets	437	397
Amortization of regulatory assets	462	259
Fixed asset removal costs	169	80
Amortization of land rights	1	26
	17,447	16,316

4. FINANCING CHARGES

Year ended December 31 (Canadian dollars in thousands)	2009	2008
Interest on long-term debt	9,939	9,939
Amortization of debt costs	11	11
Plus (less):		
Interest accreted on regulatory accounts	63	500
Interest capitalized on construction and development in progress	(243)	(94)
Interest expense (income)	84	(14)
	9,854	10,342

5. PROVISION FOR PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

The provision for payments in lieu of corporate income taxes (PILs) differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. The reconciliation between the statutory and effective tax rates is provided as follows:

(Canadian dollars in thousands)	2009	2008
Income before provision for PILs	18,813	19,155
Federal and Ontario statutory income tax rate	33.00%	33.50%
Provision for PILs at statutory rate	6,208	6,417
Increase (decrease) resulting from:		
Net temporary differences included in amounts charged to customers:		
Regulatory accounts paid but not recognized for accounting purposes	-	2,157
Employee future benefits other than pension expense in excess of cash payments	18	43
Capital cost allowance lower (higher) than depreciation and amortization	561	(111)
Environmental expenditures	(152)	(39)
Rate Change	1,781	-
Other	(28)	(272)
Net temporary differences	2,180	1,778
Net permanent differences	10	5
Total income tax provision for PILs	8,398	8,200
Current income tax provision for PILs	5,301	8,200
Future income tax provision for PILs	3,097	-
Total income tax provision for PILs	8,398	8,200
Effective income tax rate	44.64%	42.81%

The provision for payments in lieu of current income taxes of $5,301 thousand represents amounts paid to OEFC with respect to current year earnings. There is no outstanding balance due to the OEFC (2008 - $nil).

The provision for payments in lieu of future income taxes of $3,097 thousand reflects amounts that are not expected to be recovered from the Company's customers through future rates. The increase in the liability for payments in lieu of future income taxes that is expected to be recovered from the Company's customers through future rates has resulted in an increase in regulatory assets.

Future Income Tax Assets and Liabilities

Payments in lieu of future income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. The tax effects of these differences are as follows:

December 31 (Canadian dollars in thousands)	**2009**
Future Income Tax Assets	
Regulatory accounts	1,022
Employee future benefits other than pension expense in excess of cash payments	1,976
Depreciation and amortization in excess of capital cost allowance	4,765
Goodwill	6,125
Other	218
Total future income tax assets	14,106
Less: current portion	228
	13,878

6. FIXED ASSETS

December 31 *(Canadian dollars in thousands)*	Fixed Assets in Service	Accumulated Depreciation	Construction in Progress	Components and Spares	Total
2009					
Land and land rights	9,560	221	-	-	9,339
Buildings	26,892	8,047	-	-	18,845
Distribution equipment	296,634	151,625	-	3,370	148,379
Transformers and meters	126,908	56,413	-	-	70,495
Trucks and equipment	12,481	8,126	798	-	5,153
Office and computer equipment	4,902	4,429	-	-	473
	477,377	228,861	798	3,370	252,684
2008					
Land and land rights	9,536	220	-	-	9,316
Buildings	26,289	7,460	-	-	18,829
Distribution equipment	286,980	141,012	-	3,111	149,079
Transformers and meters	113,453	52,800	-	-	60,653
Trucks and equipment	11,413	7,497	761	-	4,677
Office and computer equipment	4,862	4,087	-	-	775
	452,533	213,076	761	3,111	243,329

Financing costs are capitalized on fixed assets under construction, including allowance for funds used during construction on regulated assets, and were $7 thousand in 2009 (2008 - $nil).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

7. INTANGIBLE ASSETS

December 31 (Canadian dollars in thousands)	Intangible Assets	Accumulated Amortization	Work in Progress	Total
2009				
Contributed capital	3,046	118	5,118	8,046
Computer applications software	1,940	1,249	894	1,585
	4,986	1,367	6,012	9,631
2008				
Contributed capital	3,176	40	-	3,136
Computer applications software	1,879	890	488	1,477
	5,055	930	488	4,613

Computer software consists of acquired and internally generated applications. Financing costs are capitalized on intangible assets under development, including allowance for funds used during construction on regulated assets and were $236 thousand in 2009 (2008 - $94 thousand).

8. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. The Company has recorded the following regulatory assets and liabilities (see Note 2):

December 31 (Canadian dollars in thousands)	2009	2008
Regulatory assets:		
Stranded meters	2,341	1,346
Regulatory future income tax asset	228	-
Environmental	629	1,555
IFRS transition costs	442	-
Smart meters	388	-
Other regulatory assets	326	536
Total regulatory assets	4,354	3,437
Less: current portion	710	595
Long-term regulatory assets	3,644	2,842
Regulatory liabilities:		
Regulatory future income tax liability	6,822	-
Retail settlement variance accounts	7,009	10,556
Regulatory asset recovery account	604	604
PILs variance	602	596
Smart meters	-	383
Long-term regulatory liabilities	15,037	12,139

In the absence of rate regulated accounting, interest would not have been accreted on these regulatory assets and liabilities, and net financing charges would have been lower in 2009 by $63 thousand (2008 – $500 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Regulatory assets

Stranded meters

On January 16, 2007 the OEB approved the use of a deferral account to record the stranded costs of conventional or accumulation meters removed at the time of installation of smart meters. The net book value of conventional meters removed from service was reclassified from fixed assets to regulatory assets. The remaining value less any proceeds of disposition will be amortized over the same period as the remaining useful life, had they remained in service.

Regulatory Future Income Tax Asset and Liability

Future income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company has recognized regulatory assets and liabilities which correspond to future income taxes that flow through the rate-making process. In the absence of rate regulated accounting, the Company's provision for PILs would have been recognized using the liability method and there would be no regulatory accounts set up for taxes to be recovered through future rates. As a result the provision for PILs would have been lower by approximately $302 thousand (2008 - $1,778 thousand) including the impact of a change in substantively enacted tax rates.

Environmental

The Company records a liability for the estimated future expenditures required to remediate past environmental contamination (see Note 13). Because such expenditures are expected to be recoverable in future rates, the Company has recognized an equivalent amount as a regulatory asset. This regulatory asset is expected to be amortized to results of operations on a basis consistent with the pattern of actual expenditures expected to be incurred up to the year 2025. The OEB has the discretion to examine and assess the prudence and the timing of recovery of all of the Company's future regulatory expenditures. In the absence of rate regulated accounting, operation, maintenance and administration expense in 2009 would have been lower by $552 thousand (2008 - higher by $1,652). In addition, amortization expense in 2009 would have been lower by $462 thousand (2008 – $117 thousand).

Regulatory liabilities

Retail settlement variance accounts

Retail settlement variance accounts (RSVA) consist of amounts deferred under the provisions of *Article 490* of the OEB's Accounting Procedures Handbook. The Company has accumulated a net liability in its RSVA and anticipates that the OEB will include the net balance of this regulatory account in future rates.

Regulatory asset recovery account

On March 21, 2005, the OEB approved the Company's request to continue to recover regulatory asset balances including interest, recognized prior to 2004. On April 12, 2006, final approval was received from the OEB for the recovery of the December 2004 regulatory asset balances and the approved amount was fully recovered by April 2008. The recoveries in excess of the December 2004 balances are recorded as a regulatory liability and are subject to disposition in a future OEB proceeding. In the absence of rate regulated accounting, amortization of regulatory assets in the amount of $nil (2008 - $142 thousand) would not have been recorded and amortization expense would have been lower by the same amount.

PILs variance

Effective May 1, 2006, the OEB established a PILs variance account in accordance with the OEB's 2006 Electricity Distribution Rate Handbook and related guidance. The purpose of this account is to capture the tax impact of any

differences affecting 2006 PILs included in rates that arise from changes in tax rules or tax re-assessments. Disposition of this account balance is subject to OEB review.

Smart meters

On March 21, 2006, the OEB approved the establishment of regulatory deferral accounts for smart meter-related expenditures and a monthly customer charge of $0.28 cents per metered customer was reflected in the Company's revenue requirement. Consistent with the OEB's direction and pending further guidance, the Company recognized a regulatory asset consisting of the net balance of capital and operating expenditures for smart meters less recoveries received from customers. In April 2007, as part of its decision regarding the Company's 2007 distribution rate application, the OEB increased the monthly customer charge effective May 1, 2007 to $0.67 cents per metered customer.

Effective May 1, 2008, Hydro One Brampton's monthly smart meter rate adder remained at $0.67 cents per metered customer. In addition, Hydro One Brampton requested and received permission from the OEB to establish a one year monthly rate rider refund of $0.09 cents per metered customer to true-up the 2006 and 2007 revenue requirement due to an over collection of revenues. Also, the OEB approved a monthly rate adder of $0.12 cents per metered customer. This rate adder allows for recovery of the 2008 revenue requirement associated with the OEB approved costs for residential smart meter installations completed up to May 31, 2007. Effective May 1, 2009, Hydro One Brampton's monthly smart meter rate adder was increased to $1.00 per metered customer. In addition, the one year monthly rate rider refund of $0.09 cents per metered customer was discontinued.

On August 8, 2007, the OEB issued a decision on its combined proceeding to determine recoverability of expenditures incurred by distributors. Expenditures associated with the minimum functionality for advanced metering infrastructure incurred by the Company were approved for recovery. As a result of this decision, smart meter expenditures are no longer deferred as regulatory assets. Such expenditures are now classified as capital or are charged to results of operations consistent with the Company's standard accounting practices.

The OEB decision also required that related revenues be based upon a calculated revenue requirement specific to smart meters. As a result, the carrying value of the smart meter regulatory liability account represents the difference between revenue recorded on this basis and actual recoveries received under existing rate adders. In the absence of rate regulated accounting, operation, maintenance and administration expense would have been lower by $nil (2008 –$nil) and revenues would have been lower by $770 thousand (2008 – higher by $8 thousand).

9. DEBT

The long-term debt, net of deferred transaction costs described below, of $142,388 thousand (2008 - $142,377 thousand) is a promissory note payable to Hydro One bearing interest at a rate of 6.95% per annum until maturity on June 1, 2032. The note is subject to redemption or repurchase by the Company before maturity, in whole or in part. On issuance of this promissory note, $773 thousand of transaction costs incurred by Hydro One were transferred to the Company. These transaction costs are presented net with long-term debt and are being amortized over the 30-year term of the note. The unamortized balance at December 31, 2009 was $612 thousand (2008- $623 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

10. CARRYING AND FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of all financial instruments, except long-term debt, approximate fair value. The fair value of long-term debt, provided in the table below, is based on unadjusted year-end market prices for the same or similar debt of the same remaining maturities. The fair value measurement of long-term debt is categorized as level 1 as the inputs used reflect quoted prices in an active market.

December 31 (Canadian dollars in thousands)	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt[1]	143,000	167,514	143,000	152,223

[1] The carrying value of long-term debt represents the par value of the promissory note.

Financial Instrument Disclosures

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of losses that result from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk and its foreign exchange risk is currently insignificant. Hydro One Brampton is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields and the spread in 30 year "A" rated Canadian utility bonds over the 30 year benchmark Government of Canada bond yield. The Company estimates that a 1% decrease in the forecast long-term Government of Canada bond yield used in the current OEB formula for determining the Company's rate of return on equity would reduce its results of operations by approximately $1,300 thousand.

Credit Risk

Financial assets create credit risk that a counter-party will fail to discharge an obligation, causing a financial loss. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Brampton did not earn a significant amount of revenue from any individual customer. As at December 31, 2009, there were no significant balances of accounts receivable due from any single customer.

In the year, the Company's provision for bad debts increased to $944 thousand (2008 - $610 thousand). Adjustments and write-offs were determined on the basis of a review of overdue accounts, taking into consideration historical experience. As at December 31, 2009, approximately 4% of the Company's accounts receivable was aged more than 60 days.

The Company manages its counter-party credit risk through various techniques including, entering into transactions with highly rated counter-parties, limiting total exposure levels with individual counterparties, entering into agreements with the contractual right of offset, and monitoring the financial condition of counterparties. The Company's credit risk for accounts receivable is limited to the carrying amount on the Balance Sheet.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, and the Inter-company Demand Facility arrangement with Hydro One. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

As at December 31, 2009, accounts payable and accrued liabilities in the amount of $52,579 thousand are expected to be settled in cash at their carrying amounts within the next year. There is no portion of long-term debt which is maturing over the next twelve months. Interest payments over the next twelve months on the Company's outstanding debt amount to $9,939 thousand.

As at December 31, 2009, the Company has issued long-term debt in the amount of $143,000 thousand and the Company is required to make interest payments in the amount of $9,939 thousand.

11. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholder's equity, short-term and long-term debt, and cash and cash equivalents. The Company's capital structure as at December 31, 2009 and December 31, 2008 was as follows:

(Canadian dollars in thousands)	2009	2008
Cash and cash equivalents	14,776	5,411
Long-term debt	142,388	142,377
Common Shares	51,501	51,501
Retained Earnings	55,522	34,496
	107,023	85,997
Total Capital	264,187	233,785

For the purposes of this table and the Statements of Cash Flows, "cash and cash equivalents" refers to the Balance Sheet item "bank indebtedness."

12. EMPLOYEE FUTURE BENEFITS

Employees of the Company participate in OMERS, a multi-employer public sector pension fund. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and salary. The Company accounts for its participation as a defined contribution plan. During 2009, the Company contributed $1,117 thousand to the plan (2008 - $1,095 thousand).

The Company also provides certain medical and life insurance benefits to its retired employees and their dependents. The Company recognizes these post-retirement costs in the period in which the employees render services. Costs are determined by independent actuaries using the projected benefit method pro-rated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments are amortized on a straight-line basis and cumulative actuarial gains and losses are amortized over the expected average remaining service life of the employees covered using the 10% corridor method. The measurement date used to determine the accrued benefit obligation is December 31.

Net periodic post-retirement benefit costs of $319 thousand (2008 - $477 thousand) are attributed to labour. In 2009, $126 thousand (2008 - $208 thousand) was charged to operations and $193 thousand (2008 - $269 thousand) was capitalized as part of the cost of fixed assets.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Information about the Company's post-retirement benefit plan is as follows:

December 31 (Canadian dollars in thousands)	2009	2008
Accrued benefit liability, beginning of year	5,739	5,34
Net periodic post-retirement benefit cost	319	477
Benefits paid	(72)	(81)
Accrued benefit liability, end of year	5,986	5,739

During 2009, the Company had an actuarial loss of $383 thousand (2008 – gain of $1,351 thousand) as a result of updating year-end assumptions. The net accumulated unamortized actuarial gain at December 31, 2009 was $1,383 thousand (2008 - $1,891 thousand).

Components of net periodic post-retirement benefit cost are as follows:

December 31 (Canadian dollars in thousands)	2009	2008
Current service cost	159	212
Interest cost	285	270
Actuarial loss (gain) on benefit obligation	383	(1,351)
Costs arising in the period	827	(869)
Differences between costs arising in the period and costs recognized in the period in respect of:		
Actuarial (gain) loss	(508)	1,346
Net periodic post-retirement benefit cost	319	477
Effect of 1% increase in health care cost trends on:		
Accrued benefit obligation, December 31	346	262
Service and interest costs	41	55
Effect of 1% decrease in health care cost trends on:		
Accrued benefit obligation, December 31	(305)	(233)
Service and interest costs	(37)	(48)

The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

	2009	2008
Expected annual remaining service life of employees	12 years	14 years
Discount rate for the expense for the year ended December 31	7.25%	5.50%
Discount rate for accrued benefit obligation as at December 31	6.25%	7.25%
Rate of compensation scale escalation (without merit)	4.00%	4.00%
Rate of increase of long-term supplementary medical costs is 9.00% per annum in 2008 grading down to 5.00% per annum in and after 2023.	9.00%	9.00%
Rate of increase of prescription drugs is 9.00% per annum in 2008 grading down to 5.00% per annum in and after 2023.	9.00%	9.00%
Rate of increase of dental costs is 5.00% per annum.	5.00%	5.00%

13. ENVIRONMENTAL LIABILITIES

PCB's

On September 17, 2008, Environment Canada published its final regulations governing the management, storage and disposal of polychlorinated biphenyls (PCBs). These regulations were enacted under the *Canadian Environmental Protection Act, 1999*. The new regulations impose timelines for disposal of PCBs based on different types of equipment, in-use status and PCB contamination thresholds. Under the regulations, all PCBs in concentrations of 500 parts per million (ppm) or more, except pole-top transformers and their pole-top auxiliary electrical equipment and light ballasts, must be disposed of by the end of 2009. PCBs in concentrations of 50 ppm or more in pole-top transformers and their pole-top auxiliary electrical equipment, light ballasts and other electrical equipment must be disposed of by the end of 2025. In addition, liquids with 2 ppm or more that have been removed from equipment cannot be reused.

Management judges that the Company has very limited PCB-contaminated assets in excess of 500 ppm (priority will be given to targeting inspection and testing work toward identifying and removing PCBs in assets as quickly as operationally feasible). Assets to be disposed of primarily consist of pole and pad mount distribution transformers which require disposal by 2025.

Management's best estimate of the future expenditures to comply with the final regulations as at December 31, 2009 was $749 thousand (2008 - $1,944 thousand). These expenditures will be incurred over the period from 2010 to 2025.

As Hydro One Brampton anticipates that the related expenditures will continue to be recoverable in future rates, an environmental regulatory asset in the amount of $629 thousand (2008 - $1,555 thousand) has been recorded to reflect the probability of future recovery of these PCB expenditures from customers.

In determining the amounts to be recorded as environmental liabilities, the Company has estimated the current cost of completing mitigation work and has made assumptions as to when the future expenditures will actually be incurred to generate future cash flow information. A long-term inflation assumption of approximately 3% has been used to express current cost estimates as estimated future expenditures. These future expenditures are discounted using a factor of 5.16%. The factors used in estimating the Company's environmental liability represents management's best estimate. However, it is reasonably possible that numbers or volumes of contaminated assets, current cost estimates, inflation assumptions and assumed pattern of annual cash flows may differ significantly from our assumptions. In addition, the availability of critical resources such as skilled labour and replacement assets and the ability to take maintenance outages in critical facilities may influence the timing of expenditures.

Estimated environmental liabilities are reviewed annually or more frequently if significant changes in regulation or other relevant factors occur. Estimate changes are accounted for prospectively as a revaluation adjustment.

December 31 (Canadian dollars in thousands)	2009	2008
Environmental liabilities, January 1	1,555	1,652
Interest accretion	88	20
Expenditures	(462)	(117)
Revaluation adjustment	(552)	-
Environmental liabilities, December 31	629	1,555
Less: current portion included in accounts payable and accrued charges	(482)	(595)
	147	960

Estimated future environmental expenditures for each of the five years subsequent to December 31, 2009 and in total thereafter are as follows: 2010 - $482 thousand; 2011 to 2014 $nil; and thereafter - $267 thousand.

There are uncertainties in estimating future environmental costs due to potential external events such as changing regulations and advances in remediation technologies. The Company continuously reviews factors affecting its cost

estimates as well as the environmental condition of the various properties. The actual cost of investigation or remediation may differ from current estimates.

Asbestos-Containing Materials

As a result of regulatory changes, the Company expects to incur future expenditures to identify, remove and dispose of asbestos-containing materials installed in some of its facilities. The Company plans to undertake additional studies, using the assistance of external experts as required, to estimate the incremental expenditures associated with removing such materials prior to facility demolition. This information will allow the Company to reasonably estimate and record any obligation it may have to incur such expenditures. The Company also anticipates that such future expenditures will be recoverable in future electricity rates.

14. SHARE CAPITAL

Common Shares

The Company is authorized to issue an unlimited number of common shares. 2,000 shares have been issued to date.

Dividends

Common share dividends are declared at the sole discretion of the Company's Board of Directors and are recommended by management based upon results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations.

No common dividends were declared and paid during 2009 (2008 - $10,000 thousand).

15. RELATED PARTY TRANSACTIONS

Hydro One and its subsidiaries including Hydro One Networks, the OEFC, Ontario Power Generation Inc. (OPG), the Independent Electricity System Operator (IESO), the Ontario Power Authority (OPA) and the Province are related parties of the Company. In addition, the OEB is related to the Company by virtue of its status as a provincial Crown agent, although as a self-financing and self-sufficient regulatory organization, it carries out independent regulation for Ontario's energy sector, including the Company's regulated distribution business. Transactions with these parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties. Transactions between these parties and the Company were as follows:

In 2009, the Company purchased power from the IESO-administered spot market in the amount of $284,378 thousand (2008 - $270,715 thousand).

During 2009, Hydro One provided prudential support to the IESO on behalf of the Company in the form of parental guarantees of $75,000 thousand (2008 - $75,000 thousand).

The Company purchased certain transmission, connection, and administrative services from Hydro One Networks and Hydro One totaling $6,536 thousand (2008 - $4,161 thousand). The Company provided certain transmission and connection services to Hydro One Networks totaling $807 thousand (2008 - $1,341 thousand). The Company recorded other rental revenues from Hydro One Networks of $119 thousand (2008 - $115 thousand).

During 2009, the Company paid for certain telecommunication services in the amount of $44 thousand (2008 - $48 thousand) and leased a portion of its facilities and equipment to Hydro One Telecom Inc. in the amount of $126 thousand (2008 - $141 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

Consistent with the OPA mandate, the OPA is responsible for funding some of the Company's Conservation and Demand Management (CDM) programs. The funding includes program costs, incentives and management fees and bonuses. In 2009, the Company received $1,261 thousand (2008 – $1,552 thousand) from the OPA in respect of the CDM programs and had a net accounts receivable of $678 thousand (2008 – $149 thousand).

The payments in lieu of corporate income taxes were paid or payable to the OEFC (Note 5).

Under the *Ontario Energy Board Act, 1998*, the OEB is required to recover all of its annual operating costs from gas and electricity distributors and electricity transmitters. In 2009, the Company incurred $359 thousand (2008 - $420 thousand) in OEB fees.

The amounts due to or from related parties as a result of the transactions referred to above are as follows:

December 31 (Canadian dollars in thousands)	2009	2008
Accounts receivable	1,195	476
Accounts payable and accrued charges	(26,305)	(27,109)

Included in accounts payable and accrued charges are amounts owing to the IESO in respect of power purchases of $23,452 thousand (2008 - $24,111 thousand).

No common dividends were declared and paid during 2009 (2008 - $10,000 thousand).

Interest income earned under the inter-company demand facility with Hydro One includes interest expense of $69 thousand (2008 - $49 thousand).

As at December 31, 2009, long-term debt of $143,000 thousand was due to Hydro One (2008 - $143,000 thousand). Net financing charges for 2009 include interest expense on this debt in the amount of $9,939 thousand (2008 - $9,939 thousand).

16. STATEMENTS OF CASH FLOWS

For the purposes of the Statements of Cash Flows, "cash and cash equivalents" refers to "bank indebtedness". The changes in non-cash balances related to operations consist of the following:

Year ended December 31 (Canadian dollars in thousands)	2009	2008
Accounts receivable (increase) decrease	(2,626)	6,283
Materials and supplies decrease	67	408
Accounts payable and accrued charges decrease	(747)	(7,076)
Employee future benefits other than pension increase	247	396
Deferred revenue	81	149
	(2,978)	160
Supplementary information:		
Interest paid	10,206	10,332
Payments in lieu of corporate income taxes	6,750	12,810

17. CONTINGENCIES

The Company is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have an adverse effect on the Company's financial position, results of operations or cash flows.

A class action claiming $500,000 thousand in restitutionary payments, plus interest, was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of amounts allowed by law. This action has been brought under the *Class Proceedings Act, 1992*. The plaintiff class seeks $500,000 thousand in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the *Criminal Code*. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. ("Enbridge") (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas Case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

In 2007, Enbridge filed an application to the OEB to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved recovery of the said amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas. The Electricity Distributors Association is undertaking the defence of this class action. The Company believes that it is unlikely that the outcome of this litigation will have a material adverse effect on its business, results of operations, financial position or prospects.

18. COMMITMENT

Prudential support

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IESO could draw on these guarantees if the Company fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the nominal amount of the parental guarantees. If Hydro One's highest long term credit rating deteriorated to below the "Aa" category, the Company would be required to provide letters of credit in addition to the parental guarantees. Prudential support at December 31, 2009 was provided using parental guarantees of $75,000 thousand (2008 - $75,000 thousand).

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (continued)

19. COMPARATIVE FIGURES

The comparative Financial Statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2009 Financial Statements.

PRO FORMA FINANCIAL STATEMENTS

2010 & 2011 SUMMARY

The Hydro One Brampton Networks Inc. Pro Forma Financial Statements for the 2010 Bridge Year and the 2011 Test Year accompany this schedule on the following pages.

When the Pro Forma Income Statement is compared to the "Revenue Deficiency Determination" Income Statement included in the "HOBNI 2011 Revenue Requirement" model, there are some expected differences between the two sets of financial data. The Revenue Deficiency calculated based on deemed capital structure whereas the Pro Forma Financial Statements flow from the annual business plan. A brief explanation follows:

Distribution Revenue: The Pro Forma Income Statement for the 2011 Test Year indicates that HOBNI is anticipating service revenues of $67,052,130 whereas the Revenue Requirement Model calculates Service Revenues of $66,581,755. The Pro Forma Income Statement is based on an earlier forecasted revenue amount and the Revenue Requirement filed has not been incorporated into HOBNI's business plan.

As a result of the differences in the Revenue Requirement, Net Income and Income Tax Expenses show slight variances as well.

Interest Expense: The Pro Forma Income Statement for the 2011 Test Year indicates that HOBNI expects to have an Interest Expense of $12,528,654 whereas the Revenue Requirement Model calculates this expense to be $12,964,060. This difference is because the Pro Forma Income Statement amount uses an Interest Expense forecast based on planned Long Term Debt, and the Revenue Requirement Model uses deemed Interest Expense based on regulatory capital structure.

For comparative purposes, the summarized Regulatory Financial Statements for historical years 2005 through 2009, as well as the 2010 Bridge Year and 2011 Test Year Pro Forma Financial Statements, have been included on the following page as **Table 1: 2005 to 2009 Historical, Pro Forma 2010 and 2011 Financial Statements**.

Table 1: 2005 to 2009 Historical, Pro Forma 2010 and 2011 Financial Statements

Balance Sheet

	2005	2006	2007	2008	2009	2010	2011
Assets							
Current Assets	$ 62,992,020.83	$ 51,936,594.58	$ 58,561,414.21	$ 48,816,195.32	$ 41,782,499.92	$ 41,539,677.00	$ 82,863,219.00
Inventory	$ 3,746,946.11	$ 4,493,490.66	$ 5,188,256.24	$ 1,226,262.74	$ 1,159,393.17	$ 1,150,000.00	$ 1,175,000.00
	$ 66,738,966.94	$ 56,430,085.24	$ 63,749,670.45	$ 50,042,458.06	$ 42,941,893.09	$ 42,689,677.00	$ 84,038,219.00
Non Current Assets	$ 669,350.00	$ 643,430.00	$ 633,713.27	$ 2,178,176.39	$ 16,739,337.91	$ 11,799,516.00	$ 9,084,130.00
Other Assets and Deferred Charges	$ 8,780,276.39	$ 4,511,838.03	$ (6,823,664.99)	$ (11,588,692.24)	$ (6,101,737.95)	$ 107,398.45	$ 3,722,268.65
Intangible Plant	$ -	$ -	$ -	$ -	$ 10,189,295.00	$ 14,983,850.55	$ 15,505,384.53
Distribution Plant	$ 414,549,289.82	$ 437,982,841.11	$ 482,375,527.91	$ 523,926,422.89	$ 559,600,647.01	$ 269,712,592.19	$ 300,520,444.19
General Plant	$ (30,413,177.27)	$ (33,334,977.23)	$ (49,170,173.63)	$ (64,361,717.52)	$ (77,335,958.91)	$ 248,789.20	$ (8,834,673.00)
Other Capital Assets	$ -	$ 682,425.00	$ 2,646,633.20	$ 4,360,352.30	$ 4,168,070.90	$ 7,384,137.00	$ 6,122,696.00
Accumulated Amortization	$ (169,258,533.77)	$ (183,765,121.25)	$ (199,241,008.38)	$ (215,299,494.36)	$ (232,711,777.30)	$ (12,206,508.88)	$ (24,637,480.50)
	$ 224,327,205.17	$ 226,720,435.66	$ 230,421,027.38	$ 239,215,047.46	$ 274,547,876.66	$ 292,029,774.51	$ 301,482,769.88
Total Assets	**$ 291,066,172.11**	**$ 283,150,520.90**	**$ 294,170,697.83**	**$ 289,257,505.52**	**$ 317,489,769.75**	**$ 334,719,451.51**	**$ 385,520,988.88**
Liabilities & Shareholders Equity							
Current Liabilities	$ 58,188,310.76	$ 52,048,978.30	$ 60,863,189.46	$ 52,493,606.30	$ 51,156,320.35	$ 55,752,487.26	$ 57,240,224.24
Non Current Liabilities	$ 4,931,401.00	$ 5,388,637.71	$ 5,343,258.22	$ 6,551,046.56	$ 14,169,648.33	$ 11,080,446.00	$ 9,508,713.00
Other Liabilities and Deferred Credits	$ 434,500.00	$ -	$ -	$ -	$ 804,057.01	$ 900,000.20	$ 900,000.20
Long Term Debt	$ 143,000,000.00	$ 143,000,000.00	$ 143,000,000.00	$ 143,000,000.00	$ 143,000,000.00	$ 153,000,000.00	$ 200,000,000.00
	$ 206,554,211.76	$ 200,437,616.01	$ 209,206,447.68	$ 202,044,652.86	$ 209,130,025.69	$ 220,732,933.46	$ 267,648,937.44
Shareholders Equity	$ 84,511,960.35	$ 82,712,904.89	$ 84,964,250.15	$ 87,212,852.66	$ 108,359,744.06	$ 113,986,518.05	$ 117,872,051.44
Total Liabilities and Shareholders Equity	**$ 291,066,172.11**	**$ 283,150,520.90**	**$ 294,170,697.83**	**$ 289,257,505.52**	**$ 317,489,769.75**	**$ 334,719,451.51**	**$ 385,520,988.88**

Income Statement

	2005	2006	2007	2008	2009	2010	2011
Revenues							
Sales of Electricity	$ 282,796,915.61	$ 267,295,434.48	$ 275,962,518.20	$ 275,847,970.53	$ 285,522,633.16	$ 335,610,875.00	$ 335,078,839.00
Revenue from Services - Distribution	$ 56,877,226.69	$ 58,761,953.71	$ 60,908,189.61	$ 60,949,887.72	$ 61,484,168.33	$ 61,762,000.00	$ 63,697,000.00
Other Operating Revenue	$ 2,438,037.79	$ 3,191,146.90	$ 3,412,191.72	$ 3,094,373.21	$ 2,978,966.66	$ 3,039,000.00	$ 3,100,331.00
Other Income (Deductions)	$ 84,161.73	$ 245,049.04	$ 121,920.59	$ (2,546.06)	$ 166,976.21	$ 150,000.00	$ 252,000.00
Investment Income	$ 196,079.85	$ 524,342.67	$ 481,318.30	$ 322,428.61	$ 26,803.43	$ 6,679.94	$ 2,799.36
	$ 342,392,421.67	$ 330,017,926.80	$ 340,886,138.42	$ 340,212,114.01	$ 350,179,547.79	$ 400,568,554.94	$ 402,130,969.36
Costs							
Other Power Supply Expense	$ 282,796,915.61	$ 267,295,434.48	$ 275,962,518.20	$ 275,847,970.53	$ 285,513,279.11	$ 335,610,875.00	$ 335,078,839.00
Distribution Expenses - Operations	$ 3,070,667.14	$ 3,350,836.25	$ 3,079,156.46	$ 3,544,750.71	$ 3,815,040.58	$ 7,471,848.84	$ 6,854,992.03
Distribution Expenses - Maintenance	$ 2,869,298.50	$ 3,023,980.12	$ 3,091,210.37	$ 3,374,104.99	$ 3,159,225.65	$ 3,744,440.00	$ 4,035,503.00
Other Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Billing and Collecting	$ 3,594,777.76	$ 3,775,563.84	$ 3,820,262.94	$ 4,324,467.87	$ 4,897,921.37	$ 4,632,782.00	$ 5,656,663.00
Community Relations	$ 748,196.50	$ 1,018,450.24	$ 797,998.91	$ 371,587.01	$ 363,137.79	$ 570,000.00	$ 640,000.00
Sales Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administrative and General Expenses	$ 3,733,592.70	$ 4,986,820.43	$ 5,137,181.84	$ 5,558,769.77	$ 5,601,103.32	$ 7,621,698.00	$ 8,119,570.00
Amortization Expense	$ 13,329,604.91	$ 15,278,461.92	$ 15,598,344.74	$ 16,216,369.48	$ 17,450,904.92	$ 13,145,165.88	$ 12,494,578.82
Interest Expense	$ 9,733,124.21	$ 10,255,138.78	$ 10,260,654.66	$ 10,143,834.92	$ 9,833,687.66	$ 9,924,296.92	$ 12,528,653.72
Taxes	$ 9,389,771.00	$ 9,529,457.13	$ 12,615,576.47	$ 8,842,986.26	$ 9,278,242.50	$ 3,718,308.86	$ 2,963,321.58
Other Deductions	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscelaneous	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 329,265,948.33	$ 318,514,143.19	$ 330,362,904.59	$ 328,224,841.54	$ 339,912,542.90	$ 386,439,415.49	$ 388,372,121.15
Net Income	$ 13,126,473.34	$ 11,503,783.61	$ 10,523,233.83	$ 11,987,272.47	$ 10,267,004.89	$ 14,129,139.45	$ 13,758,848.21

HYDRO ONE BRAMPTON NETWORKS INC.

2010 PRO FORMA FINANCIAL STATEMENTS

2010 BALANCE SHEET

Current Assets		
1005-Cash	$	(19,067,323.00)
1010-Cash Advances and Working Funds	$	-
1020-Interest Special Deposits	$	-
1030-Dividend Special Deposits	$	-
1040-Other Special Deposits	$	-
1060-Term Deposits	$	-
1070-Current Investments	$	-
1100-Customer Accounts Receivable	$	25,049,101.00
1102-Accounts Receivable - Services	$	-
1104-Accounts Receivable - Recoverable Work	$	500,000.00
1105-Accounts Receivable - Merchandise, Jobbing, etc.	$	5,000,000.00
1110-Other Accounts Receivable	$	-
1120-Accrued Utility Revenues	$	29,980,000.00
1130-Accumulated Provision for Uncollectible Accounts--Credit	$	(610,101.00)
1140-Interest and Dividends Receivable	$	-
1150-Rents Receivable	$	-
1170-Notes Receivable	$	-
1180-Prepayments	$	350,000.00
1190-Miscellaneous Current and Accrued Assets	$	338,000.00
1200-Accounts Receivable from Associated Companies	$	-
1210-Notes Receivable from Associated Companies	$	-
Total Current Assets	**$**	**41,539,677.00**

Inventory		
1305-Fuel Stock	$	34,000.00
1330-Plant Materials and Operating Supplies	$	1,116,000.00
1340-Merchandise	$	-
1350-Other Materials and Supplies	$	-
Total Inventory	**$**	**1,150,000.00**

Non Current Assets		
1405-Long Term Investments in Non-Associated Companies	$	-
1408-Long Term Receivable - Street Lighting Transfer	$	-
1410-Other Special or Collateral Funds	$	-
1415-Sinking Funds	$	-
1425-Unamortized Debt Expense	$	1,200,548.00
1445-Unamortized Discount on Long-Term Debt--Debit	$	-
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	$	-
1460-Other Non-Current Assets	$	10,598,968.00
1465-O.M.E.R.S. Past Service Costs	$	-
1470-Past Service Costs - Employee Future Benefits	$	-
1475-Past Service Costs - Other Pension Plans	$	-
1480-Portfolio Investments - Associated Companies	$	-
1485-Investment in Associated Companies - Significant Influence	$	-
1490-Investment in Subsidiary Companies	$	-
	$	**11,799,516.00**

Other Assets and Deferred Charges		
1505-Unrecovered Plant and Regulatory Study Costs	$	-
1508-Other Regulatory Assets	$	977,555.00
1510-Preliminary Survey and Investigation Charges	$	-
1515-Emission Allowance Inventory	$	-
1516-Emission Allowances Withheld	$	-
1518-RCVARetail	$	114,421.00
1521-Special Purpose Charge Assessment Variance Account	$	371,031.00
1525-Miscellaneous Deferred Debits	$	-
1530-Deferred Losses from Disposition of Utility Plant	$	-
1540-Unamortized Loss on Reacquired Debt	$	-
1545-Development Charge Deposits/ Receivables	$	-
1548-RCVASTR	$	10,350.00
1550-LV Variance Account	$	35,000.00
1555-Smart Meter Capital and Recovery Offset Variance Account	$	3,760,451.23
1556-Smart Meter OM&A Variance Account	$	255,924.22
1562-Deferred Payments In Lieu of Taxes	$	(2,757,370.00)
1563-Contra Asset - Deferred Payments In Lieu of Taxes	$	2,757,370.00
1565-Conservation and Demand Management Expenditures and Recoveries	$	-
1566-CDM Contra Account	$	-
1570-Qualifying Transition Costs	$	-
1571-Pre-market Opening Energy Variance	$	-
1572-Extraordinary Event Costs	$	-
1574-Deferred Rate Impact Amounts	$	-
1580-RSVAWMS	$	(296,780.00)
1582-RSVAONE-TIME	$	1,390,992.00
1584-RSVANW	$	-
1586-RSVACN	$	-
1588-RSVAPOWER	$	-
1590-Recovery of Regulatory Asset Balances	$	-
1592-PILs and Tax Variance for 2006 and Subsequent Years	$	(617,674.00)
1595-Disposition and Recovery of Regulatory Balances	$	(5,893,872.00)
Total Other Assets and Deferred Charges	**$**	**107,398.45**

Intangible Plant		
1605-Electric Plant in Service - Control Account	$	-
1606-Organization	$	-
1608-Franchises and Consents	$	-
1610-Miscellaneous Intangible Plant	$	14,983,850.54
Total Intangible Plant	**$**	**14,983,850.54**

Distribution Plant		
1805-Land	$	8,146,892.00
1806-Land Rights	$	1,494,492.00
1808-Buildings and Fixtures	$	21,358,222.68
1810-Leasehold Improvements	$	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	$	10,900,311.32
1820-Distribution Station Equipment - Normally Primary below 50 kV	$	13,518,399.00
1825-Storage Battery Equipment	$	-
1830-Poles, Towers and Fixtures	$	32,443,082.00
1835-Overhead Conductors and Devices	$	11,466,959.00
1840-Underground Conduit	$	13,410,271.00
1845-Underground Conductors and Devices	$	78,429,897.00
1850-Line Transformers	$	43,429,647.00
1855-Services	$	6,479,248.00
1860-Meters	$	28,635,171.19
1865-Other Installations on Customer's Premises	$	-
1870-Leased Property on Customer Premises	$	-
1875-Street Lighting and Signal Systems	$	-
Total Distribution Plant	**$**	**269,712,592.19**

General Plant		
1905-Land	$	-
1906-Land Rights	$	-
1908-Buildings and Fixtures	$	276,496.00
1910-Leasehold Improvements	$	-
1915-Office Furniture and Equipment	$	172,413.00
1920-Computer Equipment - Hardware	$	1,143,904.00
1925-Computer Software	$	-
1930-Transportation Equipment	$	5,298,612.00
1935-Stores Equipment	$	99,458.00
1940-Tools, Shop and Garage Equipment	$	1,172,639.00
1945-Measurement and Testing Equipment	$	-
1950-Power Operated Equipment	$	12,416.00
1955-Communication Equipment	$	461,175.00
1960-Miscellaneous Equipment	$	82,241.00
1970-Load Management Controls - Customer Premises	$	-
1975-Load Management Controls - Utility Premises	$	-
1980-System Supervisory Equipment	$	1,376,622.00
1985-Sentinel Lighting Rental Units	$	-
1990-Other Tangible Property	$	-
1995-Contributions and Grants - Credit	$	(9,847,186.80)
Total General Plant	**$**	**248,789.20**

Other Capital Assets		
2005-Property Under Capital Leases	$	-
2010-Electric Plant Purchased or Sold	$	-
2020-Experimental Electric Plant Unclassified	$	-
2030-Electric Plant and Equipment Leased to Others	$	-
2040-Electric Plant Held for Future Use	$	3,369,797.00
2050-Completed Construction Not Classified--Electric	$	-
2055-Construction Work in Progress--Electric	$	4,014,340.00
2060-Electric Plant Acquisition Adjustment	$	-
2065-Other Electric Plant Adjustment	$	-
2070-Other Utility Plant	$	-
2075-Non-Utility Property Owned or Under Capital Leases	$	-
Total Other Capital Assets	**$**	**7,384,137.00**

Accumulated Amortization		
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	$	(11,588,757.43)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	$	(617,751.45)
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	$	-
2160-Accumulated Amortization of Other Utility Plant	$	-
2180-Accumulated Amortization of Non-Utility Property	$	-
Total Accumulated Amortization	**$**	**(12,206,508.88)**

Total Assets	**$**	**334,719,451.50**

Current Liabilities-		
2205-Accounts Payable	$	3,845,000.00
2208-Customer Credit Balances	$	-
2210-Current Portion of Customer Deposits	$	8,000,000.00
2215-Dividends Declared	$	-
2220-Miscellaneous Current and Accrued Liabilities	$	39,650,000.00
2225-Notes and Loans Payable	$	-
2240-Accounts Payable to Associated Companies	$	-
2242-Notes Payable to Associated Companies	$	-
2250-Debt Retirement Charges (DRC) Payable	$	2,250,000.00
2252-Transmission Charges Payable	$	-
2254-Electrical Safety Authority Fees Payable	$	-
2256-Independent Electricity System Operator Fees and Penalties Payable	$	-
2260-Current Portion of Long Term Debt	$	-
2262-Ontario Hydro Debt - Current Portion	$	-
2264-Pensions and Employee Benefits - Current Portion	$	150,000.00
2268-Accrued Interest on Long Term Debt	$	1,089,263.00
2270-Matured Long Term Debt	$	-
2272-Matured Interest on Long Term Debt	$	-
2285-Obligations Under Capital Leases--Current	$	-
2290-Commodity Taxes	$	514,000.00
2292-Payroll Deductions / Expenses Payable	$	600,000.00
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	$	(345,775.74)
2296-Future Income Taxes - Current	$	-
Total Current Liabilities	**$**	**55,752,487.26**

Non Current Liabilities		
2305-Accumulated Provision for Injuries and Damages	$	-
2306-Employee Future Benefits	$	6,011,000.00
2308-Other Pensions - Past Service Liability	$	-
2310-Vested Sick Leave Liability	$	-
2315-Accumulated Provision for Rate Refunds	$	-
2320-Other Miscellaneous Non-Current Liabilities	$	167,000.00
2325-Obligations Under Capital Lease--Non-Current	$	-
2330-Development Charge Fund	$	-
2335-Long Term Customer Deposits	$	-
2340-Collateral Funds Liability	$	-
2345-Unamortized Premium on Long Term Debt	$	-
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	$	-
2350-Future Income Tax - Non-Current	$	4,902,446.00
Total Non Current Liabilities	**$**	**11,080,446.00**

Other Liabilities and Deferred Credits		
2405-Other Regulatory Liabilities	$	-
2410-Deferred Gains from Disposition of Utility Plant	$	-
2415-Unamortized Gain on Reacquired Debt	$	-
2425-Other Deferred Credits	$	900,000.20
2435-Accrued Rate-Payer Benefit	$	-
Total Other Libilities and Deferred Credits	**$**	**900,000.20**

Long Term Debt		
2505-Debentures Outstanding - Long Term Portion	$	-
2510-Debenture Advances	$	-
2515-Reacquired Bonds	$	-
2520-Other Long Term Debt	$	153,000,000.00
2525-Term Bank Loans - Long Term Portion	$	-
2530-Ontario Hydro Debt Outstanding - Long Term Portion	$	-
2550-Advances from Associated Companies	$	-
Total Other Libilities and Deferred Credits	**$**	**153,000,000.00**

Shareholders Equity		
3005-Common Shares Issued	$	51,501,490.00
3008-Preference Shares Issued	$	-
3010-Contributed Surplus	$	-
3020-Donations Received	$	-
3022-Development Charges Transferred to Equity	$	-
3026-Capital Stock Held in Treasury	$	-
3030-Miscellaneous Paid-In Capital	$	-
3035-Installments Received on Capital Stock	$	-
3040-Appropriated Retained Earnings	$	-
3045-Unappropriated Retained Earnings	$	112,163,397.60
3046-Balance Transferred From Income	$	14,129,139.45
3047-Appropriations of Retained Earnings - Current Period	$	-
3048-Dividends Payable-Preference Shares	$	-
3049-Dividends Payable-Common Shares	$	(63,807,509.00)
3055-Adjustment to Retained Earnings	$	-
3065-Unappropriated Undistributed Subsidiary Earnings	$	-
Total Shareholders Equity	**$**	**113,986,518.05**

Total Liabilities and Shareholders Equity	**$**	**334,719,451.50**

Assets - Liabilities and Shareholders Equity	**$**	**0.00**

2010 STATEMENT OF INCOME AND RETAINED EARNINGS

Sales of Electricity		
4006-Residential Energy Sales		272,204,756.00
4010-Commercial Energy Sales		-
4015-Industrial Energy Sales		-
4020-Energy Sales to Large Users		-
4025-Street Lighting Energy Sales		-
4030-Sentinel Lighting Energy Sales		-
4035-General Energy Sales		-
4040-Other Energy Sales to Public Authorities		-
4045-Energy Sales to Railroads and Railways		-
4050-Revenue Adjustment		-
4055-Energy Sales for Resale		-
4060-Interdepartmental Energy Sales		-
4062-Billed WMS		23,524,688.00
4064-Billed WMS–ONE-TIME		4,039,000.00
4066-Billed NW		19,379,276.00
4068-Billed CN		16,463,155.00
4075-Billed–LV		-
Total Sale of Electricity	**$**	**335,610,875.00**

Revenues from Services - Distribution		
4080-Distribution Services Revenue		61,387,000.00
4082-Retail Services Revenues		350,000.00
4084-Service Transaction Requests (STR) Revenues		25,000.00
4090-Electric Services Incidental to Energy Sales		-
Total Revenues from Services	**$**	**61,762,000.00**

Other Operating Revenues		
4105-Transmission Charges Revenue		-
4110-Transmission Services Revenue		-
4205-Interdepartmental Rents		-
4210-Rent from Electric Property		540,030.00
4215-Other Utility Operating Income		-
4220-Other Electric Revenues		-
4225-Late Payment Charges		1,310,000.00
4230-Sales of Water and Water Power		-
4235-Miscellaneous Service Revenues		1,188,970.00
4240-Provision for Rate Refunds		-
4245-Government Assistance Directly Credited to Income		-
Total Other Operating Revenue	**$**	**3,039,000.00**

Other Income/Deductions		
4305-Regulatory Debits		-
4310-Regulatory Credits		-
4315-Revenues from Electric Plant Leased to Others		-
4320-Expenses of Electric Plant Leased to Others		-
4325-Revenues from Merchandise, Jobbing, Etc.		-
4330-Costs and Expenses of Merchandising, Jobbing, Etc.		-
4335-Profits and Losses from Financial Instrument Hedges		-
4340-Profits and Losses from Financial Instrument Investments		-
4345-Gains from Disposition of Future Use Utility Plant		-
4350-Losses from Disposition of Future Use Utility Plant		-
4355-Gain on Disposition of Utility and Other Property		-
4360-Loss on Disposition of Utility and Other Property		-
4365-Gains from Disposition of Allowances for Emission		-
4370-Losses from Disposition of Allowances for Emission		-
4375-Revenues from Non-Utility Operations		-
4380-Expenses of Non-Utility Operations		-
4385-Non-Utility Rental Income		-
4390-Miscellaneous Non-Operating Income		150,000.00
4395-Rate-Payer Benefit Including Interest		-
4398-Foreign Exchange Gains and Losses, Including Amortization		-
Total Other Income/Deductions	**$**	**150,000.00**

Investment Income		
4405-Interest and Dividend Income		6,679.94
4415-Equity in Earnings of Subsidiary Companies		-
Total Investment Income	**$**	**6,679.94**

Other Power Supply Expenses		
4705-Power Purchased		(272,204,756.00)
4708-Charges-WMS		(23,524,688.00)
4710-Cost of Power Adjustments		-
4712-Charges-One-Time		(4,039,000.00)
4714-Charges-NW		(19,379,276.00)
4715-System Control and Load Dispatching		-
4716-Charges-CN		(16,463,155.00)
4720-Other Expenses		-
4725-Competition Transition Expense		-
4730-Rural Rate Assistance Expense		-
4750-Charges-LV		-
Total Other Power Supply Expenses	**$**	**(335,610,875.00)**

Distribution Expenses - Operations		
5005-Operation Supervision and Engineering		(128,675.00)
5010-Load Dispatching		(1,637,255.00)
5012-Station Buildings and Fixtures Expense		(207,958.00)
5014-Transformer Station Equipment - Operation Labour		(24,239.00)
5015-Transformer Station Equipment - Operation Supplies and Expenses		-
5016-Distribution Station Equipment - Operation Labour		(89,412.00)
5017-Distribution Station Equipment - Operation Supplies and Expenses		-
5020-Overhead Distribution Lines and Feeders - Operation Labour		(1,279,859.00)
5025-Overhead Distribution Lines and Feeders - Operation Supplies and		(165,243.00)
5030-Overhead Subtransmission Feeders - Operation		-
5035-Overhead Distribution Transformers- Operation		(141,374.00)
5040-Underground Distribution Lines and Feeders - Operation Labour		(965,574.00)
5045-Underground Distribution Lines and Feeders - Operation Supplies and		-
5050-Underground Subtransmission Feeders - Operation		-
5055-Underground Distribution Transformers - Operation		(145,153.00)
5060-Street Lighting and Signal System Expense		-
5065-Meter Expense		(1,702,190.84)
5070-Customer Premises - Operation Labour		(798,160.00)
5075-Customer Premises - Materials and Expenses		-
5085-Miscellaneous Distribution Expense		(136,756.00)
5090-Underground Distribution Lines and Feeders - Rental Paid		-
5095-Overhead Distribution Lines and Feeders - Rental Paid		(50,000.00)
5096-Other Rent		-
Total Distribution Expenses - Operations	**$**	**(7,471,848.84)**

Distribution Expenses - Maintenance		
5105-Maintenance Supervision and Engineering		(209,705.00)
5110-Maintenance of Buildings and Fixtures - Distribution Stations		(4,100.00)
5112-Maintenance of Transformer Station Equipment		(144,307.00)
5114-Maintenance of Distribution Station Equipment		(155,494.00)
5120-Maintenance of Poles, Towers and Fixtures		(301,756.00)
5125-Maintenance of Overhead Conductors and Devices		(493,344.00)
5130-Maintenance of Overhead Services		(194,887.00)
5135-Overhead Distribution Lines and Feeders - Right of Way		(218,739.00)
5145-Maintenance of Underground Conduit		-
5150-Maintenance of Underground Conductors and Devices		(1,273,475.00)
5155-Maintenance of Underground Services		(683,673.00)
5160-Maintenance of Line Transformers		(42,681.00)
5165-Maintenance of Street Lighting and Signal Systems		-
5170-Sentinel Lights - Labour		-
5172-Sentinel Lights - Materials and Expenses		-
5175-Maintenance of Meters		(22,279.00)
5178-Customer Installations Expenses- Leased Property		-
5195-Maintenance of Other Installations on Customer Premises		-
Total Distribution Expenses - Maintenance	**$**	**(3,744,440.00)**

Other Expenses		
5205-Purchase of Transmission and System Services		-
5210-Transmission Charges		-
5215-Transmission Charges Recovered		-
Total Other Expenses	**$**	**-**

Billing and Collecting		
5305-Supervision		(307,991.00)
5310-Meter Reading Expense		(242,752.00)
5315-Customer Billing		(2,328,453.00)
5320-Collecting		(1,027,587.00)
5325-Collecting - Cash Over and Short		-
5330-Collection Charges		(29,999.00)
5335-Bad Debt Expense		(515,004.00)
5340-Miscellaneous Customer Accounts Expenses		(180,996.00)
Total Billing and Collecting	**$**	**(4,632,782.00)**

Community Relations		
5405-Supervision		(125,000.00)
5410-Community Relations - Sundry		(275,000.00)
5415-Energy Conservation		-
5420-Community Safety Program		(25,000.00)
5425-Miscellaneous Customer Service and Informational Expenses		(145,000.00)
Total Community Relations	**$**	**(570,000.00)**

Sales Expenses		
5505-Supervision		-
5510-Demonstrating and Selling Expense		-
5515-Advertising Expense		-
5520-Miscellaneous Sales Expense		-
Total Sales Expenses	**$**	**-**

Administrative and General Expenses		
5605-Executive Salaries and Expenses		(915,486.00)
5610-Management Salaries and Expenses		(2,206,651.00)
5615-General Administrative Salaries and Expenses		(1,392,760.00)
5620-Office Supplies and Expenses		-
5625-Administrative Expense Transferred–Credit		-
5630-Outside Services Employed		(200,004.00)
5635-Property Insurance		-
5640-Injuries and Damages		(188,700.00)
5645-Employee Pensions and Benefits		-
5650-Franchise Requirements		-
5655-Regulatory Expenses		(945,000.00)
5660-General Advertising Expenses		(10,000.00)
5665-Miscellaneous General Expenses		(1,144,885.00)
5670-Rent		-
5675-Maintenance of General Plant		(557,012.00)
5680-Electrical Safety Authority Fees		(61,200.00)
5685-Independent Electricity System Operator Fees and Penalties		-
5695-OM&A Contra Account		-
Total Administrative and General Expenses	**$**	**(7,621,698.00)**

Amortization Expense		
5705-Amortization Expense – Property, Plant, and Equipment		(10,856,329.43)
5710-Amortization of Limited Term Electric Plant		(7,085.00)
5715-Amortization of Intangibles and Other Electric Plant		(1,099,751.45)
5720-Amortization of Electric Plant Acquisition Adjustments		-
5725-Miscellaneous Amortization		(1,182,000.00)
5730-Amortization of Unrecovered Plant and Regulatory Study Costs		-
5735-Amortization of Deferred Development Costs		-
5740-Amortization of Deferred Charges		-
Total Amortization Expense	**$**	**(13,145,165.88)**

Interest Expense		
6005-Interest on Long Term Debt		(10,306,487.00)
6010-Amortization of Debt Discount and Expense		(12,804.00)
6015-Amortization of Premium on Debt–Credit		-
6020-Amortization of Loss on Reacquired Debt		-
6025-Amortization of Gain on Reacquired Debt--Credit		-
6030-Interest on Debt to Associated Companies		-
6035-Other Interest Expense		(48,005.92)
6040-Allowance for Other Funds Used During Construction		443,000.00
6042-Allowance for Other Funds Used During Construction		-
6045-Interest Expense on Capital Lease Obligations		-
Total Interest Expense	**$**	**(9,924,296.92)**

Taxes		
6105-Taxes Other Than Income Taxes		(255,867.00)
6110-Income Taxes		(1,708,346.86)
6115-Provision for Future Income Taxes		(1,754,095.00)
Total Taxes	**$**	**(3,718,308.86)**

Other Deductions		
6205-Donations		-
6210-Life Insurance		-
6215-Penalties		-
6225-Other Deductions		-
Total Other Deductions	**$**	**-**

Extraordinary Items		
6305-Extraordinary Income		-
6310-Extraordinary Deductions		-
6315-Income Taxes, Extraordinary Items		-
Total Extraordinary Items	**$**	**-**

Miscelaneous		
Total Miscelaneous	**$**	**-**

Net Income	**$**	**14,129,139.45**

HYDRO ONE BRAMPTON NETWORKS INC.

2011 PRO FORMA FINANCIAL STATEMENTS

2011 BALANCE SHEET

Current Assets		
1005-Cash	$	22,257,219.00
1010-Cash Advances and Working Funds	$	-
1020-Interest Special Deposits	$	-
1030-Dividend Special Deposits	$	-
1040-Other Special Deposits	$	-
1060-Term Deposits	$	-
1070-Current Investments	$	-
1100-Customer Accounts Receivable	$	24,423,303.00
1102-Accounts Receivable - Services	$	-
1104-Accounts Receivable - Recoverable Work	$	510,000.00
1105-Accounts Receivable - Merchandise, Jobbing, etc.	$	5,100,000.00
1110-Other Accounts Receivable	$	-
1120-Accrued Utility Revenues	$	30,500,000.00
1130-Accumulated Provision for Uncollectible Accounts--Credit	$	(622,303.00)
1140-Interest and Dividends Receivable	$	-
1150-Rents Receivable	$	-
1170-Notes Receivable	$	-
1180-Prepayments	$	355,000.00
1190-Miscellaneous Current and Accrued Assets	$	340,000.00
1200-Accounts Receivable from Associated Companies	$	-
1210-Notes Receivable from Associated Companies	$	-
Total Current Assets	**$**	**82,863,219.00**

Inventory		
1305-Fuel Stock	$	-
1330-Plant Materials and Operating Supplies	$	1,175,000.00
1340-Merchandise	$	-
1350-Other Materials and Supplies	$	-
Total Inventory	**$**	**1,175,000.00**

Non Current Assets		
1405-Long Term Investments in Non-Associated Companies	$	-
1408-Long Term Receivable - Street Lighting Transfer	$	-
1410-Other Special or Collateral Funds	$	-
1415-Sinking Funds	$	-
1425-Unamortized Debt Expense	$	1,420,053.00
1445-Unamortized Discount on Long-Term Debt--Debit	$	-
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	$	-
1460-Other Non-Current Assets	$	7,664,077.00
1465-O.M.E.R.S. Past Service Costs	$	-
1470-Past Service Costs - Employee Future Benefits	$	-
1475-Past Service Costs - Other Pension Plans	$	-
1480-Portfolio Investments - Associated Companies	$	-
1485-Investment in Associated Companies - Significant Influence	$	-
1490-Investment in Subsidiary Companies	$	-
	$	**9,084,130.00**

Other Assets and Deferred Charges		
1505-Unrecovered Plant and Regulatory Study Costs	$	-
1508-Other Regulatory Assets	$	520,368.00
1510-Preliminary Survey and Investigation Charges	$	-
1515-Emission Allowance Inventory	$	-
1516-Emission Allowances Withheld	$	-
1518-RCVARetail	$	5,629.00
1521-Special Purpose Charge Assessment Variance Account	$	(156,845.00)
1525-Miscellaneous Deferred Debits	$	-
1530-Deferred Losses from Disposition of Utility Plant	$	-
1540-Unamortized Loss on Reacquired Debt	$	-
1545-Development Charge Deposits/ Receivables	$	-
1548-RCVASTR	$	509.00
1550-LV Variance Account	$	70,000.00
1555-Smart Meter Capital and Recovery Offset Variance Account	$	3,574,276.92
1556-Smart Meter OM&A Variance Account	$	812,080.73
1562-Deferred Payments In Lieu of Taxes	$	-
1563-Contra Asset - Deferred Payments In Lieu of Taxes	$	-
1565-Conservation and Demand Management Expenditures and Recoveries	$	-
1566-CDM Contra Account	$	-
1570-Qualifying Transition Costs	$	-
1571-Pre-market Opening Energy Variance	$	-
1572-Extraordinary Event Costs	$	-
1574-Deferred Rate Impact Amounts	$	-
1580-RSVAWMS	$	(600,949.00)
1582-RSVAONE-TIME	$	-
1584-RSVANW	$	-
1586-RSVACN	$	-
1588-RSVAPOWER	$	-
1590-Recovery of Regulatory Asset Balances	$	-
1592-PILs and Tax Variance for 2006 and Subsequent Years	$	-
1595-Disposition and Recovery of Regulatory Balances	$	(502,801.00)
Total Other Assets and Deferred Charges	**$**	**3,722,268.65**

Intangible Plant		
1605-Electric Plant in Service - Control Account	$	-
1606-Organization	$	-
1608-Franchises and Consents	$	-
1610-Miscellaneous Intangible Plant	$	15,505,384.54
Total Intangible Plant	**$**	**15,505,384.54**

Distribution Plant		
1805-Land	$	8,146,892.00
1806-Land Rights	$	1,679,777.00
1808-Buildings and Fixtures	$	22,233,287.68
1810-Leasehold Improvements	$	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	$	12,335,741.32
1820-Distribution Station Equipment - Normally Primary below 50 kV	$	14,342,451.00
1825-Storage Battery Equipment	$	-
1830-Poles, Towers and Fixtures	$	37,385,212.00
1835-Overhead Conductors and Devices	$	12,401,939.00
1840-Underground Conduit	$	16,550,511.00
1845-Underground Conductors and Devices	$	90,103,180.00
1850-Line Transformers	$	48,746,692.00
1855-Services	$	7,112,590.00
1860-Meters	$	29,482,171.19
1865-Other Installations on Customer's Premises	$	-
1870-Leased Property on Customer Premises	$	-
1875-Street Lighting and Signal Systems	$	-
Total Distribution Plant	**$**	**300,520,444.19**

General Plant		
1905-Land	$	-
1906-Land Rights	$	-
1908-Buildings and Fixtures	$	276,496.00
1910-Leasehold Improvements	$	-
1915-Office Furniture and Equipment	$	318,913.00
1920-Computer Equipment - Hardware	$	1,427,370.00
1925-Computer Software	$	-
1930-Transportation Equipment	$	7,505,612.00
1935-Stores Equipment	$	99,458.00
1940-Tools, Shop and Garage Equipment	$	1,247,639.00
1945-Measurement and Testing Equipment	$	-
1950-Power Operated Equipment	$	12,416.00
1955-Communication Equipment	$	592,175.00
1960-Miscellaneous Equipment	$	82,241.00
1970-Load Management Controls - Customer Premises	$	-
1975-Load Management Controls - Utility Premises	$	-
1980-System Supervisory Equipment	$	1,813,622.00
1985-Sentinel Lighting Rental Units	$	-
1990-Other Tangible Property	$	-
1995-Contributions and Grants - Credit	$	(22,210,615.00)
Total General Plant	**$**	**(8,834,673.00)**

Other Capital Assets		
2005-Property Under Capital Leases	$	-
2010-Electric Plant Purchased or Sold	$	-
2020-Experimental Electric Plant Unclassified	$	-
2030-Electric Plant and Equipment Leased to Others	$	-
2040-Electric Plant Held for Future Use	$	3,369,797.00
2050-Completed Construction Not Classified--Electric	$	-
2055-Construction Work in Progress--Electric	$	2,752,899.00
2060-Electric Plant Acquisition Adjustment	$	-
2065-Other Electric Plant Adjustment	$	-
2070-Other Utility Plant	$	-
2075-Non-Utility Property Owned or Under Capital Leases	$	-
Total Other Capital Assets	**$**	**6,122,696.00**

Accumulated Amortization		
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	$	(23,452,057.13)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	$	(1,185,423.36)
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	$	-
2160-Accumulated Amortization of Other Utility Plant	$	-
2180-Accumulated Amortization of Non-Utility Property	$	-
Total Accumulated Amortization	**$**	**(24,637,480.50)**

Total Assets	**$**	**385,520,988.89**

Current Liabilities-		
2205-Accounts Payable	$	2,813,000.00
2208-Customer Credit Balances	$	-
2210-Current Portion of Customer Deposits	$	8,160,000.00
2215-Dividends Declared	$	-
2220-Miscellaneous Current and Accrued Liabilities	$	40,443,000.00
2225-Notes and Loans Payable	$	-
2240-Accounts Payable to Associated Companies	$	-
2242-Notes Payable to Associated Companies	$	-
2250-Debt Retirement Charges (DRC) Payable	$	2,295,000.00
2252-Transmission Charges Payable	$	-
2254-Electrical Safety Authority Fees Payable	$	-
2256-Independent Electricity System Operator Fees and Penalties Payable	$	-
2260-Current Portion of Long Term Debt	$	-
2262-Ontario Hydro Debt - Current Portion	$	-
2264-Pensions and Employee Benefits - Current Portion	$	153,000.00
2268-Accrued Interest on Long Term Debt	$	2,498,413.00
2270-Matured Long Term Debt	$	-
2272-Matured Interest on Long Term Debt	$	-
2285-Obligations Under Capital Leases--Current	$	-
2290-Commodity Taxes	$	524,000.00
2292-Payroll Deductions / Expenses Payable	$	612,000.00
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	$	(258,188.76)
2296-Future Income Taxes - Current	$	-
Total Current Liabilities	**$**	**57,240,224.24**

Non Current Liabilities		
2305-Accumulated Provision for Injuries and Damages	$	-
2306-Employee Future Benefits	$	6,319,000.00
2308-Other Pensions - Past Service Liability	$	-
2310-Vested Sick Leave Liability	$	-
2315-Accumulated Provision for Rate Refunds	$	-
2320-Other Miscellaneous Non-Current Liabilities	$	174,000.00
2325-Obligations Under Capital Lease--Non-Current	$	-
2330-Development Charge Fund	$	-
2335-Long Term Customer Deposits	$	-
2340-Collateral Funds Liability	$	-
2345-Unamortized Premium on Long Term Debt	$	-
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	$	-
2350-Future Income Tax - Non-Current	$	3,015,713.00
Total Non Current Liabilities	**$**	**9,508,713.00**

Other Liabilities and Deferred Credits		
2405-Other Regulatory Liabilities	$	-
2410-Deferred Gains from Disposition of Utility Plant	$	-
2415-Unamortized Gain on Reacquired Debt	$	-
2425-Other Deferred Credits	$	900,000.20
2435-Accrued Rate-Payer Benefit	$	-
Total Other Libilities and Deferred Credits	**$**	**900,000.20**

Long Term Debt		
2505-Debentures Outstanding - Long Term Portion	$	-
2510-Debenture Advances	$	-
2515-Reacquired Bonds	$	-
2520-Other Long Term Debt	$	200,000,000.00
2525-Term Bank Loans - Long Term Portion	$	-
2530-Ontario Hydro Debt Outstanding - Long Term Portion	$	-
2550-Advances from Associated Companies	$	-
Total Other Libilities and Deferred Credits	**$**	**200,000,000.00**

Shareholders Equity		
3005-Common Shares Issued	$	51,501,490.00
3008-Preference Shares Issued	$	-
3010-Contributed Surplus	$	-
3020-Donations Received	$	-
3022-Development Charges Transferred to Equity	$	-
3026-Capital Stock Held in Treasury	$	-
3030-Miscellaneous Paid-In Capital	$	-
3035-Installments Received on Capital Stock	$	-
3040-Appropriated Retained Earnings	$	-
3045-Unappropriated Retained Earnings	$	116,419,222.23
3046-Balance Transferred From Income	$	13,758,848.21
3047-Appropriations of Retained Earnings - Current Period	$	-
3048-Dividends Payable-Preference Shares	$	-
3049-Dividends Payable-Common Shares	$	(63,807,509.00)
3055-Adjustment to Retained Earnings	$	-
3065-Unappropriated Undistributed Subsidiary Earnings	$	-
Total Shareholders Equity	**$**	**117,872,051.44**

Total Liabilities and Shareholders Equity	**$**	**385,520,988.88**

Assets - Liabilities and Shareholders Equity	**$**	**(0.00)**

2011 STATEMENT OF INCOME AND RETAINED EARNINGS

Sales of Electricity		
4006-Residential Energy Sales		270,083,728.00
4010-Commercial Energy Sales		-
4015-Industrial Energy Sales		-
4020-Energy Sales to Large Users		-
4025-Street Lighting Energy Sales		-
4030-Sentinel Lighting Energy Sales		-
4035-General Energy Sales		-
4040-Other Energy Sales to Public Authorities		-
4045-Energy Sales to Railroads and Railways		-
4050-Revenue Adjustment		-
4055-Energy Sales for Resale		-
4060-Interdepartmental Energy Sales		-
4062-Billed WMS		23,917,111.00
4064-Billed WMS–ONE-TIME		4,160,000.00
4066-Billed NW		19,961,000.00
4068-Billed CN		16,957,000.00
4075-Billed–LV		-
Total Sale of Electricity	**$**	**335,078,839.00**

Revenues from Services - Distribution		
4080-Distribution Services Revenue		63,382,000.00
4082-Retail Services Revenues		310,000.00
4084-Service Transaction Requests (STR) Revenues		5,000.00
4090-Electric Services Incidental to Energy Sales		-
Total Revenues from Services	**$**	**63,697,000.00**

Other Operating Revenues		
4105-Transmission Charges Revenue		-
4110-Transmission Services Revenue		-
4205-Interdepartmental Rents		-
4210-Rent from Electric Property		498,000.00
4215-Other Utility Operating Income		-
4220-Other Electric Revenues		-
4225-Late Payment Charges		1,450,331.00
4230-Sales of Water and Water Power		-
4235-Miscellaneous Service Revenues		1,152,000.00
4240-Provision for Rate Refunds		-
4245-Government Assistance Directly Credited to Income		-
Total Other Operating Revenue	**$**	**3,100,331.00**

Other Income/Deductions		
4305-Regulatory Debits		-
4310-Regulatory Credits		-
4315-Revenues from Electric Plant Leased to Others		-
4320-Expenses of Electric Plant Leased to Others		-
4325-Revenues from Merchandise, Jobbing, Etc.		-
4330-Costs and Expenses of Merchandising, Jobbing, Etc.		-
4335-Profits and Losses from Financial Instrument Hedges		-
4340-Profits and Losses from Financial Instrument Investments		-
4345-Gains from Disposition of Future Use Utility Plant		-
4350-Losses from Disposition of Future Use Utility Plant		-
4355-Gain on Disposition of Utility and Other Property		-
4360-Loss on Disposition of Utility and Other Property		-
4365-Gains from Disposition of Allowances for Emission		-
4370-Losses from Disposition of Allowances for Emission		-
4375-Revenues from Non-Utility Operations		-
4380-Expenses of Non-Utility Operations		-
4385-Non-Utility Rental Income		-
4390-Miscellaneous Non-Operating Income		252,000.00
4395-Rate-Payer Benefit Including Interest		-
4398-Foreign Exchange Gains and Losses, Including Amortization		-
Total Other Income/Deductions	**$**	**252,000.00**

Investment Income		
4405-Interest and Dividend Income		2,799.36
4415-Equity in Earnings of Subsidiary Companies		-
Total Investment Income	**$**	**2,799.36**

Other Power Supply Expenses		
4705-Power Purchased		(270,083,728.00)
4708-Charges-WMS		(23,917,111.00)
4710-Cost of Power Adjustments		-
4712-Charges-One-Time		(4,160,000.00)
4714-Charges-NW		(19,961,000.00)
4715-System Control and Load Dispatching		-
4716-Charges-CN		(16,957,000.00)
4720-Other Expenses		-
4725-Competition Transition Expense		-
4730-Rural Rate Assistance Expense		-
4750-Charges-LV		-
Total Other Power Supply Expenses	**$**	**(335,078,839.00)**

Distribution Expenses - Operations		
5005-Operation Supervision and Engineering		(491,268.00)
5010-Load Dispatching		(1,665,079.00)
5012-Station Buildings and Fixtures Expense		(213,259.00)
5014-Transformer Station Equipment - Operation Labour		(24,969.00)
5015-Transformer Station Equipment - Operation Supplies and Expenses		-
5016-Distribution Station Equipment - Operation Labour		(90,930.00)
5017-Distribution Station Equipment - Operation Supplies and Expenses		-
5020-Overhead Distribution Lines and Feeders - Operation Labour		(1,106,570.00)
5025-Overhead Distribution Lines and Feeders - Operation Supplies and		(188,254.00)
5030-Overhead Subtransmission Feeders - Operation		-
5035-Overhead Distribution Transformers- Operation		(114,895.00)
5040-Underground Distribution Lines and Feeders - Operation Labour		(854,602.00)
5045-Underground Distribution Lines and Feeders - Operation Supplies and		-
5050-Underground Subtransmission Feeders - Operation		-
5055-Underground Distribution Transformers - Operation		(118,761.00)
5060-Street Lighting and Signal System Expense		-
5065-Meter Expense		(1,041,299.03)
5070-Customer Premises - Operation Labour		(768,647.00)
5075-Customer Premises - Materials and Expenses		-
5085-Miscellaneous Distribution Expense		(125,609.00)
5090-Underground Distribution Lines and Feeders - Rental Paid		-
5095-Overhead Distribution Lines and Feeders - Rental Paid		(50,850.00)
5096-Other Rent		-
Total Distribution Expenses - Operations	**$**	**(6,854,992.03)**

Distribution Expenses - Maintenance		
5105-Maintenance Supervision and Engineering		(187,613.00)
5110-Maintenance of Buildings and Fixtures - Distribution Stations		(4,170.00)
5112-Maintenance of Transformer Station Equipment		(112,531.00)
5114-Maintenance of Distribution Station Equipment		(160,019.00)
5120-Maintenance of Poles, Towers and Fixtures		(456,622.00)
5125-Maintenance of Overhead Conductors and Devices		(539,003.00)
5130-Maintenance of Overhead Services		(198,230.00)
5135-Overhead Distribution Lines and Feeders - Right of Way		(222,534.00)
5145-Maintenance of Underground Conduit		-
5150-Maintenance of Underground Conductors and Devices		(1,313,717.00)
5155-Maintenance of Underground Services		(793,977.00)
5160-Maintenance of Line Transformers		(23,087.00)
5165-Maintenance of Street Lighting and Signal Systems		-
5170-Sentinel Lights - Labour		-
5172-Sentinel Lights - Materials and Expenses		-
5175-Maintenance of Meters		(24,000.00)
5178-Customer Installations Expenses- Leased Property		-
5195-Maintenance of Other Installations on Customer Premises		-
Total Distribution Expenses - Maintenance	**$**	**(4,035,503.00)**

Other Expenses		
5205-Purchase of Transmission and System Services		-
5210-Transmission Charges		-
5215-Transmission Charges Recovered		-
Total Other Expenses	**$**	**-**

Billing and Collecting		
5305-Supervision		(314,151.00)
5310-Meter Reading Expense		(1,091,363.00)
5315-Customer Billing		(2,447,720.00)
5320-Collecting		(1,082,799.00)
5325-Collecting - Cash Over and Short		-
5330-Collection Charges		(10,710.00)
5335-Bad Debt Expense		(525,300.00)
5340-Miscellaneous Customer Accounts Expenses		(184,620.00)
Total Billing and Collecting	**$**	**(5,656,663.00)**

Sales Expenses		
5505-Supervision		-
5510-Demonstrating and Selling Expense		-
5515-Advertising Expense		-
5520-Miscellaneous Sales Expense		-
Total Sales Expenses	**$**	**-**

Administrative and General Expenses		
5605-Executive Salaries and Expenses		(942,233.00)
5610-Management Salaries and Expenses		(2,062,994.00)
5615-General Administrative Salaries and Expenses		(1,548,279.00)
5620-Office Supplies and Expenses		-
5625-Administrative Expense Transferred–Credit		-
5630-Outside Services Employed		(248,500.00)
5635-Property Insurance		-
5640-Injuries and Damages		(188,700.00)
5645-Employee Pensions and Benefits		-
5650-Franchise Requirements		-
5655-Regulatory Expenses		(1,045,000.00)
5660-General Advertising Expenses		(15,000.00)
5665-Miscellaneous General Expenses		(1,438,462.00)
5670-Rent		-
5675-Maintenance of General Plant		(568,152.00)
5680-Electrical Safety Authority Fees		(62,250.00)
5685-Independent Electricity System Operator Fees and Penalties		-
5695-OM&A Contra Account		-
Total Administrative and General Expenses	**$**	**(8,119,570.00)**

Amortization Expense		
5705-Amortization Expense – Property, Plant, and Equipment		(10,914,115.90)
5710-Amortization of Limited Term Electric Plant		(10,791.00)
5715-Amortization of Intangibles and Other Electric Plant		(567,671.91)
5720-Amortization of Electric Plant Acquisition Adjustments		-
5725-Miscellaneous Amortization		(1,002,000.00)
5730-Amortization of Unrecovered Plant and Regulatory Study Costs		-
5735-Amortization of Deferred Development Costs		-
5740-Amortization of Deferred Charges		-
Total Amortization Expense	**$**	**(12,494,578.82)**

Interest Expense		
6005-Interest on Long Term Debt		(11,839,139.00)
6010-Amortization of Debt Discount and Expense		(15,494.00)
6015-Amortization of Premium on Debt–Credit		-
6020-Amortization of Loss on Reacquired Debt		-
6025-Amortization of Gain on Reacquired Debt--Credit		-
6030-Interest on Debt to Associated Companies		-
6035-Other Interest Expense		(974,020.72)
6040-Allowance for Other Funds Used During Construction		300,000.00
6042-Allowance for Other Funds Used During Construction		-
6045-Interest Expense on Capital Lease Obligations		-
Total Interest Expense	**$**	**(12,528,653.72)**

Taxes		
6105-Taxes Other Than Income Taxes		-
6110-Income Taxes		(1,907,598.58)
6115-Provision for Future Income Taxes		(1,055,723.00)
Total Taxes	**$**	**(2,963,321.58)**

Other Deductions		
6205-Donations		-
6210-Life Insurance		-
6215-Penalties		-
6225-Other Deductions		-
Total Other Deductions	**$**	**-**

Extraordinary Items		
6305-Extraordinary Income		-
6310-Extraordinary Deductions		-
6315-Income Taxes, Extraordinary Items		-
Total Extraordinary Items	**$**	**-**

Miscelaneous		
Total Miscelaneous	**$**	**-**

Net Income	**$**	**13,758,848.21**

RECONCILIATION OF AUDITED FINANCIAL STATEMENTS TO REGULATORY STATEMENTS

The following section reconciles the Audited Financial Statements to the Regulatory Statements. Reconciling items are identified as follows: For filing purposes during a cost of service rate year, there are additional differences between the financial information normally filed with the OEB for regulatory purposes and financial information that is used in determining revenue requirement. The issues that will generate differences between CGAAP (up to 2009) and Modified IFRS (for 2010 and 2011) as compared to the Regulatory Trial Balances filed with the OEB as part of the Electricity Reporting and Recordkeeping Requirements (RRR). These issues are Smart Meters, Stranded Meter Costs, Interest/Costs on Regulatory Deferral and Variance Accounts, and revenue earned for participation in Ontario Power Authority (OPA) Conservation and Demand Side Management (CDM) programs. The following section discusses these reconciling differences and the following tables, at the end of this Schedule, detail the specific reconciling differences:

- Exhibit 1 Tab 3 - Table 1: HOBNI 2008 Balance Sheet
- Exhibit 1 Tab 3 - Table 2: HOBNI 2008 Income Statement
- Exhibit 1 Tab 3 - Table 3: HOBNI 2009 Balance Sheet
- Exhibit 1 Tab 3 - Table 4: HOBNI 2009 Income Statement

SMART METERS

In this application HOBNI is requesting disposition of the Smart Meter Deferral account balances outstanding as at December 31, 2009. Hydro One Brampton will also include only actual Smart Meter related costs from the most recent 2009 audited set of financial statements in rate base for the 2011 Test Year.

For external reporting purposes, the CGAAP annual financial statements, up to and including 2009, have included Smart Meter capital in fixed assets on the balance sheet, and Smart Meter operating expenditures and revenue on the income statement. For Regulatory purposes, associated with this application, HOBNI has not eliminated these transactions such that the Smart Meter program costs are retained in their respective accounts so they are rate based accordingly. Although HOBNI has accounted for Smart Meters for CGAAP in this manner,

HOBNI did report the 2009 year end balances in the Smart Meter deferral accounts. HOBNI filed this information in compliance with OEB Smart Meter accounting guidelines in the Regulatory Accounting Frequently Asked Questions (FAQ) and filed consistent with the direction given by OEB staff in the Webinar held on March 25, 2010.

Hydro One Brampton is seeking recovery of the life-to-date Revenue Requirement related to capital and operating expenditures for Smart Meters installed to the end of 2009 and thus, has included all Smart Meter related costs in rate base. In this application, for filing purposes HOBNI has not adjusted the Smart Meter related transaction differences, discussed in the previous paragraph, between the CGAAP Trial Balance financial data and the OEB Regulatory Trial Balance data in relation to the accounting treatment of Smart Meters. This allowed costs to be captured through the trial balances filed and allowed the rate base to be calculated correctly in this cost of service rate year. In addition, HOBNI also retained all Smart Meter related transactions historically in the financial information filed so that historical, bridge, and test year financial information is comparable.

Forecasted Smart Meter operating and capital expenditures and the associated Revenue requirement incurred in the 2010 Bridge Year and the 2011 Test Year for Smart Meters installed during 2010 and 2011 are not included in the rate base calculation for the 2011 Test Year. Therefore these transactions were eliminated from HOBNI's 2010 Bridge and 2011 Test Year Modified IFRS Pro Forma Financial Statements and transferred to the Smart Meter Deferral accounts 1555 – Smart Meter Capital and Recovery Offset Variance Account, and 1556 - Smart Meter OM&A Variance Account. These costs were not included in the determination of Rate Base or the 2011 Test Year Revenue Requirement. The revenue requirement for these Smart Meter expenditures will be filed for recovery in a future rate application.

STRANDED METERS

In this application Hydro One Brampton has included a return on the meter capital costs that was stranded as the result of the installation of the new Smart Meters. The stranded meter costs have been transferred out of the 1555 Smart Meter Deferral account into the respective fixed asset/accumulated depreciation metering accounts for all historical years in the Regulatory Trial Balances filed with this application. In addition, proceeds on the disposal of Smart Metering Capital has been removed from the 1555 Smart Meter deferral account and applied to the respective account.

OTHER REVENUES OR COSTS

Other revenues or costs (including interest) associated with deferral accounts, variance accounts and regulatory assets were not included in "Other Revenue" per Exhibit 3 section 2.4.3 of the OEB Chapter 2 Filing Requirements for rate applications. These other interest revenues and interest expenses on regulatory assets were excluded from the 2011 Test Year trial balance for the determination of base revenue requirement. In order for Historical and Bridge Year Regulatory Trial Balances to be comparable to 2011, the same adjustments were made to historical years. The offsets for these eliminations were applied against regulatory equity.

REVENUE ASSOCIATED WITH OPA CDM PROGRAMS

Revenue associated with executing OPA CDM initiatives have been recorded as transactions in HOBNI's Trial Balances and reported in HOBNI's Audited Financial Statements. This revenue is included in HOBNI's Other Revenues in the financial statements. As revenues earned by HOBNI on these programs are for the benefit of the Shareholder, for rate making purposes, these revenues have been eliminated from Other Revenues through worksheet adjustments in this reconciliation as submitted by HOBNI in this rate application. For comparative purposes these revenues have been eliminated for historical years up to 2009, and the 2010 Bridge Year in addition to the 2011 Test Year. The offsets were booked against regulatory equity.

CGAAP/MODIFIED IFRS PROVISIONS

Provisions taken for CGAAP/IFRS purposes have been eliminated and are not being recognized as part of either Regulatory CGAAP or Modified IFRS in the regulatory financial and trial balance information in this cost of service application.

ENVIRONMENTAL ASSET

An environmental asset was established in a Regulatory Deferral account for CGAAP purposes which was re-classified as a non-Regulatory Deferred Debit for this cost of service application.

ELIMINATION OF GOODWILL

Goodwill was eliminated for CGAAP purposes in 2009. For the purposes of this Regulatory Cost of Service Application, goodwill has been eliminated in all prior years as well.

ADJUSTMENT FOR TRANSMISSION STATION BUILDING COSTS

Building costs related to Jim Yarrow TS were reclassified from OEB USoA account 1815 to account 1808 for all historical years, as these costs are more appropriately recorded as part of the building costs.

ADJUSTMENT FOR COMPUTER EQUIPMENT

A portion of computer equipment additions for 2009 were transferred to intangible assets as per CICA Section 3064.

RECONCILIATION

The reconciliations between Hydro One Brampton's 2008 and 2009 Audited Financial Statements and regulatory financial results filed in this Application are provided in the tables on the following pages.

Table 1: HOBNI 2008 Balance Sheet

BALANCE SHEET	Audited	Adjustments	Regulatory	Notes
For the year ended December 31st, 2008	2008		2008	
	($000's)	($000's)	($000's)	
ASSETS				
Current assets				
Accounts Receivable	55,024	39	55,063	**(1,2,3,4)**
Regulatory assets	595	(595)	-	**(6)**
Environmental asset		595	595	**(6)**
Materials and supplies	1,226		1,226	
Total current assets	56,845		56,884	
Fixed Assets:				
Fixed assets in service	456,865	2,700	459,565	**(2)**
Less: accumulated depreciation	214,006	1,293	215,299	**(2)**
	242,859		244,266	
Construction in progress	1,249		1,249	
Future use components and spares	3,111		3,111	
	247,219		248,626	
Other long-term assets:				
Goodwill	60,060	(60,060)	-	**(7)**
Long-term prepaid		960	960	**(6)**
Regulatory	2,842	(2,292)	550	**(1,2,6)**
	62,902		1,510	
Total assets	366,966		307,020	
LIABILITIES and SHARHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness	5,411		5,411	
Accounts payable and accrued charges	53,439	(1,100)	52,339	**(5)**
Accrued interest	844		844	
Employee future benefits other than pension	150		150	
Total current liabilities	59,844		58,744	
Long-term liabilities				
Long-term debt	142,377		142,377	
Other long-term liabilities:				
Regulatory liabilities	12,139		12,139	
Employee future benefits other than pension	5,589		5,589	
Environmental liabilities	960		960	
Total long-term liabilities	18,688		18,688	
Total liabilities	220,909		219,809	
Shareholders' equity				
Contributed surplus	60,060	(60,060)	-	**(7)**
Common shares (authorized: unlimited; issued: 2,000)	51,501		51,501	
Retained earnings	34,496	1,214	35,710	
Total shareholders' equity	146,057		87,211	
Total liabilities and shareholders' equity	366,966		307,020	

(1) To eliminate interest component of Smart Meters revenue requirement booked for CGAAP purposes.
(2) To transfer stranded cost, associated accumulated depreciation and scrap revenue from Account 1555 Smart Meter.
(3) To eliminate interest income on Deferral and Variance accounts that was recorded in the CGAAP Financial Statements.
(4) To eliminate OPA Energy Conservation Program revenues included in the CGAAP Financial Statements.
(5) To eliminate the CGAAP provisions not recognized for regulatory accounting purposes.
(6) To exclude the Environmental costs not recoverable through Regulatory Deferral and Variance accounts
(7) To eliminate CGAAP goodwill on balance sheet

Table 2: HOBNI 2008 Income Statement

STATEMENT OF OPERATIONS	Audited	Adjustments	Regulatory	Notes
For the year ended December 31st, 2008	2008		2008	
	($000's)	($000's)	($000's)	
REVENUE				
Sales Revenue				
Distribution	336,478		336,478	
Other	4,256	(619)	3,637	**(2,4)**
	340,734		340,115	
Costs				
Purchased power	275,848		275,848	
Operation, maintenance and administration	19,073	(1,100)	17,973	**(5)**
Depreciation and amortization	16,316		16,316	
	311,237		310,137	
Income before financing charges and provision for payments in lieu of corporate income taxes	29,497		29,978	
Financing charges	10,342	(500)	9,842	**(1,3)**
Income before provision for payments in lieu of corporate income taxes	19,155		20,136	
Provision for payments in lieu of corporate income taxes	8,200	- 51	8,149	**(1,2,3,4)**
NET INCOME	10,955		11,987	

(1) To eliminate interest component of Smart Meters revenue requirement booked for CGAAP purposes.
(2) To transfer stranded cost, associated accumulated depreciation and scrap revenue from Account 1555 Smart Meter.
(3) To eliminate interest income on Deferral and Variance accounts that was recorded in the CGAAP Financial Statements.
(4) To eliminate OPA Energy Conservation Program revenues included in the CGAAP Financial Statements.
(5) To eliminate the CGAAP provisions not recognized for regulatory accounting purposes.

Table 3: HOBNI 2009 Balance Sheet

BALANCE SHEET	Audited	Adjustments	Regulatory	Notes
For the year ended December 31st, 2009	2009		2009	
	($000's)	($000's)	($000's)	
ASSETS				
Current assets				
Accounts Receivable	57,650	24	57,674	**(1,2,3,4)**
Regulatory assets	710	(482)	228	**(6)**
Environmental asset		482	482	**(6)**
Materials and supplies	1,159		1,159	
Future income tax assets	228		228	
Total current assets	59,747		59,771	
Fixed Assets:				
Fixed assets in service	477,377	4,888	482,265	**(2,7)**
Less: accumulated depreciation	228,861	2,484	231,345	**(2)**
	248,516		250,920	
Construction in progress	798		798	
Future use components and spares	3,370		3,370	
	252,684		255,088	
Other long-term assets:				
Regulatory	3,644	(1,530)	2,114	**(1,2,6)**
Intangible assets (net of accumulated depreciation)	9,631	(809)	8,822	**(7)**
Long-term prepaid		147	147	**(6)**
Future income tax assets	13,878		13,878	
	27,153		24,961	
Total assets	339,584		339,820	
LIABILITIES and SHARHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness	14,776		14,776	
Accounts payable and accrued charges	52,579	(1,100)	51,479	**(5)**
Accrued interest	844		844	
Employee future benefits other than pension	203		203	
Total current liabilities	68,402		67,302	
Long-term liabilities				
Long-term debt	142,388		142,388	
Other long-term liabilities:				
Regulatory liabilities	15,037		15,037	
Deferred revenue	804		804	
Employee future benefits other than pension	5,783		5,783	
Environmental liabilities	147		147	
Total long-term liabilities	21,771		21,771	
Total liabilities	232,561		231,461	
Shareholders' equity				
Common shares (authorized: unlimited; issued: 2,000)	51,501		51,501	
Retained earnings	55,522	1,336	56,858	
Total shareholders' equity	107,023		108,359	
Total liabilities and shareholders' equity	339,584		339,820	

(1) To eliminate interest component of Smart Meters revenue requirement booked for CGAAP purposes.
(2) To transfer stranded cost, associated accumulated depreciation and scrap revenue from Account 1555 Smart Meter.
(3) To eliminate interest income on Deferral and Variance accounts that was recorded in the CGAAP Financial Statements.
(4) To eliminate OPA Energy Conservation Program revenues included in the CGAAP Financial Statements.
(5) To eliminate the CGAAP provisions not recognized for regulatory accounting purposes.
(6) To exclude the Environmental costs not recoverable through Regulatory Deferral and Variance accounts
(7) To transfer computer equipment to intangibles assets.

Table 4: HOBNI 2009 Income Statement

STATEMENT OF OPERATIONS	**Audited**	**Adjustments**	**Regulatory**	**Notes**
For the year ended December 31st, 2009	**2009**		**2009**	
	($000's)	**($000's)**	**($000's)**	
REVENUE				
Sales Revenue				
Distribution	346,574		346,574	
Other	3,833	(269)	3,564	**(2,4)**
	350,407		350,138	
Costs				
Purchased power	285,513		285,513	
Operation, maintenance and administration	18,780	-	18,780	
Depreciation and amortization	17,447		17,447	
	321,740		321,740	
Income before financing charges and provision for payments in lieu of corporate income taxes	28,667		28,398	
Financing charges	9,854	(63)	9,791	**(1,3)**
Income before provision for payments in lieu of corporate income taxes	18,813		18,607	
Provision for payments in lieu of corporate income taxes	8,398	(58)	8,340	**(1,2,3,4)**
NET INCOME	10,415		10,267	

(1) To eliminate interest component of Smart Meters revenue requirement booked for CGAAP purposes.
(2) To transfer stranded cost, associated accumulated depreciation and scrap revenue from Account 1555 Smart Meter.
(3) To eliminate interest income on Deferral and Variance accounts that was recorded in the CGAAP Financial Statements.
(4) To eliminate OPA Energy Conservation Program revenues included in the CGAAP Financial Statements.

RATING AGENCY REPORT AND PROSPECTUSES FOR RECENT AND PLANNED ISSUANCES

Included as **Appendix D** as part of this Exhibit on the following pages are copies of the most recent rating agency reports and prospectuses performed by Dominion Bond Rating Service, Moody's Investor Service and Standard & Poor's, namely:

- Appendix D - Attachment 1: Standard & Poor's, Corporate Ratings Dated: July 21, 2008
- Appendix D - Attachment 2: Standard & Poor's, Commentary Report Dated: November 17, 2008
- Appendix D - Attachment 3: Standard & Poor's, Research Update Dated May 14, 2010
- Appendix D - Attachment 4: DBRS Rating Report Dated April 16, 2009
- Appendix D - Attachment 5: Moody's Investor Service, Credit Opinion Dated: April 27, 2009

Filed: March 31, 2010
EB-2010-0002
Exhibit A-10-1
Attachment 1
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STANDARD &POOR'S

CORPORATE RATINGS

Hydro One Inc.

Corporate Credit Rating
A+/Stable/A-1

Primary Credit Analyst:
Nicole Martin
Toronto
(1) 416-507-2560
nicole_martin@
standardandpoors.com

RatingsDirect Publication Date
July 21, 2008

Major Rating Factors

Strengths:

- Low-risk electricity transmission and distribution network businesses
- Monopoly position
- Regulated cash flows
- Supportive shareholder

Weaknesses:

- Intermediate financial risk profile
- Large capital expenditure program

Rationale

The ratings on Hydro One Inc., a large, regulated transmission and local electricity distribution company (LDC) in the Province of Ontario (AA/Positive/A-1+), reflect the company's low-risk monopoly electricity transmission and distribution networks, secure and relatively predictable regulated cash flows, and the support of its owner, the province. Offsetting its excellent business risk profile is an intermediate financial risk profile that will face challenges from a large capital expenditure program in the next several years. The company had C$5.6 billion in debt outstanding as of Dec. 31, 2007.

Hydro One's monopoly position, the business' asset-intensive nature, and regulatory oversight limit competitive risk. It owns and operates more than 96% of the province's transmission network as measured by revenue, and its distribution network service territory covers about 75% of the province. Both the electricity transmission and distribution business carry relatively low operating risk, and exhibit average operational efficiency and reliability. We view the transmission operations as lower risk than distribution.

The Ontario Energy Board's (OEB) regulatory framework supports Hydro One's cash flow stability. The framework allows for the recovery of prudent transmission and distribution costs and the opportunity to earn a modest return. Regulatory cost recovery is generally predictable and timeliness is improving. Furthermore, in the current environment, the LDC's exposure to commodity risk is limited and the transmission provider has none. Although the LDC must bill electricity customers for the commodity delivered, the cost is a flow-through. The company has no obligation to ensure an adequate supply of electricity and is not burdened with the procurement process or power purchase agreements. Net distribution and transmission revenues are subject to modest volumetric risk due to weather. There is no near-term expectation of energy policy or electricity market framework initiatives that would affect the regulatory environment or the company's credit quality.

Hydro One has an intermediate financial risk profile that could weaken in the next few years. Adjusted funds from operation (AFFO)-to-total debt should remain about 12% compared with its 2007 level of 14%. Sustainable AFFO interest coverage of 3.7x as of Dec. 31, 2007 could fall below 3x in 2008. The extent of the decline in the utility's cash flow strength will depend largely on regulatory approvals and execution of planned capital expenditures, the impact of weather on revenue net of commodity costs, and the company's ability to find operating efficiencies sufficient to offset the OEB's performance-based pressures on rates.

During the upcoming period of higher-than-average construction, Hydro One's leverage, as measured by adjusted total debt-to-total capital, is likely to creep back up to the historical level of about 64%, compared with 58% in 2007. Although predominantly funded from internal sources (about 80%), capital spending during the next few years will be a drain on the company's cash flow, reducing financial flexibility and pressuring cash flow coverage. The utility has budgeted C$1.4 billion in capital expenditure for 2008, higher than the C$1 billion spent in 2007 and a historical average of about C$700 million in the 2002-2006 period. The transmission system requires upgrades and expansion to accommodate new and retiring generation, increased imports and exports, and modest growth in domestic demand. The 2008 capital program also includes part of the estimated remaining C$670 million investment that Hydro One will make in smart meters for all distribution customers under a provincial directive by 2010.

The province's ownership of Hydro One enhances the utility's credit quality. Although Ontario does not formally guarantee the company's debt obligations, Hydro One's strategic nature within the provincial economy and the government's demonstrated willingness to assist the business (with liquidity support) under extraordinary circumstances in the past bode well for similar future support.

Short-term credit factors

The short-term rating on Hydro One is 'A-1'. Unused and committed bank lines, together with strong cash flow from operations and access to debt capital markets, provide Hydro One with sufficient liquidity and the financial flexibility to meet the company's estimated capital expenditure of C$1.4 billion, annual dividend payments of C$250 million-C$290 million, and C$540 million of debt maturing in 2008. Furthermore, the company remains well within its banking covenant of total debt-to-total capital of 75% and has no material adverse change clauses that could trigger a default.

To support liquidity, the company can draw on:

- A committed C$1 billion bank line (maturing August 2010) that remained largely available as of March 31. The bank line is used for general corporate purposes and to support Hydro One's

C$1 billion Canadian commercial paper (CP) program. The line was increased to C$1 billion from C$750 million as of Jan. 28, 2008.

- Annual regulated cash flows, as represented by unadjusted FFO, estimated at about C$900 million in 2008;
- A medium-term note shelf program, maturing in July 2009, that had C$1.65 billion remaining capacity as of March 31; and
- Discretionary capital expenditure estimated at more than C$200 million in 2008.

Outlook

The stable outlook reflects Hydro One's excellent business risk profile, which mitigates financial pressures of a larger-than-normal capital spending program. An adverse regulatory ruling or market restructuring (such as the assumption of the obligation to supply) could lead to a negative rating action. An upgrade is unlikely without the assurance of a much stronger balance sheet, and deeper cash flow-interest and -debt coverage. A significant change in the relationship with the government shareholder could move the rating up or down, but likely not more than a notch given the company's underlying credit strength.

Business Description

Low-risk, regulated, wires operations dominate business risk profile

Low-risk, regulated transmission assets represent about 57% of the total business, low risk, regulated distribution assets 42%, and unregulated telecom assets about 1%. The marketing of surplus fiber optic capacity through subsidiary Hydro One Telecom is not material to the credit analysis, given the operation's small size. It contributes about 1% of funds from operations (FFO).

Hydro One owns and operates a 28,915-kilometer (km) high-voltage Ontario-wide transmission system. It is the second-largest transmitter in Canada and can accommodate exports of about 5,800 megawatts (MW) and imports of 4,000 MW to and from interconnected Canadian provinces and the U.S. The transmission system had a 20-minute system peak of 25,809 MW and transmitted an average of 153 terawatt-hours in the last three years.

The company also delivers electricity to about 1.3 million customers through its 122,933-km distribution system, one of the country's largest LDCs. The system has a low customer density, covering approximately 75% of Ontario and distributed about 20% of electricity consumed in the province. Hydro One also owns Hydro One Brampton, a regulated LDC serving the City of Brampton (AAA/Stable/—; 126,000 customers).

Government ownership enhances rating

Government support enhances Hydro One's standalone credit quality by one notch. The company's close relationship with its owner has been demonstrated through the provision of temporary financial support in past extraordinary circumstances. We expect that a similar level of support would be forthcoming in the future under similar circumstances. The province offered temporary access to government treasury resources when unforeseen changes in provincial policy exposed the company's distribution operations to liquidity pressures. At the end of fiscal 2007, the province had cash and

temporary investments of close to C$7 billion, which provided adequate immediate liquidity that the province's superior access to capital markets supports.

We consider Hydro One to be a commercial enterprise. Nevertheless, the company is wholly owned by the Province of Ontario, which holds all the common and preferred shares outstanding. The province appoints Hydro One's board of directors, and although the board sets the company's business plan and dividend policy, the government reviews them before implementation. Management updates government staff on Hydro One's monthly financial and operational performance. We do not expect a change in ownership.

The potential for extraordinary assistance in a stress scenario is factored into the standalone creditworthiness of this essential institution. A change in Hydro One's standalone creditworthiness or a change in the ratings on the province could affect our rating methodology and outcome.

Business Risk Profile

A stable regulatory regime supports credit quality

The OEB provides regulatory oversight of Hydro One's monopoly transmission and distribution operations. The regulatory framework supports predictable cash flow. Unexpected-but-prudent costs incurred are generally recovered through tariffs, but subject to regulatory lag. Allowed returns are relatively low and constrain the upside in cash flows.

The OEB sets rates by estimating Hydro One's revenue requirement, given forecast consumption. The company must submit separate transmission and distribution applications to the regulator. Revenue requirements are determined on a forward test year and acknowledge the company's capital plans and operating costs. The regulator assumes a deemed capital structure of 60% debt and 40% equity, and includes the cost of debt and a return on equity in the requirement. The allowed economic return is based on a formula linked to long-term Government of Canada bonds plus an equity risk premium.

The OEB approved Hydro One's 2007 and 2008 transmission revenue requirement in August 2007. The regulatory decision allowed for both capital and operating expenditures for 2007 and 2008 as per the company's application and for a return on equity of 8.35%, consistent with the methodology used for all electricity distribution utilities in Ontario. The company had requested a higher return. Previously, the regulated transmission tariff had been based on 60% debt, 4% preferred shares and 36% common equity and a higher allowed return (9.88%). The company is likely to submit its application for 2009 and 2010 transmission rates in third-quarter 2008.

At the time of publication, Hydro One was seeking approval of a distribution revenue requirement of C$1.07 billion for 2008. In addition to operating costs, the revenue requirement will allow for a 60% debt/40% equity capital structure and a formula-driven allowed return (8.35% in 2008), as for all OEB-regulated LDCs in Ontario. The rate year begins May 1 for both the transmission and distribution sectors.

There is a long history of regulated entities in both Ontario and Canada being allowed to recoup unforeseen costs (regulatory assets) or having to refund the customer (regulatory liabilities) after the fact through rates. The cash recovery or repayment is subject to a prudency review and regulatory approval. Depending on the magnitude, the OEB may spread the recovery over multiple years to avoid rate shock. For Hydro One, the net recovery of regulatory assets is not material in 2008.

Removing the current commodity pass-through mechanisms or assigning an obligation to ensure adequate supply of electricity for Hydro One's end-use customers, would negatively influence the ratings. Hydro One's LDC bills its customers for the entire cost of electricity delivered including related transmission, system operation, distribution, and commodity costs. The LDC's financial health is protected from exposure to commodity price volatility by timely mechanisms that allow cost pass through to customers.

Ontario is Hydro One's primary market

Hydro One's monopoly operations serve the Province of Ontario. The company's transmission operations serve the entire province; its distribution business, apart from its Brampton network on the outskirts of Toronto (AA/Stable/A-1+; the provincial capital), is largely rural based.

The province has a well diversified economy with a positive but moderate outlook for 2008. Real GDP should increase by 1.1% from 2007 as employment growth slows to 1.0% and the unemployment rate rises modestly to 6.6%. The province's well-diversified economy generated another robust performance in 2007 as real GDP rose 2.1% in 2007 from 2006. Furthermore, employment increased 1.6% in 2007 from a year earlier, as the unemployment rate remained virtually unchanged at 6.4% (6.3% in 2006). Despite the high Canadian dollar and weak international exports, interprovincial exports have continued to grow, offsetting weakness in international exports. (For more information on the Province of Ontario, please refer to our most recent analysis, published May 29, 2008, on RatingsDirect.)

The company's distribution customer base enjoys slow-but-steady growth; the number of customers has increased by 1.2%-1.6% per year in the 2003-2007 period. Electricity throughput to Hydro One's distribution customers was 4% higher in 2007 than in 2006, and 2% lower in 2006 than in 2005, illustrating the impact weather can have on consumption and distribution revenues.

Customer concentration risk is not a credit factor. The diversity of Hydro One's customer base supports the overall stability of its revenues and limits exposure to any particular customer or customer class. Net revenues are comparable for transmission (52%) and distribution (48%). LDCs across the province, including that of Hydro One, collect transmission revenues from all customer classes and forward them to Hydro One through the Independent Electricity System Operator (IESO). The company's distribution operations collects its distribution revenues from a customer base that is about 51% residential, about 34% commercial, 6% large industrial, and 9% embedded LDCs (on a revenue basis).

Low-risk transmission and distribution dominate operations

Hydro One's low-risk transmission and distribution businesses dominate its operations. The performance of the LDC's regulated retail obligation does not contribute meaningfully to earnings or credit risk. Energy costs are a pass-through to consumers with no markup. The company does not engage in commodity price or volume risk management; it simply purchases energy from the IESO-administered spot market. During each quarter, the Ontario Power Authority (OPA), an agency of the provincial government, supports any variance between the amount collected from consumers and the amount paid by the LDCs to the IESO. The variance is recouped or rebated through rates in the following fiscal quarter through the OEB-regulated retail price.

The operational performance of the company's transmission assets is good; the system achieved top-quartile transmission reliability compared with other large Canadian peers, as reported to the Canadian Electricity Association. The electricity market rules and transmission license governing Hydro One's transmission operations require Hydro One to comply with reliability standards established by the North American Reliability Council, that include manageable monetary penalties for non compliance.

The distribution business' reliability is consistently lower than other rated LDC peers in Ontario largely because of the nature of Hydro One's service territory. Most of the LDCs peers have largely high density, urban territories, while Hydro One's rural LDC has a low customer density, with significant tree trimming requirements and more exposure to winter and summer storms. These operational challenges adversely affect the LDC's reliability. This has not posed an extraordinary risk to cash flows to date, given that the regulator is aware of the issues and reflects related expenses in the application of its cost-of-service regime.

Challenging capital program

Hydro One's capital expenditure will be higher than usual for the next several years. Transmission system spending to improve reliability, through maintenance and new developments, could amount to C$2.5 billion in the 2008-2010 period. On the distribution side, Hydro One will spend its C$2 billion planned capital program in the same period on new connections, smart meters, storm damage repairs, wood pole replacements and overall system reinforcement. We do not expect the company to undertake any major, multiyear projects without previous regulatory approval.

Weather-induced increases and reductions in energy delivered should not affect long-term credit quality. Hydro One's cash flows are subject to modest fluctuations. The transmission tariff is levied on the basis of monthly peak load; the distribution tariff is levied on a mix of fixed- and variable-charges for numerous customer classes. The company and the regulator are simplifying the distribution tariff classifications. Hydro One has recourse to the regulator if tariff design hampers their ability to, on average, recover the approved revenue requirement during a period of several years.

A medium-to-long-term risk to Hydro One's business and financial profiles is the impact of potential, large-scale, rationalization within the Ontario LDC sector in the coming years. Although not viewed as an immediate issue for the rating, Hydro One's expected active participation in such a scenario could present financing, execution, and integration risks.

Labor force demographics unfavorable

Hydro One faces labor demographics that, if not well managed, could pose a material risk to the company's day-to-day operations, and the implementation of its most ambitious capital program in two decades. Furthermore, if the regulator does not fully recognize related increases in labor expense, profitability could be negatively affected. Management's strategy is to address this through effective knowledge transfer to new hires, encouraging employee retention, and partnership with educational institutions. The company expects 30% of its workforce to depart in the next few years. This is a North America-wide phenomenon, making it that much more difficult to manage.

Asset-intensive nature of Hydro One's monopoly business reduces competitive risk

Although some competitive pressures exist, Hydro One's natural monopoly transmission system is largely shielded from direct competition. The company does not hold a legal monopoly on its service

territory and there is no restriction on other transmission businesses building and operating transmission networks in Ontario; however, the company's cost-reflective pricing and the capital cost involved in large-scale duplication of the network reduce the risk of bypass. Furthermore, the OEB-approved uniform transmission pricing across Ontario mitigates the risk of bypass from competing transmitters, and should a bypass occur, tariffs would be rebalanced across remaining customers with minimal financial impact on the company. Of greater concern is Hydro One's exposure to the risk of lost revenue from embedded generation arising from high wholesale electricity prices.

Noncontiguous service territories of LDCs expose the company to competition for new services in nondesignated areas adjacent to its distribution service territories. The issue presents a competitive challenge for the company, but an OEB decision in mid-2004 would appear to limit the risk to greenfield development at the border of existing service territories and not put at risk cash flows secured by Hydro One's existing network.

Financial Policy

Hydro One's financial policies are prudent and consistent. Total leverage may exhibit slight modulations over a period of several years but is generally maintained close to the regulatory deemed structure. Debt maturities are well spread. Interest rate exposure is managed through the use of derivative instruments in a nonspeculative manner. The company is not exposed to foreign currency risk other than through the purchase of materials. It pays cash dividends on common shares based on a calculation involving its regulated net income net of preferred dividends and nonregulated net income. Common dividends historically have represented 60%-65% of net income. The preferred dividends of C$1.275 per share are stipulated in the company's articles of incorporation. Although the board of directors declares dividend on Hydro One's common and preferred shares, the shareholder agreement requires the company to consult with its owner, the province, regarding dividend payments.

Hydro One's current shortfall in its pension fund is manageable. We expect the company to contribute an estimated C$94 million per year in 2008 and 2009. The OEB regulatory regime recognizes pension costs as a prudent component of the total cost-of-service and as such they are largely recovered through regulated rates.

Hydro One has an enterprise-wide approach to risk management that is directed at balancing its regulatory, strategic, operational and financial risk exposure, and the returns allowed within the Ontario regulatory framework.

Financial Risk Profile

Accounting

Hydro One's consolidated financial statements are prepared in accordance with Canadian GAAP. The Canadian Accounting Standards Board has called for a convergence to International Financial Reporting Standards (IFRS) by 2011 and Hydro One began its preparations in 2006. The change in accounting practice should not affect our credit analysis even though using IFRS will likely result in a higher degree of fluctuation in Canadian regulated utilities reported net income than seen under Canadian GAAP.

Canadian GAAP allows utilities to defer costs or revenues that they expect the regulator will incorporate into future rates to the balance sheet. IFRS does not allow for the recognition of these

regulatory assets and liabilities. Instead, costs are charged to the income statement when incurred and recoveries from customers are recognized when receivable. Assets and liabilities are recouped from or rebated to customers over periods typically varying from 1-4 years. To date, regulatory disallowances for assets and liabilities declared by Hydro One and other Ontario-based utilities have been minor. Nevertheless, accumulating significant regulatory assets or liabilities could indicate deteriorating regulatory support and as such we monitor the timeliness of recovery, closely. Hydro One's net regulatory liabilities as of Dec. 31, 2007, were C$370 million and, although significant, are not a rating concern.

We have made material adjustments to the balance sheet related to Hydro One's postretirement benefit obligations, and negligible operating lease adjustments (see table 1). Given the perpetual nature of transmission and distribution utility assets, it is a generally accepted practice in Canada that asset retirement obligations cannot be reasonably estimated since asset retirement dates cannot be pinpointed. We expect that the cost of disposing of regulated assets would likely be recouped through regulated revenues in advance of the retirement date.

Standard & Poor's treats Hydro One's C$323 million, 5.5% cumulative preferred shares as equity. The shares are held by the province, and are entitled to an annual cumulative dividend of 5.5% or C$18 million. To date, the preferred dividends have not been deferred. The shares are redeemable; however, Hydro One may, at its own discretion, pay all or part of the redemption price in common shares. The shares carry voting rights under limited circumstances and rank in priority above the common shares upon liquidation. The company is authorized to issue an unlimited number of preferred and common shares.

The adjusted interest coverage ratios (see tables 2 and 3) reflect interest expense that includes amortization of a refinancing discount. As of 2007, this amortization expense was only C$5 million or less than 2% of total interest expense. In 2006 and 2005, the amortization expense, of C$27 million and C$58 million respectively, represented about 9% and 18% of total interest expense. As part of our analytical considerations we considered the cash cost of the interest paid after removal of the amortization expense from the interest expense in those years.

Hydro One has C$133 million of goodwill on its balance sheet that the OEB does not recognize in its regulated rate base to determine electricity tariffs. The amount has not been impaired since the acquisitions occurred and is not material to our analysis. The goodwill arose when Hydro One acquired LDCs in excess of their fair value.

Table 1

Reconciliation Of Hydro One Inc. Reported Amounts With Standard & Poor's Adjusted Amounts*

	—Fiscal year ended Dec. 31, 2007—								
Hydro One Inc. reported amounts (mil. C$)	**Debt**	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	5,615.0	4,886.0	1,420.0	1,420.0	899.0	300.0	1,021.0	1,021.0	1,091.0
Standard & Poor's adjustments									
Operating leases	13.4	N/A	5.5	0.8	0.8	0.8	4.7	4.7	4.9
Postretirement benefit obligations	684.2	(355.2)	85.0	85.0	85.0	N/A	17.9	17.9	N/A
Capitalized interest	N/A	N/A	N/A	N/A	N/A	24.0	(24.0)	(24.0)	(24.0)
Reclassification of nonoperating income (expenses)	N/A	N/A	N/A	N/A	5.0	N/A	N/A	N/A	N/A
Reclassification of working-capital cash flow changes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(135.0)	N/A
Total adjustments	697.5	(355.2)	90.5	85.8	90.8	24.8	(1.4)	(136.4)	(19.1)
Standard & Poor's adjusted amounts	**Debt**	**Equity**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Capital expenditures**
Adjusted	6,312.5	4,530.8	1,510.5	1,505.8	989.8	324.8	1,019.6	884.6	1,071.9

*Hydro One Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. D&A—Depreciation and amortization. N/A—Not applicable.

Regulatory directives constrain profitability

Regulatory directives largely dictate Hydro One's maximum profitability. Tariffs are based on a forward year revenue requirement that should allow the company to earn a modest return on a deemed capital structure of 60% debt and 40% equity. The equity returns allowed are within the range, but at the low end, of international benchmarks. They are determined by a formula, in place since 1998, which provides some predictability. The formula is linked to the Government of Canada's long-term borrowing rate plus a modest equity risk premium. All else being equal, a one percent change in the ROE allowed in rates could affect the transmission annual net income assumption used in the setting of rates by about C$20 million and distribution annual net income by about C$13 million.

Further constraining profitability are new regulatory restrictions on overearning. Unlike its distribution network business, which has typically not earned its allowed ROE, the company's transmission business has historically achieved more than its allowed ROE. Until recently, it was allowed to retain these overearnings. In 2006, however, the regulator introduced an earnings sharing mechanism for the transmission business only and Hydro One must split excess transmission earnings on a 50-50 basis with the customer base.

Introducing annual automatic rate increases during longer periods between full rate base resetting hearings provides an opportunity for the distribution business to improve its profitability. It will be a challenge, however, given that each rate increase also includes a regulatory expectation of a 1% efficiency improvement. To date, on a consolidated basis, Hydro One has earned close to its allowed ROE.

The company's actual transmission monthly revenue is determined by the tariff rate multiplied by the actual sustained peak demand in each month. There is, therefore, a degree of seasonal and weather-related variability in revenue but it is easily managed and not a key rating factor. The same conclusion can be drawn with regards to operating costs and capital program execution, also largely due to seasonal and weather-related fluctuations.

Cash flow predictable but insufficient to fully fund larger-than-usual capital program

Cash flow is predictable and supported by regulation. Hydro One's annual FFO of close to C$900 million should cover expected dividend payments of close to C$300 million and part of the company's capital expenditure program in 2008. The company's annual capital expenditure should hover above the C$1 billion dollar mark for the next few years and will require partial debt funding. Net cash flow-to-capital expenditure should remain below 80% for some time.

Given the delay between capital spending and recovery through rates that is inherent in the OEB regulatory framework, Hydro One's cash flow credit and debt metrics will temporarily decline during a multiyear period of significant asset growth and renewal. AFFO-to-debt should remain above 10% but AFFO interest cover could fall below 3x depending on the timing dynamics of capital execution and regulatory rate base adjustment and tariff approvals. Rates are based on forward test years and, as such, the regulatory scrutiny of capital programs occurs prior to spending. Nevertheless, there could be negative rating consequences if this period of weaker cash flow strength persists beyond two or three years.

Liability management and liquidity

Hydro One's debt portfolio is well managed. The company has, as of March 31, C$400 million-C$600 million in maturing debt in each year from 2008-2012. This substantial amount of refinancing, combined with new issuance required to fund capital spending, should be manageable, given the company's historical easy access to the capital markets. About half of Hydro One's C$5.6 billion debt outstanding as of Dec. 31, 2007, had a maturity date of more than 10 years. No single year debt maturity exceeds 15% of the company's total long-term debt, but maturities remain lumpy. The company targets a weighted-average term of 12-18 years for its debt portfolio. All debt is unsecured and supported by a negative pledge.

Hydro One's leverage, as measured by total debt-to-total capital, had declined modestly but consistently each year, to 58% in 2007 from 63% in 2004. Total adjusted debt fluctuated between C$6.2 billion-C$6.3 billion during this period. We expect debt levels to increase by as much as C$700 million in both 2008 and 2009 if planned capital spending is approved by the regulator and implemented. Leverage should therefore move closer to historic levels, however, we expect that Hydro One will target 60% or better in the long term.

By law, Hydro One's LDC must procure electricity on behalf of nonregulated electricity retailers and LDC's embedded within Hydro One's system, for resale to their customers. The company manages this credit risk through service agreements that require counterparties to post various forms of collateral.

Hydro One manages interest rate and foreign exchange exposure. The company generally maintains less than 20% of debt (including debt maturing within the year) at floating rates and carries no material foreign exchange exposure, with all debt in Canadian dollars. The weighted-average coupon rate of Hydro One's debt at year-end 2007 was 5.7% slightly higher than 5.6% in 2005. The utility uses derivative financial instruments and interest rate swap contracts primarily to manage their exposure to interest rate fluctuations. Credit risk is managed by dealing primarily with highly-rate counterparties. Using master agreements that allow for net settlements reduces exposure to large collateral calls.

Hydro One's credit agreement has no material adverse change clauses that could trigger default but does limit debt to less than 75% of the company's total capitalization, and limits unregulated subsidiaries to less than 10% of total asset base.

Limited financial flexibility derived from government shareholder

Given the company's close relationship with its owner, the lack of diversity of Hydro One's funding sources is not a ratings concern. Supporting the company's financial flexibility are its ease of access to the debt capital markets and bank debt, and an ability to defer a portion of capital expenditure. Maturing debt is to be financed through the company's C$2.5 billion medium-term note shelf program. As of March 31, 2008, C$1.65 billion capacity remained available until July 2009. The company also has access to bank facilities largely for general corporate purposes and as a backup to its C$1 billion CP program. Hydro One can defer about C$200 million of forecast capital expenditure per year.

In times of financial duress, the government shareholder is a further potential source of financing and backup liquidity. Access to new equity in the form of cash injections from the shareholder is unlikely, but partial or full reduction or deferral of annual common dividend payments of as much as C$300 million (equivalent to the company's annual interest expense), mitigates this financing constraint somewhat. The government shareholder does not rely on the dividend payments.

Table 2

Hydro One Inc.—Peer Comparison*

Industry Sector: Electric Utility

	—Average of past three fiscal years—			
(Mil. C$)	***Hydro One Inc.***	***Toronto Hydro Corp.***	***Hamilton Utilities Corp***	***Hydro Ottawa Holding Inc.***
Rating as of July 21, 2008	A+/Stable/A-1	A/Stable/—	A+/Stable/—	A/Stable/—
Revenues	4,538.7	2,416.3	546.3	691.2
Net income from cont. oper.	445.7	80.4	11.6	18.3
Funds from operations (FFO)	907.7	236.2	37.1	56.4
Capital expenditures	841.3	219.4	32.1	72.1
Cash and short-term investments	0.0	330.6	44.2	0.1
Debt	6,262.4	1,336.1	115.3	253.2
Preferred stock	323.0	0.0	0.0	0.0
Equity	4,175.5	868.5	214.7	276.4
Debt and equity	10,437.8	2,204.6	329.9	529.6
Adjusted ratios				
EBIT interest coverage (x)	3.0	2.6	3.7	3.3
FFO interest coverage (x)	3.4	3.5	4.9	5.3
FFO/debt (%)	14.5	17.7	32.2	22.3
Discretionary cash flow/debt (%)	(2.8)	(4.3)	(4.0)	(9.9)
Net cash flow/capex (%)	68.6	83.3	65.5	67.1
Total debt/debt plus equity (%)	60.0	60.6	34.9	47.8
Return on common equity (%)	9.0	9.1	6.6	6.7
Common dividend payout ratio (unadjusted; %)	73.0	66.5	113.5	43.8

*Fully adjusted (including postretirement obligations).

Table 3

Hydro One Inc.—Financial Summary*

Industry Sector: Electric Utility

	—Fiscal year ended Dec. 31—				
(Mil. C$)	**2007**	**2006**	**2005**	**2004**	**2003**
Rating history	A/Positive/A-1	A/Stable/A-1	A/Stable/A-1	A/Stable/A-2	A-/Negative/A-2
Revenues	4,655.0	4,545.0	4,416.0	4,153.0	4,058.0
Net income from continuing operations	399.0	455.0	483.0	407.0	396.0
Funds from operations (FFO)	884.6	908.8	929.7	891.7	797.5
Capital expenditures	1,071.9	790.9	661.1	705.6	586.0
Debt	6,312.5	6,255.9	6,218.7	6,231.2	5,907.1
Preferred stock	323.0	323.0	323.0	323.0	323.0
Equity	4,530.8	4,226.3	3,769.3	3,610.5	3,507.0
Debt and equity	10,843.3	10,482.1	9,988.0	9,841.7	9,414.1
Adjusted ratios					
EBIT interest coverage (x)	3.0	3.1	2.9	2.7	2.6
FFO interest coverage (x)	3.7	3.5	3.0	3.0	2.6
FFO/debt (%)	14.0	14.5	15.0	14.3	13.5
Discretionary cash flow/debt (%)	(6.0)	(5.2)	2.8	(1.8)	1.8
Net cash flow/capex (%)	52.2	70.7	96.6	88.8	94.5
Debt/debt and equity (%)	58.2	59.7	62.3	63.3	62.7
Return on common equity (%)	7.9	9.0	10.1	9.0	9.2
Common dividend payout ratio (unadjusted; %)	87.1	76.0	58.7	63.5	59.8

*Fully adjusted (including postretirement obligations).

*Ratings Detail (As Of 21-Jul-2008)**	
Hydro One Inc.	
Corporate Credit Rating	A+/Stable/A-1
Commercial Paper	
Local Currency	A-1
Canadian National Scale Commercial Paper Rating	A-1(MID)
Senior Unsecured (16 Issues)	A+
Corporate Credit Ratings History	
03-Jun-2008	A+/Stable/A-1
26-Mar-2007	A/Positive/A-1
15-Jul-2005	A/Stable/A-1
22-Apr-2004	A/Stable/A-2
03-Mar-2004	A-/Watch Dev/A-2
Debt Maturities	
2008 C$540 million	
2009 C$400 million	
2010 C$400 million	
2011 C$250 million	
2012 C$600 million	
2013 and beyond C$3,425 million	
Note: As of Dec. 31, 2007.	
Related Entities	
Ontario Power Generation Inc.	
Issuer Credit Rating	BBB+/Positive/—
Commercial Paper	
Local Currency	A-2
Canadian National Scale Commercial Paper Rating	A-1(LOW)
Ontario (Province of)	
Issuer Credit Rating	AA/Stable/A-1+
Commercial Paper	A-1+
Canadian National Scale Commercial Paper Rating	A-1(HIGH)
Senior Unsecured (217 Issues)	AA

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Filed: March 31, 2010
EB-2010-0002
Exhibit A-10-1
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STANDARD &POOR'S

COMMENTARY REPORT

Hydro One Inc.

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Publication Date
Nov. 17, 2008

Rationale

The ratings on Hydro One Inc., a large, regulated transmission and local electricity distribution company (LDC) in the Province of Ontario (AA/Positive/A-1+), reflect the company's low-risk monopoly electricity transmission and distribution networks, secure and relatively predictable regulated cash flows, and the support of its owner, the province. In Standard & Poor's Ratings Services' opinion, offsetting its excellent business risk profile is an intermediate financial risk profile that will face the challenge of a large capital expenditure program in the next several years. The company had C$5.6 billion in debt outstanding as of Sept. 30, 2008.

Hydro One's monopoly position, the business' asset-intensive nature, and regulatory oversight limit competitive risk. It owns and operates more than 96% of the province's transmission network as measured by revenue, and its distribution network service territory covers about 75% of the province. Both the electricity transmission and distribution business carry relatively low operating risk, and exhibit average operational efficiency and reliability. We view the transmission operations as lower risk than distribution.

The Ontario Energy Board's (OEB) regulatory framework supports Hydro One's cash flow stability. The framework allows for the recovery of prudent transmission and distribution costs and the opportunity to earn a modest return. Regulatory cost recovery is generally predictable and timeliness is improving. Furthermore, in the current environment, the LDC's exposure to commodity risk is limited and the transmission provider has none. Although the LDC must bill electricity customers for the commodity delivered, the cost is a flow-through. The company has no obligation to ensure an adequate supply of electricity and is not burdened with the procurement process or power purchase agreements. Net distribution and transmission revenues are subject to modest volumetric risk due to weather. There is no near-term expectation of energy policy or electricity market framework initiatives that would affect the regulatory environment or the company's credit quality.

Hydro One has an intermediate financial risk profile that we believe could weaken during the buildout of the regulated asset base in the next two-to-three years. The extent of the temporary decline in the utility's cash flow strength will depend largely on timing of regulatory approvals and execution of planned capital expenditures, the impact of weather on revenue net of commodity costs, and the company's ability to find operating efficiencies sufficient to offset the OEB's performance-based pressures on rates. Adjusted funds from operation (AFFO) interest coverage was 3.7x as of Dec. 31, 2007 and 3.9x on a rolling 12-month basis as of Sept. 30, 2008. All else being equal, interest coverage could fall to closer to 3x due to delayed cash recovery from assets under construction without impinging on the rating, largely because of the business' regulated monopoly nature and Hydro One's government shareholder relationship. AFFO-to-total debt could decline to about 12% compared with the 2007 level of 14%. As of Sept. 30, it remained at about 14% on a rolling 12-month basis.

Hydro One's leverage, as measured by adjusted total debt-to-total capital, is also likely to temporarily creep back up to the historical level of about 64%, compared with 58% in 2007. Although partially funded from internal sources (about 50%), we believe capital spending during the next few years will be a drain on the company's cash flow, reducing financial flexibility and pressuring cash flow coverage. The utility budgeted C$1.4 billion in capital expenditure for 2008 but had only spent C$835 million as of Sept. 30 (62% of plan). The company estimates its 2009 capital program at more than C$1.5 billion. For several years, capital spending will be higher than the historical average of about C$700 million in the 2002-2006 period.

The transmission system requires upgrades and expansion to accommodate new and retiring generation, increased imports and exports, and modest growth in domestic demand. The 2008 and 2009 capital programs also include part of the estimated remaining C$670 million investment that Hydro One will make in smart meters for all distribution customers under a provincial directive by 2010.

The province's ownership of Hydro One enhances the utility's credit quality. Although Ontario does not formally guarantee the company's debt obligations, Hydro One's strategic nature within the provincial economy and the government's demonstrated willingness to assist the business (with liquidity support) under extraordinary circumstances in the past bode well for similar future support.

Short-term credit factors

The short-term rating on Hydro One is 'A-1'. Unused and committed bank lines, together with strong cash flow from operations and access to debt capital markets, provide Hydro One with sufficient liquidity and the financial flexibility to meet the company's estimated capital expenditure of more than C$1.5 billion in 2009, annual dividend payments of C$250 million-C$290 million, and C$400 million of debt maturing in February 2009. Furthermore, the company remains well within its banking covenant of total debt-to-total capital of 75% and has no material adverse change clauses that could trigger a default.

To support liquidity, the company can draw on:

- A committed C$1 billion bank line (maturing August 2010), of which C$840 remained available to support C$95 million in letters of credit outstanding as of Sept. 30. The bank line is used for general corporate purposes and to support Hydro One's C$1 billion Canadian commercial paper program, of which C$160 million was outstanding at third-quarter end;

- Annual regulated cash flows, as represented by unadjusted FFO, estimated at about C$900 million in 2008 and 2009;
- A medium-term note shelf program, maturing in July 2009, with C$1.15 billion remaining capacity as of Nov. 14, 2008;
- Discretionary capital expenditure estimated at more than C$200 million in 2008 and in 2009.

The company provides the Independent Electricity System Operator (IESO) with C$325 million in parental guarantees in lieu of prudential support. If all credit ratings on Hydro One were to fall below 'AA-', the IESO's prudential requirements would likely increase.

Outlook

The stable outlook reflects Hydro One's excellent business risk profile, which mitigates financial pressures of a larger-than-normal capital spending program. An adverse regulatory ruling or market restructuring (such as the assumption of the obligation to supply) could lead to a negative rating action. An upgrade is unlikely without the assurance of a much stronger balance sheet, and deeper cash flow-interest and -debt coverage. A significant change in the relationship with the government shareholder could move the rating up or down, but likely not more than a notch given the company's underlying credit strength.

STANDARD &POOR'S

Global Credit Portal
RatingsDirect®

May 14, 2010

Research Update:

Hydro One Inc. 'A+' Ratings Affirmed On Low-Risk Business And Predictable Cash Flows; Outlook Stable

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Table Of Contents

Research Update:

Hydro One Inc. 'A+' Ratings Affirmed On Low-Risk Business And Predictable Cash Flows; Outlook Stable

Overview

- We are affirming our ratings, including our 'A+' long-term corporate credit rating, on Hydro One Inc.
- The ratings reflect our opinion of the company's low-risk monopoly electricity transmission and distribution assets; secure and relatively predictable regulated cash flows; and the support of its owner, the Province of Ontario.
- The stable outlook reflects Hydro One's consistent performance and our expectation of continued predictable regulatory support despite current weak economic conditions, load growth and weaker financial measures.

Rating Action

On May 14, 2010, Standard & Poor's Ratings Services affirmed its ratings, including its 'A+' long-term corporate credit rating, on Hydro One Inc. The outlook is stable.

Rationale

The ratings on Hydro One, a large, regulated transmission and local electricity distribution company (LDC) in the Province of Ontario (AA-/Stable/A-1+), reflect Standard & Poor's opinion of the company's low-risk monopoly electricity transmission and distribution assets; secure and relatively predictable regulated cash flows; and the support of its owner, the province. We believe the utility has an excellent business risk profile and view its financial risk profile as intermediate on our expanded risk matrix. The company had C$7.9 billion in reported total debt outstanding as of March 31, 2010.

We base the 'A+' rating on Hydro One on the company's stand-alone credit risk profile and our opinion that there is "high" likelihood that the province would provide timely and sufficient extraordinary support in the event of financial distress. We assess Hydro One's stand-alone credit profile (SACP) at 'A'. We view the company's role as "important" to the province and the link between Hydro One and the province as "very strong".

We believe the company's monopoly position, the business' asset-intensive nature, and regulatory oversight limiting competitive risk, all support an excellent stand-alone business risk profile. It owns and operates more than

96% of Ontario's transmission network as measured by capacity, and its distribution service territory covers about 75% of the province. In our view, the business carries relatively low operating risk, and exhibits average operational efficiency and reliability.

The Ontario Energy Board's (OEB) regulatory framework supports Hydro One's cash flow stability, and we view cost recovery as generally predictable. We have no near-term expectation of major energy policy shifts that would affect the regulatory environment, although we expect OEB to be mindful of overall electricity costs to consumers in the current weak economic conditions and stagnant load growth in approving proposed prudent spending by LDCs. The framework allows for the recovery of prudent transmission and distribution costs and the opportunity to earn a modest-but-predictable return. In our opinion, timeliness is improving with formula-based ratemaking. Furthermore, the company's exposure to commodity risk is limited. Commodity costs flow through to the customer and the utility has no obligation to ensure an adequate supply of electricity in the province.

In our view, Hydro One has an intermediate financial risk profile. Relative to other corporate entities, the company's financial risk profile is characterized by strong access to capital markets, adequate liquidity, stability and predictability of its cash flow, and low merger and acquisition risk. We believe Hydro One's cash flow strength relative to its debt obligations has weakened in 2009 and could continue to fall further (albeit temporarily) due to a material capital expenditure program in the next three years. The company's budgeted capital expenditures are C$1.6 billion in 2010 and C$2.0 billion in 2011, exceeding its ability to generate cash (C$916 million in adjusted funds from operations [FFO] in 2009). We expect the company to manage this cycle of regulated rate base growth such that its leverage would not exceed 65% adjusted total debt-to-capital (compared with 62% at Dec. 31, 2009), or 60% on an unadjusted basis. We understand that Hydro One has some flexibility in its planned capital expenditures. Adjusted FFO (AFFO) interest coverage was 2.8x as of Dec. 31, 2009, compared with 4.0x in 2008. AFFO-to-total debt in 2009 was 11.4%, compared with about 14.0%-15.0% in the three preceding years. While we consider these financial measures weak, we expect Hydro One to maintain them at similar levels during asset expansion, because revenue and FFO would increase as the capital spending is rolled into the rate base.

Short-term credit factors

The short-term rating on Hydro One is 'A-1'. We expect that the company to continue to rely on its access to debt capital market, together with cash flow from operations to fund its negative free cash flow. So far, access to capital markets and unused and committed bank lines have provided the utility with sufficient liquidity and the financial flexibility to meet its capital plans, maturing debt obligations, and dividends in 2010. The company remains well within its banking covenant of total debt-to-total capital of 75% and has no material adverse change clauses that could trigger a default.

Hydro One could be free operating cash-flow negative by C$600 million-C$1 billion in each of the next two years due to increases in its capital program. To support liquidity, the utility can draw on a committed C$1.25 billion bank line (C$750 million maturing August 2010 and C$500 million in February 2013), which remains largely available to support its C$1 billion Canadian commercial paper program. We understand that the company is arranging to combine the two credit facilities and extend the maturity to June 2013. Discretionary capital expenditures, which we estimate at about C$500 million in 2010, contribute to the company's financial flexibility. Hydro One has a C$3 billion medium-term note shelf program maturing in August 2011, C$1.75 billion of which is currently available. We understand that the company also holds a C$250 million note issued by the Province of Ontario that matures in 2014, which it could liquidate if needed.

Hydro One provides the Independent Electricity System Operator (IESO) with C$325 million in parental guarantees in lieu of prudential support. If all ratings on the utility were to fall, the IESO's prudential requirements would likely increase.

Outlook

The stable outlook reflects Hydro One's consistent performance and our expectation of continued predictable regulatory support despite current weak economic conditions and load growth. We expect the company to maintain its leverage within the deemed capital structure of 60% reported debt to capital and FFO coverage measures close to 3x in the event of lower-than-expected cash flow and earnings by curtailing its capital spending and additional debt financing. A material adverse regulatory ruling or market restructuring (such as the assumption of the obligation to supply, not just deliver, electricity), or material deterioration of financial measures beyond our expectation, could lead to a negative rating action. An improvement in Hydro One's SACP is unlikely without the assurance of a much stronger balance sheet, and deeper cash flow-interest and debt coverage. All else being equal, a negative outlook or further downgrade on the province could affect the ratings on Hydro One, but likely not more than a notch, given the company's underlying credit strength. A change in the relationship with the province could also move the rating.

Related Criteria And Research

- Key Credit Factors: Business And Financial Risks In The Investor-Owned Utilities Industry, Nov. 26, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Enhanced Methodology And Assumptions For Rating Government-Related Entities, June 29, 2009

Ratings List

Ratings Affirmed

Hydro One Inc.

Corporate credit rating	A+/Stable/A-1
Senior unsecured debt	A+
Commercial paper	
Global scale	A-1
Canada scale	A-1(Mid)

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Filed: March 31, 2010
EB-2010-0002
Exhibit A-10-1
Attachment 4
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Rating Report

Report Date:
April 16, 2009

Previous Report:
November 15, 2007

Hydro One Inc.

Analysts

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The Company

Hydro One Inc., through its wholly owned subsidiaries, owns and operates electric power transmission and distribution assets, as well as a fibre-optic network, across most of Ontario. Hydro One is the largest transmission and distribution operator in Ontario (servicing more than 95% of the province's transmission throughput). It is wholly owned by the Province of Ontario (rated AA).

Commercial Paper:
Authorized Limit of $1 Billion

Recent Actions

March 2, 2009
Rates $300 Million Issue A (high)

January 12, 2009
Rates $200 Million Issue A (high)

Rating

Debt Rated	Rating	Rating Action	Trend
Commercial Paper	R-1 (middle)	Confirmed	Stable
Senior Unsecured Debentures	A (high)	Confirmed	Stable

Rating Rationale

DBRS has confirmed the Senior Unsecured Debentures rating of Hydro One Inc. (Hydro One or the Company) at A (high) and its Commercial Paper at R-1 (middle), both with Stable trends. The rating confirmations reflect Hydro One's low level of business risk, stemming from its regulated electric power transmission and distribution operations, and its solid financial profile, underpinned by its robust balance sheet and strong credit metrics.

The Company's largest challenge over the medium term continues to be its significant ongoing capital expenditures and the resultant free cash flow deficits. Capital expenditures are expected to exceed $4.8 billion over the next three years. As a result, DBRS expects annual capital expenditures to average between $1.5 billion and $1.7 billion, which, combined with dividends, could exceed operating cash flows by approximately $700 million to $900 million per year. The capital expenditures are primarily reflecting investments to expand, refurbish or replace transmission infrastructure, which is consistent with government policy, the planning information (including the Integrated Power System Plan (IPSP)) of the Ontario Power Authority (OPA), local supply requirements and the preventive and corrective maintenance needs to manage aging assets. The level of investment also reflects the continued mass deployment of smart meters within Hydro One's distribution businesses, which began in 2007 and will be completed by the end of 2010. (Continued on page 2.)

Rating Considerations

Strengths
(1) Low-risk, regulated electric power transmission and distribution businesses
(2) Solid balance sheet and credit metrics
(3) Strong and extensive transmission and distribution franchise area
(4) Top quartile for transmission reliability

Challenges
(1) Substantial capital expenditure program
(2) Significant external financing required
(3) Approved return on equity (ROE) sensitive to interest rates
(4) Earnings sensitive to monthly peak demand for electricity and, to a lesser extent, to the volume of electricity sold
(5) Lack of access to equity capital markets

	For the year ended December 31				
(CAD millions)	2008	2007*	2006	2005	2004
Cash flow from operations	927	1,006	930	945	920
EBIT gross interest coverage (1)	2.68	2.83	2.77	2.78	2.63
Fixed charge coverage (1)	2.50	2.59	2.57	2.59	2.44
Total adjusted debt-to-capital (%) (1)	55.2%	54.2%	53.3%	52.6%	54.3%
Cash flow-to-total adjusted debt (1)	0.149	0.176	0.171	0.183	0.174
Cash flow/capital expenditures (times)	0.72	0.92	1.13	1.37	1.27
Gross free cash flow	(616)	(410)	(225)	(19)	(54)
Return on average equity (before non-recurring items) (%)	10.7%	8.7%	9.8%	10.8%	10.1%
Approved ROE - Distribution	8.57%	9.00%	9.00%	9.88%	9.88%
Approved ROE - Transmission	8.35%	8.35%	9.88%	9.88%	9.88%

(1) DBRS-adjusted for operating lease debt and interest expense equivalents. DBRS-adjusted for preferred shares (20% debt/ 80% equity).
* DBRS adjusted Transmission earnings for non-cash items to normalize impact from OEB rate decision.

Hydro One Inc.

Report Date:
April 16, 2009

Rating Rationale (Continued from page 1.)

The free cash flow deficits are expected to be entirely debt financed, which will put temporary pressure on the Company's balance sheet and coverage ratios as the invested capital is not included in the rate base until the completion of the projects. Also, given that a material portion of Hydro One's capital expenditures are for large transmission projects that involve lengthy construction times and the potential for delays caused by the intervenor process, timely project completion within budget is important to maintain the Company's financial health.

On the regulatory front, Hydro One submitted a transmission rate application for 2009 and 2010 in September 2008. The application seeks Ontario Energy Board (OEB) approval for revenue requirements of approximately $1.2 billion for 2009 and $1.34 billion for 2010, based on ROE of 8.53% and 9.35%, respectively. The Company anticipates a decision in the summer of 2009.

DBRS believes that Hydro One's operations will be relatively stable going forward, given the regulated environment in which it operates and the strong growth in the size of the Company's rate base. DBRS anticipates a number of Hydro One's regulatory-approved capital projects to be completed and in service in the coming years, thereby increasing the rate base further and, subsequently, its earnings profile.

DBRS views the expected pressure on the Company's earnings and balance sheet as temporary and expects Hydro One's financial metrics to remain within a range supportive of the assigned ratings, given its low level of business risk, solid financial profile, strong balance sheet and experienced management team.

Rating Considerations Details

Strengths

(1) Hydro One is a regulated electric power transmission and distribution utility. As such, the Company's business risk profile is low for the following reasons: (a) Hydro One can recover all prudently incurred operating costs and approved capital project costs within a reasonable time frame as revenue requirements are predetermined based on forward-looking cost of service; (b) the Company will not undertake large capital expenditures without a reasonable expectation of recovering them in its rates; and (c) the regulatory environment continues to become more transparent with respect to the regulatory treatment of equity thickness and ROE methodology. DBRS believes that the OEB will be supportive in the recovery of capital costs as well as operating expenses that are necessary for a safe and reliable electricity system.

(2) Hydro One's credit metrics remain solid for an A (high) regulated utility: the debt-to-capital ratio is 55.2%, EBIT-to-interest coverage is 2.68 times and cash flow-to-debt is 14.9%. Although DBRS expects coverage ratios to continue to experience modest downward pressure in the near to medium term, given the lower approved revenue requirements for its transmission business, coupled with higher overall capital expenditures driving sizable free cash flow deficits, the Company's financial metrics are expected to remain within a range that is consistent with its business risk level and the assigned ratings.

(3) Hydro One owns and operates substantially all of Ontario's electric power transmission system and is linked to five adjoining jurisdictions, accommodating imports of about 4,000 megawatts (MW) and exports of approximately 5,800 MW of electricity. The Company's distribution system is the largest in Ontario and spans roughly 75% of the province, serving approximately 1.3 million rural and urban customers and 110 large industrial customers. The large geographic area and low population density translates into a higher rate of service for its distribution business relative to other electric power distribution companies.

(4) Hydro One's transmission business continues to achieve top quartile reliability measures, which should continue to facilitate a healthy relationship with the regulator.

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Challenges

(1) Hydro One is currently in the midst of an aggressive build-out program that will continue over the next several years and, DBRS expects, will result in a measurable increase in capital investment from present levels to a range of $1.5 billion to $1.7 billion per year through 2011. This, combined with dividends, is expected to cause a cash flow deficit of an estimated $700 million to $900 million per annum. These sizable free cash flow deficits, combined with lengthy construction times, will put temporary pressure on the balance sheet and coverage ratios during the build-out. DBRS notes that capital projects are spread out over time, which helps to minimize liquidity issues that accompany such large projects. The size and magnitude of Hydro One's upcoming designated projects (e.g., the Bruce Project, estimated at $620 million), combined with the continued increases in material and labour costs and the significant number of intervenors involved, could potentially expose Hydro One to rising project costs beyond the amount forecast in its regulatory applications. There is no assurance that cost overruns beyond the regulatory-approved amounts will be recovered if deemed imprudent by the OEB. However, DBRS notes that Hydro One is experienced in managing projects and is focused on mitigating the risk of cost overruns.

(2) Hydro One will have to go to the debt markets to fund its significant free cash flow deficits and refinance a heavy-but-manageable debt repayment schedule over the medium term. Maintaining adequate access to the public debt market and adequate availability under its credit facility ($1 billion) is important during this build-out period.

(3) Regulatory-approved ROE levels are low and could continue to trend lower if long-term interest rates decline. Approved ROE for the transmission operation declined to 8.35% for 2008. For 2009, the ROE for the transmission segment continues to be 8.35% until the OEB renders its decision on the Company's transmission rate application for 2009 and 2010 in the summer of 2009. The company has requested an ROE of 8.53% and 9.35% for 2009 and 2010, respectively. The distribution segment witnessed a decline in ROE to 8.57% for 2008 and 2009 from 9.00% in 2007.

(4) Earnings and cash flows for the transmission segment and, to a lesser extent, distribution operations are sensitive to monthly peak demand and volume of electricity sold given that rates typically include a variable-rate component. Seasonality, economic cyclicality, weather patterns and Conservation Demand Management (CDM) programs directly affect the volume of electricity sold or peak monthly electrical demand and, therefore, revenue earned from electricity sales.

(5) Because Hydro One is owned by the province, it is unable to access the equity capital markets. This limits the Company's financial flexibility as free cash flow deficits will likely be financed through its $1 billion commercial paper (CP) program (fully backstopped by a credit facility) or debt issuance under its $2.5 billion medium-term notes (MTNs) program. Also, the Company has historically paid out a high level of dividends (a five-year average of 64% of net income). Given the increasing liquidity requirements, DBRS anticipates some dividend management may be required going forward as Hydro One is committed to investing heavily in its electricity system.

Regulation

Hydro One's electric power distribution operations are regulated by the OEB under the *Ontario Energy Board Act*, 1998 (the OEB Act) as modified by the following noteworthy amendments:
- The *Electricity Pricing, Conservation and Supply Act*, 2002 (Bill 210) – December 9, 2002.
- The *Ontario Energy Board Amendment Act* (Electricity Pricing), 2003 (Bill 4) – December 18, 2003.
- The *Electricity Restructuring Act*, 2004 (Bill 100) – December 9, 2004.

Currently, the capital structure and ROE methodology used by the OEB to establish transmission and distribution rates is based on a deemed debt-to-equity structure of 60%-40% and the forecast long-term Canada bond interest rate.

Transmission

In August 2007, the OEB reduced Hydro One's base transmission rates, retroactive for the period January 1, 2007, to December 31, 2008, resulting in an approximately 7% reduction in base revenue requirements relative to F2006 net revenues. The methodology used by the OEB to establish the transmission rates was based on a rate base of $6,344 million ($5,718 million from 2000 to 2006), a deemed debt-to-equity structure of 60%-40%, an approved weighted-average debt rate of 5.80% and an allowed ROE of 8.35%. Also, the OEB approved Hydro One's operations, administration and capital expenditure budgets, along with the expensing and recovery of the carrying costs of the Niagara Reinforcement Project until the project is completed and placed into service; however, the OEB did not approve the request for allowing certain capital expenditures into rate base before project completion. New transmission rates are retroactive to January 1, 2007, and were implemented on November 1, 2007 (with $85 million recovered from January 1, 2007, to October 31, 2007, and allocated back on a monthly basis).

Hydro One submitted a transmission rate application for 2009 and 2010 in September 2008. The application seeks Ontario Energy Board (OEB) approval for revenue requirements of approximately $1.2 billion in 2009 and $1.34 billion in 2010 based on ROE of 8.53% and 9.35%, respectively. Hydro One's transmission forecast rate base for the 2009 test year is $7,033.8 million and for the 2010 test year $7,650.5 million. The Company anticipates a decision in the summer of 2009.

Distribution

Hydro One is one of more than 80 electric power distributors in Ontario, which are regulated by the OEB. In 2006, the OEB issued a 2007 rate adjustment model (second generation Incentive Regulation Mechanism (IRM) and cost of capital) and corresponding instructions to distributors for the purpose of adjusting distributor rates effective May 1, 2007. Under that plan, all electric power distributors are to have rates set based on a cost-of-service rate filing in one of 2008, 2009 or 2010. Accordingly, Hydro One filed a cost-of-service application based on 2008 as the forward test year.

Hydro One's distribution business operates under a performance-based incentive mechanism, with a deemed ROE of 8.57% and an OEB deemed capital structure of 60% debt and 40% equity.

In November 2007, Hydro One Brampton filed its application for 2008 rates on the basis of the OEB's cost of capital and second generation IRM policies. On March 19, 2008, the OEB released its decision regarding the 2008 rate application, approving the submission on the basis of its cost of capital and second generation IRM policies. The revised rates, including the continuation of the charge of 67 cents per month per metered customer for smart meters, were approved, with an implementation date of May 1, 2008. The overall impact on an average residential customer's total bill is a decrease of about 3%. On January 29, 2009, the OEB issued a letter proposing that the distribution rates of Hydro One Brampton be re-based in 2011.

On December 18, 2008, the OEB issued a decision approving substantially all work program expenditures effective May 1, 2008, for implementation on February 1, 2009. The OEB also approved recovery of the Company's smart meter expenditures made prior to the end of 2007. Subsequent expenditures will continue to be tracked in deferral accounts for future recovery. The decision approved the establishment of the Revenue Recovery Account (RRA) to record the revenue differential between existing distribution rates and new rates. The RRA will be recovered over a 27-month period, commencing February 1, 2009, and ending April 30, 2011.

In September 2008, the OEB finalized the third generation IRM formula, which adjusts rates by considering inflation, productivity targets, significant events outside the control of management and a capital adjustment mechanism to recover costs for new incremental capital coming in service beyond a prescribed threshold. Hydro One Networks filed its IRM application for 2009 rates in late 2008. An update was submitted in January 2009 to reflect the impact of the 2008 distribution rate decision. The application seeks an approximate 4% increase in 2009 distribution rates, effective May 1, 2009. These increases are expected to affect an average residential customer's total bill by less than 1.5%, assuming non-distribution charges remain unchanged.

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Earnings and Outlook

Segmented Information (CAD millions)		For the year ended December 31				
		2008	2007 *	2006	2005	2004
Net revenues						
Transmission	50.2%	1,212	1,242	1,245	1,310	1,262
Distribution	47.7%	1,153	1,142	1,052	954	910
Other	2.1%	51	31	27	21	17
Total net revenues		2,416	2,415	2,324	2,285	2,189
EBIT by segment						
Transmission	63.2%	571	585	614	711	665
Distribution	37.1%	335	320	323	305	284
Other	-0.3%	(3)	(6)	(8)	(10)	(11)
Total EBIT		903	899	929	1,006	938

Income Statement (CAD millions)	For the year ended December 31				
	2008	2007 *	2006	2005	2004
Net revenues	2,416	2,415	2,324	2,285	2,189
OM&A expense	965	995	880	792	771
EBITDA	1,451	1,420	1,444	1,493	1,418
EBIT	903	899	929	1,006	938
Interest expense (1)	333	312	307	303	294
Core net income (before non-recurring items and prefs)	498	399	455	483	430
Reported net income (after prefs)	497	402	437	465	480
Operating margin	37%	37%	40%	44%	43%
Return on average equity (before non-recurring items)	10.7%	8.7%	9.8%	10.8%	10.1%

(1) Interest expense on short-term and long-term debt balances, excludes deferred financing charges.

* DBRS adjusted Transmission earnings for non-cash items to normalize the impact from the recent OEB rate decision.

Summary

Revenues and EBIT remained flat for 2008. Net income of $498 million was $99 million, or 25%, more than in 2007. The increase is attributable primarily to the reduction in payments in lieu of corporate income taxes, resulting from a lower effective tax rate and other net temporary differences. Additionally, lower operation, maintenance and administration expense positively affected earnings; however, these effects were partially offset by reduced transmission revenues.

Transmission revenues declined $30 million, or 2%, from 2007, mainly due to lower average monthly peak demands experienced during the year. Overall average annual load was lower in 2008, which resulted in lower revenues of $66 million. This was partially offset by higher revenues associated with exporting electricity to other jurisdictions, higher ancillary transmission revenues and higher other revenues of $6 million, primarily associated with regulatory accounts. The OEB's August 2007 transmission rate decision also affected the Company's revenues when it reduced ROE from 9.88% to 8.35%. As a result, the Company witnessed a reduction in transmission revenues of $128 million compared with 2007. That impact was offset by adjustments to earned revenue that were previously recorded as reductions to the earnings-sharing mechanisms and revenue difference deferral account (RDDA).

Distribution revenues decreased by $48 million in 2008 compared with 2007. The decrease is a result of lower purchased power costs, lower consumption as a result of unfavourable weather conditions and lower revenues from the recovery of a distribution-related regulatory account, which ceased in March 2008.

Interest expense has incrementally trended upward, largely tracking higher debt levels.

Overall, earnings remain robust and relatively stable as Hydro One continues to earn its allowed ROE, underscoring continued focus on productivity and cost-effectiveness.

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Outlook

DBRS expects EBIT and net income to continue to grow over the medium term, driven primarily by a number of regulatory-approved transmission projects that are expected to be completed and in service in 2009, thereby increasing the rate base and, subsequently, Hydro One's earnings profile. Furthermore, in 2009, Hydro One is expecting to have the OEB issue its decision on the transmission rate filing.

Despite the growth in revenues and earnings, key credit metrics are expected to decline modestly over the medium term before showing improvement, primarily as a result of increased debt levels and free cash flow deficits as capital expenditures increase in the medium term.

Financial Profile

Statement of Cash Flow	For the year ended December 31				
(CAD millions)	2008	2007	2006	2005	2004
Core net income, (before non-recurring, after pfd.)	498	399	437	465	412
Depreciation & amortization	502	482	474	446	446
Amortization of debt re-couponing	0	5	27	58	62
Other recurring non-cash items	(73)	120	(8)	(24)	0
Cash Flow from Operations	**927**	**1,006**	**930**	**945**	**920**
Capital expenditures	(1,284)	(1,091)	(823)	(691)	(727)
Common dividends	(259)	(325)	(332)	(273)	(247)
Free Cash Flow before Working Capital Changes	**(616)**	**(410)**	**(225)**	**(19)**	**(54)**
Change in working capital	128	135	(92)	194	(33)
Net Free Cash Flow	**(488)**	**(275)**	**(317)**	**175**	**(87)**
Other investments/acquisitions/disposition	(3)	8	15	9	19
Other non-recurring, incl. retail settlement variance	0	0	40	2	6
Cash flow before financing	**(491)**	**(267)**	**(262)**	**186**	**(62)**
Net debt financing	510	285	246	(188)	83
Equity financing	0	0	0	0	0
Other financing	9	(1)	(4)	2	7
Net change in cash	28	17	(20)	0	28
Total adjusted debt (CAD millions) (1)	6,240	5,710	5,427	5,156	5,293
Cash flow gross interest coverage (1)	3.76	4.21	4.01	4.10	4.11
Fixed charges coverage (times) (1)	2.50	2.59	2.57	2.59	2.44
Total adjusted debt-to-capital (%) (1)	55.2%	54.2%	53.3%	52.6%	54.3%
Cash flow/total adjusted debt (1)	0.149	0.176	0.171	0.183	0.174
Cash flow/capital expenditures (times)	0.72	0.92	1.13	1.37	1.27
Dividend payout ratio	52.0%	81.5%	73.0%	56.5%	49.6%

(1) DBRS-adjusted for operating lease debt and interest expense equivalents. DBRS-adjusted for preferred shares (20% debt/ 80% equity).

Summary

Cash flow from operations decreased by $79 million from 2007 results to $927 million. The decrease, which is attributable to the repayment to customers of amounts recorded in the RDDA established following the transmission rate decision last year, was offset by higher net income and depreciation.

Growth in sustaining and development capital spending, combined with dividends, continues to drive up net free cash flow deficits. The Company has historically proven that it can effectively manage the substantial size of its capital expenditure programs. However, the recent upward trend in capital investment reflects investments to expand, refurbish or replace transmission infrastructure, which is consistent with government policy, OPA planning information (including the IPSP), local supply requirements and the preventive and corrective maintenance needs to manage aging assets. These investments are indicative of the growing need

in Ontario for reliable electricity as a number of Hydro One's assets come to the end of their useful life and new power generation needs to be connected to the grid. Additionally, the increased capital expenditures reflect the continued mass deployment of smart meters in the Company's distribution businesses. The smart meter initiative will be completed by the end of 2010.

Key credit metrics declined modestly as the large ongoing capital expenditure program has caused a continuation of free cash flow deficits, which have been entirely debt financed, thus increasing debt levels and interest expense. DBRS notes that the Company has a reasonable financial profile, reflecting a solid and stable balance sheet. The credit metrics remain solidly within the current rating category for a low-risk regulated utility with debt-to-capital at 55.2%, fixed charge coverage at 2.50 times and cash flow-to-debt at 0.149 times.

Outlook
Free cash flow deficits are expected to persist over the medium term, attributable to the large capital expenditures program. Annual capital expenditures are expected to remain high, with approximately $4.8 billion in projects planned over the next three years, which means the Company will have significant financing requirements. DBRS believes that the Company will finance the resultant free cash flow deficits with incremental debt; therefore, continued access to capital markets is critical for Hydro One. DBRS does not expect Hydro One to have difficulty accessing the capital markets, even during these uncertain market conditions. However, if Hydro One is temporarily delayed in accessing the markets for longer-term debt, the Company should be able to finance its obligations with its $1 billion CP program, which is fully backstopped by a credit facility.

DBRS notes that common dividends are declared at the sole discretion of the Hydro One board of directors and are recommended by management based on financial conditions and liquidity requirements, which should provide some flexibility for dividend management as the Company is committed to investing heavily in its electricity system.

As such, the Company's leverage is expected to increase over the medium term as the substantial capital expenditure program and dividend payment will result in sizable free cash flow deficits. These deficits and the subsequent higher leverage in the capital structure will temporarily pressure key credits from present levels. DBRS does not expect the Company's financial profile to change significantly, with credit metrics remaining adequate for the assigned ratings.

Capital Expenditures: Designated Projects

Designated Projects (CAD millions)	Historic 2005-2007	Bridge 2008	Test 2009-2010	Total (including future years)	%
Bruce Project	7.8	30.9	433.4	619.8	21%
Quebec Intertie	75.2	35.7	11.9	122.8	4%
Total other projects*	470	196.8	895.6	2058.2	71%
Niagara Reinforcement	97		2	101	3%
Total	**650**	**263.4**	**1342.9**	**2901.8**	**100%**

* Development Capital Projects in Excess of $3 Million
Source: 2009/2010 Transmission Revenue Requirement & Rate Application (EB-2008-0272), D1-03-03_-_Development_Capital.

The Québec Interconnection project, a collaboration between Hydro One and Hydro-Québec, will allow the transfer of 1,250 MW between the two provinces when it is completed in early 2009. The Hydro One and Hydro-Québec grids are not synchronous, so for power to be exchanged it must be converted to the requirements of the receiving grid. The total estimated project cost is $808 million, of which $115 million is earmarked for Hydro One's capital budget.

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The Bruce to Milton, Ontario, project was approved by the OEB in the EB-2007-0050 proceeding. It is a 500 kilovolt (kV), 180-kilometre transmission line project that will connect the Bruce Power nuclear plants on Lake Huron to the Milton switching station west of Toronto. The proposed project could serve to deliver up to an additional 3,000 MW of capacity. The project is expected to be completed in mid-2010 to late 2011.

Long-Term Debt Maturities and Bank Lines

Long-term principal repayments as at December 31, 2008		
Year	%	(CAD millions)
2009	6.5%	400
2010	8.2%	500
2011	8.2%	500
2012	9.8%	600
2013	6.5%	400
Thereafter	60.8%	3,725
Total		6,125

* Amount refinanced in early 2009

(CAD millions) As at December 31, 2008	Committed	Outstanding	Available	Maturity
Commercial Paper backup facility*	1,000	0	1,000	8/10/2010

* Multi year revolving standby credit facility with a syndicate of banks.

Long-Term Debt

Hydro One finances its operations and capital programs with long-term debt ($6,125 million senior unsecured debt as at December 31, 2008) and a $1 billion CP program (fully backed up by a credit facility). Hydro One has $2.4 billion maturing in the next five years. Refinancing the debt should be well within its financing capacity given its solid financial profile and good access to the public debt markets. Although Hydro One has historically targeted a weighted-average long-term debt life of between 12 and 18 years, current market conditions have prompted the Company to issue shorter-dated maturities. However, the recent issuances are not substantial and should be easily refinanced upon maturity.

Hydro One's long-term financing is provided primarily through its MTN program. The maximum authorized principal amount of MTNs issuable under this program until July 2009 is $2,500 million, of which $1,150 million was remaining and available as at December 31, 2008. In early 2009, the Company issued $600 million under the MTN program, thus leaving only $550 million available as at March 31, 2009.

The Trust Indenture pertaining to all senior unsecured issuance includes the following covenants, subject to customary exceptions:

- Any additional indebtedness is subject to a 75% capitalization ratio test.
- Negative pledge clause.
- Limitations on ability to sell principal properties.

Liquidity

Liquidity requirements will increase over the medium term to accommodate higher capital expenditures and regulatory working capital needs. DBRS notes that Hydro One has sufficient flexibility to accommodate the increasing liquidity needs, with its authorized CP program and availability under its MTN program. As of December 31, 2008, the Company had no outstanding amounts under the credit facility. Hydro One's board has authorized a CP limit of $1 billion. Previously, the Company had set the limit of its CP program at $750 million, matching the limit of the revolving credit facility. However, in January 2008, the Company increased the total program to $1 billion. As a result, the credit facility was also increased from $750 million to $1 billion. The credit facility is a multi-year facility that matures in 2010.

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Balance Sheet
(CAD millions)

Assets	As at December 31 2008	2007	2006	Liabilities & Equity	As at December 31 2008	2007	2006
Cash + short-term investments	16	-	-	Short-term debt	0	12	89
Accounts receivable	754	759	777	L.t. debt due one year	400	540	395
Material, supplies & other	101	143	69	A/P + acc'ds	898	900	710
Current Assets	871	902	846	**Current Liabilities**	1,298	1,452	1,194
Net fixed assets	12,119	11,258	10,526	Long-term debt	5,733	5,063	4,848
Post-employment benefits	441	380	382	Post-employ. benefits	908	855	803
Def'd debt costs + long-term rec.	21	7	12	L.t. pay. + other liab.	813	530	544
Regulatory asset	291	106	311	Preferred shares	323	323	323
Goodwill	133	133	133	Shareholders' equity	4,801	4,563	4,498
Total	13,876	12,786	12,210	**Total**	13,876	12,786	12,210

Ratio Analysis

	For the year ended December 31 2008	2007*	2006	2005	2004	2003
Liquidity Ratios						
Current ratio	0.67	0.62	0.71	0.52	0.60	0.55
Cash flow/total debt (1)	0.149	0.176	0.171	0.183	0.174	0.166
Total adjusted debt-to-capital (1)	55.2%	54.2%	53.3%	52.6%	54.3%	55.0%
Cash flow/capital expenditures	0.72	0.92	1.13	1.37	1.27	1.43
Cash flow-dividends/capital expenditures	0.52	0.62	0.73	0.97	0.93	1.05
Adj. total debt/EBITDA (1)	4.30	4.02	3.76	3.45	3.73	3.71
Hybrids in capital structure	2.9%	3.1%	3.2%	3.3%	3.3%	3.4%
Deemed common equity	40.0%	40.0%	36.0%	36.0%	36.0%	36.0%
Common dividend payout (before extras.)	54.0%	85.3%	76.0%	58.7%	60.0%	59.8%
Coverage Ratios						
EBIT gross interest coverage (1)	2.68	2.83	2.77	2.78	2.63	2.49
EBIT net interest coverage (1)	3.08	3.04	3.14	3.09	2.83	2.69
EBITDA gross interest coverage (1)	4.31	4.46	4.31	4.12	3.97	3.70
EBITDA net interest coverage (1)	4.94	4.79	4.87	4.58	4.27	3.98
Fixed-charges coverage (1)	2.50	2.59	2.57	2.59	2.44	2.34
Earnings Quality/Operating Efficiencies & Statistics						
Operating margin	37.4%	37.2%	40.0%	44.0%	42.9%	42.9%
Net margin (before non-recurring, after pil)	20.7%	16.4%	18.8%	20.4%	18.8%	17.3%
Return on avg. equity (before non-recurring items)	10.7%	8.7%	9.8%	10.8%	10.1%	9.7%
Approved ROE (Distribution)	8.57%	9.0%	9.0%	9.88%	9.88%	9.88%
Approved ROE (Transmission)	8.35%	8.35%	9.88%	9.88%	9.88%	9.88%
Rate base - distribution ($ millions)	4,247	3,711	3,711	2,637	2,637	2,637
Rate base - transmission ($ millions)	6,657	6,344	5,718	5,718	5,718	5,718
Transmission throughputs (TWh)	148.7	152.2	151.1	157.0	153.4	151.7
Distribution throughputs (TWh)	29.9	30.2	29.0	29.7	28.5	27.9
Average annual 60-minute peak demand (MWh)	21,820	22,988	27,005	26,160	24,979	24,753

(1) DBRS-adjusted for operating lease debt and interest expense equivalents. DBRS-adjusted for preferred shares (20% debt/ 80% equity).

* DBRS adjusted Transmission earnings for non-cash items to normalize the impact from the recent OEB rate decision.

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Rating

Debt Rated	Rating	Rating Action	Trend
Commercial Paper	R-1 (middle)	Confirmed	Stable
Senior Unsecured Debentures	A (high)	Confirmed	Stable

Rating History

	Current	2008	2007	2006	2005
Commercial Paper	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (low)
Senior Unsecured Debentures	A (high)	A (high)	A (high)	A (high)	A

Related Research

- DBRS Rates Issue of $300 Million, 6.03% Medium Term Notes at A (high), March 2, 2009.
- DBRS Rates Issue of $200 Million, 5.00% Medium Term Notes at A (high), January 12, 2009.
- DBRS Rates Hydro One's Issue of $400 Million, 5.00% Medium Term Notes at A (high), November 5, 2008.
- DBRS Rates Issue of $300 Million 5.18% Medium-Term Notes at A (high), February 29, 2008.
- DBRS Rates Issue of $250 Million, 4.08% Medium Term Notes at A (high), February 29, 2008.

Note:
All figures are in Canadian dollars unless otherwise noted.

Moody's Investors Service

Filed: March 31, 2010
EB-2010-0002
Exhibit A-10-1
Attachment 5
Page 1 of 4

Global Credit Research
Credit Opinion
27 APR 2009

Credit Opinion: Hydro One Inc.

Hydro One Inc.

Toronto, Ontario, Canada

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured -Dom Curr	Aa3
Commercial Paper	P-1

Contacts

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Key Indicators

Hydro One Inc.

	2008	2007	2006	2005	2004
(CFO Pre-W/C + Interest) / Interest Expense (x) [1]	3.6x	4.1x	3.9x	3.4x	3.4x
(CFO Pre-W/C) / Debt (%) [1]	14.4%	17.7%	18.1%	16.7%	15.9%
(CFO Pre-W/C - Dividends) / Debt (%) [1]	10.6%	12.2%	12.2%	12.0%	11.7%
Debt / Book Capitalization (%)	59.5%	55.2%	58.3%	61.1%	62.6%

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Relatively large, low-risk regulated electricity T&D utility with no commodity price risk. Operates in a relatively supportive regulatory environment.

Stable and predictable cash flows but credit metrics expected to weaken further and remain significantly weaker than other A-rated, low-risk T&D utilities in the short-term.

Low allowed ROE, continuing elevated capital expenditures and under-funded pension plan have depressed credit metrics.

Sufficient liquidity has been maintained through frequent and sizeable debt capital market issuances.

Aa3 rating reflects HOI's baseline credit assessment in the 5 to 7 range, high default dependence and high probability of extraordinary support in context of the Province of Ontario's Aa1 rating.

Corporate Profile

Headquartered in Toronto, Ontario, Hydro One Inc. (HOI) is a commercial corporation, 100% owned by the Province of Ontario. Virtually all of HOI's revenues and cash flows are derived from its electricity T&D businesses, both of which are regulated by the Ontario Energy Board (OEB). HOI owns and operates virtually all of Ontario's

electricity transmission system, and is responsible for a substantial portion of regulated electricity distribution in Ontario.

SUMMARY RATING RATIONALE

HOI's Aa3, stable senior unsecured rating reflects its baseline credit assessment (BCA) in the 5 to 7 range, high default dependence and high probability of extraordinary support in context of the Province of Ontario's Aa1 rating. HOI's A-category BCA reflects the company's low-risk business model as a cost of service-regulated electricity T&D utility with no commodity price risk exposure. HOI's financial profile is weak relative to other A-rated low risk electric utilities and is expected to weaken further due to the combination of low allowed ROEs and ongoing high levels of capital spending. The weakening of HOI's credit metrics in 2008 reflects continued high spending on capital projects. These projects generate little or no cash flow until completed and placed into service. In addition, HOI's adjusted leverage rose in 2008 because, like many other companies, HOI incurred significant losses on its pension plan assets. Moody's expects that HOI's financial profile should recover modestly in two to three years' time as major capital projects are completed and capital spending moderates and as pension funding improves with the anticipated recovery of financial asset values and ongoing pension contributions. However, HOI's BCA could come under pressure if the anticipated improvement in financial metrics fails to materialize.

DETAILED RATING CONSIDERATIONS

RATING METHODOLOGY FOR GOVERNMENT RELATED ISSUERS

In accordance with Moody's Government Related Issuer (GRI) rating methodology, HOI's Aa3 rating reflects the combination of the following inputs:

Baseline Credit Assessment (BCA) in the 5 to 7 range (on a scale of 1 to 21, where 1 represents the equivalent risk of a Aaa, 2 a Aa1, 3 a Aa2 and so on).

Aa1 local currency rating of the Province of Ontario.

High default dependence.

High probability of extraordinary support.

HOI's high default dependence reflects HOI's exposure to virtually all facets of the provincial economy and its operational and financial proximity to the government. HOI's high probability of extraordinary support reflects the strategic importance of HOI to the Provincial economy, the Province's history of providing support through dividend deferrals as well as the Province's role as the architect of electricity policy and regulation and its history of intervention in the electricity sector. As a 100%-owned subsidiary of the Province, HOI can be utilized as an instrument of public policy. Moody's observes that public policy goals are not always completely aligned with the interests of debt holders.

HOI's BCA reflects the following:

LOW-RISK REGULATED ELECTRIC UTILITY OPERATING IN A RELATIVELY STABLE LEGISLATIVE BUT EVOLVING REGULATORY ENVIRONMENT

HOI is considered to be a low-risk utility given that its operations are almost exclusively T&D, its T&D assets are wholly regulated and all of its operations are located in Canada, a jurisdiction that Moody's generally views as being one of the more supportive regulatory environments for utilities on a global basis. Moody's considers the T&D segment to be a relatively lower risk segment of the electric utility industry since it is typically not exposed to commodity price and volume risks or the operational, financial and environmental risks that can be associated with electricity generation. Moreover, virtually all of HOI's activities are regulated with the exception of its telecommunications business, which represents less than 1% of total assets.

HOI falls under the jurisdiction of the OEB which regulates both the T&D segments of its business. The legislative environment in Ontario has been relatively stable since 2005 but the regulatory framework continues to evolve and thus experiences some regulatory lag. With the evolution of the regulatory environment, Moody's anticipates that there will be increased transparency and predictability for HOI after 2008 as distribution rates will be established pursuant to a formula driven mechanism under the OEB's 3rd Generation Incentive Regulation Model (IRM).

HOI's cash flow tends to be stable and predictable given its lack of commodity price exposure, nominal foreign exchange exposure and manageable exposure to floating interest rates. While HOI purchases power in its distribution segment, these commodity costs are a full pass-through to customers. In the transmission segment, HOI has no exposure to electricity prices. Like many cost of service utilities whose rates are established on a forward test year basis, HOI is exposed to a degree of forecast risk.

STABLE, PREDICTABLE CASH FLOW BUT KEY FINANCIAL METRICS SIGNIFICANTLY WEAKER THAN

THOSE OF A-RATED PEERS IN NEAR-TERM

While HOI's low-risk regulated business model generates stable and predictable funds from operations, Moody's expects HOI's financial metrics to weaken further in 2009 and be significantly weaker than other A-rated, low-risk electric utilities. HOI's financial metrics have always tended to be weaker than those of other A-rated international peers due to the relatively low allowed ROEs and deemed equity components common to Canadian regulated utilities. Historically, Moody's has considered this relatively weak financial profile to be balanced by HOI's low-risk business model and supportive regulatory and business environments. However, HOI is currently experiencing a cyclical peak in its capital spending which is further pressuring its credit metrics as capital is being deployed on assets that are not yet generating cash flows. Moody's anticipates that HOI's metrics could improve modestly in 2012 provided that capital spending moderates as expected. However, the company points out that the Province's proposed Green Energy and Green Economy Act, 2009 (Bill 150) could cause HOI's capital spending to remain elevated beyond 2011. If beyond 2011, HOI's capital spending remains elevated and its credit metrics do not improve, for instance (CFO pre-WC + Interest)/Interest of 4x or more and CFO pre-WC/Debt of 16% or more, HOI's BCA could be downgraded.

Liquidity Profile

LIQUIDITY ARRANGEMENTS SUFFICIENT BUT CONTINUE TO BE PRESSURED BY ELEVATED CAPITAL SPENDING

HOI's commercial paper (CP) program is rated Prime-1 (P-1) based on the stable cash flow generated by its regulated operations and alternative liquidity arrangements that are expected to be sufficient to meet the balance of HOI's 2009 funding requirements under Moody's liquidity stress scenario. Moody's liquidity stress scenario assumes that the company loses access to new capital, other than credit available under its committed credit agreements, for a period of 12 months.

HOI is currently experiencing a cyclical peak in its capital spending. High levels of capital spending stressed HOI's liquidity resources during the 2007 and 2008 and are expected to continue to do so at least until to the end of 2011. To date, HOI has managed this stress by regularly accessing the capital markets, including raising $500 million in November 2008 and a further $600 million in three offerings during in the first quarter of 2009. Given the expectation that capital spending will remain elevated through 2011, Moody's expects that HOI will continue to require regular access to the term debt markets in order to avoid curtailing its planned capital spending and dividends.

In support of the company's $1 billion CP program, HOI maintains a syndicated committed three year bank facility that matures on August 9, 2010. The facility contains a maximum debt to total capitalization ratio covenant of 75% but does not include funding inhibiting language such as an ongoing material adverse change clause. At December 31, 2008, it is estimated that HOI had access to the full amount of the bank facility less $111 million of outstanding letters of credit which, for analytical purposes, Moody's considers to be a use of HOI's committed credit facilities.

HOI is expected to generate approximately $890 million of adjusted FFO in 2009. After dividends, capital expenditures and working capital changes of approximately $1.8 billion, Moody's expects HOI to be FCF negative by approximately $870 million in 2009. Given scheduled maturities of $400 million in 2009, HOI's 2009 funding requirement was nearly $1.3 billion. However, the funding requirement for the balance of 2009 was reduced to approximately $700 million by the $600 million of MTNs issued by HOI in the first quarter of 2009. HOI's can issue up to $550 million under its existing MTN shelf which expires in July 2009.

Rating Outlook

HOI's rating outlook remains stable despite the expectation that, over the next 12 to 18 months, HOI's credit metrics will continue to be significantly weaker than those of other A-rated low-risk electric utilities. Moody's currently expects that HOI's metrics will exhibit some modest improvement in two to three years' time as capital spending moderates and as pension funding improves. The stable outlook reflects Moody's belief that HOI's low-risk business model and stable and predictable cash flows can accommodate the extended period of high capital spending and weaker credit metrics provided that HOI prudently manages its liquidity resources.

What Could Change the Rating - Up

Moody's considers an upward revision in HOI's rating to be unlikely in the near term. However, the company's BCA or published rating could be positively impacted if HOI could demonstrate a sustainable improvement in financial ratios, such as CFO pre-WC to Interest exceeding 6.0x, CFO pre-WC to Debt exceeding 30% and CFO pre-WC less Dividends to Debt exceeding 25%.

What Could Change the Rating - Down

HOI's BCA or published ratings could be negatively impacted by one or more of the following:

A material reduction in the perceived probability of extraordinary support.

A sustained weakening of cash flow metrics such as CFO pre-WC to Interest coverage below 4.0x, CFO pre-WC to Debt below 16% and/or CFO pre-WC less Dividends to Debt below 14.5%.

Failure of the company to ensure sufficient sources of liquidity in support of its growing capital expenditure program.

Actions on the part of the shareholder that impede the company's ability to act in a commercial manner.

Material changes in the ownership, governance or management structures.

Further restructuring of the electricity sector that increases HOI's business or financial risk profiles.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S (MIS) CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MATERIALITY THRESHOLDS

Hydro One Brampton has followed the Board's guidelines on materiality thresholds as provided in the Board's Filing Requirements for Transmission and Distribution Applications issued on May 27, 2009, and the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors issued on September 17, 2008 (EB-2007-0673).

The following default materiality thresholds were used in explaining and providing justification for year to year changes in rate base, capital expenditures, OM&A, operational and other distribution revenues.

Distribution Revenue Loss and other items requiring variance analysis:

- 0.5% of distribution revenue requirement
- Actual Distribution Revenue Requirement for 2009 - $64,893,990
- Materiality Threshold - $324,470 – rounded to $300,000

EXHIBIT 2

RATE BASE

EXHIBIT 2 TAB 1

OVERVIEW

RATE BASE OVERVIEW

The rate base used for the purpose of calculating the revenue requirement used in this Application was calculated based on guidelines set out in Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued on May 27, 2009. Based on these requirements, the rate base for the 2011 Test Year was calculated as the difference between the average of the opening and closing gross fixed assets and accumulated depreciation plus a working capital allowance amounting to 15% of working capital. Working capital is equal to the sum of the cost of power and controllable expenses.

The net fixed assets include distribution assets as well as smart meter capital costs as at the end of 2009. All non-distribution assets were excluded. Controllable expenses include operations and maintenance, billing and collecting, community relations, and administration and general expenses.

Hydro One Brampton has provided its rate base calculations for the years 2006 Board Approved through 2011 Test Year in **Table 1**, below. The estimated rate base for the 2011 Test Year is $335,073,828. This amount is approximately 34.44% higher than the 2006 Board Approved rate base, reflecting an average annual increase of 6.89%.

Table 1: Rate Base Calculations Summary

Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Opening Balance Gross Fixed Assets	351,758,493	384,136,113	404,647,864	433,205,354	462,676,170	257,908,905	288,315,028
Closing Balance Gross Fixed Assets	368,501,151	404,647,864	433,205,354	462,676,170	490,620,682	288,315,028	310,560,951
Average Gross Fixed Assets	360,129,822	394,391,988	418,926,609	447,940,762	476,648,426	273,111,966	299,437,990
Opening Balance Accumulated Depreciation	143,041,521	169,258,534	183,765,121	199,241,008	215,299,494	-	12,206,510
Closing Balance Accumulated Depreciation	155,544,566	183,765,121	199,241,008	215,299,494	232,711,777	12,206,510	24,637,484
Average Accumulated Depreciation	149,293,043	176,511,827	191,503,065	207,270,251	224,005,636	6,103,255	18,421,997
Opening Net Book Value	208,716,972	214,877,579	220,882,743	233,964,346	247,376,676	257,908,905	276,108,517
Closing Net Book Value	212,956,585	220,882,743	233,964,346	247,376,676	257,908,905	276,108,517	285,923,468
Average Net Book Value	210,836,778	217,880,161	227,423,544	240,670,511	252,642,790	267,008,711	281,015,992
Working Capital	256,007,904	283,451,085	291,888,329	293,021,651	303,349,708	359,651,644	360,385,567
Working Capital Allowance -15%	38,401,186	42,517,663	43,783,249	43,953,248	45,502,456	53,947,747	54,057,835
Rate Base	249,237,964	260,397,824	271,206,794	284,623,759	298,145,246	320,956,457	335,073,828

Hydro One Brampton has provided a summary in **Table 2** below of its calculation of the cost of power and controllable expenses used in the calculations for determining working capital for the years 2006 Board Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year, and 2011 Test Year. The forecasted working capital for 2011 Test Year is approximately 40.77% higher than the 2006 Board Approved which represents an average annual increase of 8.15%.

Table 2: Working Capital Summary

Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Cost of Power	242,259,899	267,295,434	275,962,518	275,847,971	285,513,279	335,610,875	335,078,839
Operations	2,720,134	3,350,836	3,079,156	3,544,751	3,815,041	7,471,849	6,854,992
Maintenance	2,700,089	3,023,980	3,091,210	3,374,105	3,159,226	3,744,440	4,035,503
Billing & Collecting	3,512,796	3,775,564	3,820,263	4,324,468	4,897,921	4,632,782	5,656,663
Community Relations	264,219	1,018,450	797,999	371,587	363,138	570,000	640,000
Administration & General Expense	4,550,768	4,986,820	5,137,182	5,558,770	5,601,103	7,621,698	8,119,570
Working Capital	256,007,904	283,451,085	291,888,329	293,021,651	303,349,708	359,651,644	360,385,567

VARIANCE ANALYSIS ON RATE BASE

Table 1 on the following page sets out Hydro One Brampton's rate base and working capital calculations for the years 2006 Board approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year, 2011 Test Year, and the following variances:

- 2006 Actual against 2006 Board Approved
- 2007 Actual against 2006 Actual
- 2008 Actual against 2007 Actual
- 2009 Actual against 2008 Actual
- 2010 Bridge Year against 2009 Actual
- 2011 Test Year against 2010 Bridge Year

Hydro One Brampton notes that the 2006 OEB Approved rate base Decision EB-2005-0377 was determined through the 2006 EDR process and is based on the 2004 year end rate base adjusted for Tier 1 Adjustments. Accordingly, the variance between 2006 Actual and 2006 OEB Approved spans a two-year period.

The calculated materiality threshold used for the 2011 Test Year was determined to be $300,000, per Exhibit 1 Tab 3 Schedule 8.0.

Table 1: Rate Base Variances

Description	2006 OEB Approved	2006 Actual	Variance - 2006 Actual minus 2006 OEB Approved	2007 Actual Year	Variance - 2007 Actual minus 2006 Actual	2008 Actual Year	Variance - 2008 Actual minus 2007 Actual	2009 Actual Year	Variance - 2009 Actual minus 2008 Actual	2010 Bridge Year	Variance - 2010 Bridge Year minus 2009 Actual	2011 Test Year	Variance - 2011 Test Year minus 2010 Bridge Year
Gross Fixed Assets	368,501,151	404,647,864	36,146,713	433,205,354	28,557,490	462,676,170	29,470,816	490,620,682	27,944,512	288,315,028	(202,305,654)	310,560,951	22,245,924
Accumulated Depreciation	155,544,566	183,765,121	28,220,555	199,241,008	15,475,887	215,299,494	16,058,486	232,711,777	17,412,283	12,206,510	(220,505,267)	24,637,484	12,430,974
Net Book Value	212,956,585	220,882,743	7,926,158	233,964,346	13,081,603	247,376,676	13,412,330	257,908,905	10,532,229	276,108,517	18,199,613	285,923,468	9,814,950
Average Net Book Value	210,836,778	217,880,161	7,043,383	227,423,544	9,543,384	240,670,511	13,246,967	252,642,790	11,972,279	267,008,711	14,365,921	281,015,992	14,007,281
Working Capital	256,007,904	283,451,085	27,443,181	291,888,329	8,437,243	293,021,651	1,133,322	303,349,708	10,328,057	359,651,644	56,301,936	360,385,567	733,923
Working Capital Allowance	38,401,186	42,517,663	4,116,477	43,783,249	1,265,587	43,953,248	169,998	45,502,456	1,549,209	53,947,747	8,445,290	54,057,835	110,088
Rate Base	249,237,964	260,397,824	11,159,860	271,206,794	10,808,970	284,623,759	13,416,965	298,145,246	13,521,488	320,956,457	22,811,211	335,073,828	14,117,370

Hydro One Brampton offers the following commentary on the variances presented above:

2011 Test Year

As shown in the table above, the estimated rate base for the 2011 Test Year is $335,073,828. Average net book value accounts for $281,015,992 meanwhile the balance, $54,057,835, represents working capital allowance.

2011 Test Year vs. 2010 Bridge Year

The estimated rate base in the 2011 Test Year is $335,073,828. This is 4.40% higher than the projection for the 2010 Bridge Year. The change is primarily attributable to an increase in average net book value of $14,007,281. Working capital allowance increased $110,088 or 0.20% over the 2010 Bridge Year.

2010 Bridge Year vs. 2009 Actual

The rate base for the 2010 Bridge Year is expected to increase by $22,811,211 or 7.65% over the actual amount for 2009. The average net book value is expected to increase 5.69% while the projection for working capital allowance is an increase of 18.56%. All components of working capital, with the exception of billing and collecting, are expected to increase.

2009 Actual vs. 2008 Actual

The rate base for 2009 increased by $13,521,488 or 4.75% compared to that of 2008. The change was attributed to a 4.97% increase in average net book value of fixed assets and a 3.52% increase in working capital allowance. The major driver of working capital was billing and collecting which increased 13.26%.

2008 Actual vs. 2007 Actual

During this period, the rate base increased 4.95% or $13,416,965. The average net book value of fixed assets increased 5.82% while working capital allowance rose by a mere 0.39%.

2007 Actual vs. 2006 Actual

The rate base for 2007 compared to 2006 was higher by $10,808,970 or 4.15%. Average net book value of fixed assets and working capital allowance increased 4.38% and 2.98%, respectively.

2006 Actual vs. 2006 Board Approved

The rate base increased 4.48% in 2006 compared to the 2006 OEB approved rates. The main driver of this change was working capital which increased 10.72%. Average net book value of fixed assets increased 3.34%.

EXHIBIT 2 TAB 2

GROSS ASSETS - PROPERTY, PLANT AND EQUIPMENT

CONTINUITY STATEMENTS

Hydro One Brampton's Fixed Asset Continuity Statements for the years 2005 to 2009 are included in this Exhibit as Tab 2, Schedule 1.1 as:

- **Table 1: Asset Continuity Schedule 2005**
- **Table 2: Asset Continuity Schedule 2006**
- **Table 3: Asset Continuity Schedule 2007**
- **Table 4: Asset Continuity Schedule 2008**
- **Table 5: Asset Continuity Schedule 2009**

The 2010 Bridge and 2011 Test Years' gross asset balances reflect the capital expenditure programs forecast for both years and are included in this Exhibit as Tab 2, Schedule 1.2, namely:

- **Table 1: Forecast Fixed Asset Continuity Schedule 2010**
- **Table 2: Forecast Fixed Asset Continuity Schedule 2011**

Hydro One Brampton uses the straight line method of amortization to determine the depreciation expense for all assets on a pooled basis. Amortization is calculated over the estimated remaining useful life of the asset, commencing in the month when the asset was installed and being used for its intended use. For the purposes of this rate application, Hydro One Brampton used a full year's amortization for calculating depreciation expense for the 2010 Bridge and 2011 Test Year for all capital accounts with the exception of Meters (account 1860) and Minor Fixed Assets (Accounts 1900 to 1980, excluding 1930).

FIXED ASSET CONTINUITY SCHEDULES 2005 - 2009

Table 1: Asset Continuity Schedule 2005

			Cost					Accumulated Depreciation					
OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
1805	Land	-	8,191,402	-	-	-	8,191,402	-	-	-	-	-	8,191,402
1806	Land Rights	50	1,269,692	34,894	-	-	1,304,586	(113,872)	(25,741)	-	-	(139,613)	1,164,973
1808	Buildings and Fixtures	various	24,132,593	1,039,843	-	-	25,172,436	(5,656,883)	(513,146)	-	-	(6,170,029)	19,002,407
1815	Transformer Station Equipment - No	40	10,648,685	28,608	-	-	10,677,293	(718,122)	(277,569)	-	-	(995,691)	9,681,602
1820	Distribution Station Equipment - No	various	39,845,139	345,384	-	-	40,190,523	(20,915,931)	(1,536,497)	-	-	(22,452,428)	17,738,095
1830	Poles, Towers and Fixtures	25	33,939,942	4,061,831	-	-	38,001,773	(12,800,617)	(1,419,987)	-	-	(14,220,604)	23,781,169
1835	Overhead Conductors and Devices	25	8,480,127	2,433,583	-	-	10,913,710	(924,867)	(387,877)	-	-	(1,312,744)	9,600,966
1840	Underground Conduit	25	4,882,756	1,859,864	-	-	6,742,620	(425,860)	(249,185)	-	-	(675,045)	6,067,575
1845	Underground Conductors and Devic	25	152,298,434	9,061,441	-	-	161,359,875	(60,187,034)	(6,067,898)	-	-	(66,254,931)	95,104,944
1850	Line Transformers	25	66,789,618	4,819,045	-	-	71,608,663	(30,366,485)	(2,321,169)	-	-	(32,687,654)	38,921,009
1855	Services	25	19,456,205	891,819	-	-	20,348,023	(7,804,797)	(761,634)	-	-	(8,566,431)	11,781,592
1860	Meters	25	19,236,964	801,421	-	-	20,038,385	(9,528,375)	(732,592)	-	-	(10,260,967)	9,777,419
1908	Buildings and Fixtures	25	-	-	-	-	-	-	-	-	-	-	-
1915	Office Furniture and Equipment	10	1,367,547	113,901	-	-	1,481,448	(1,317,638)	(65,520)	-	-	(1,383,158)	98,289
1920	Computer Equipment - Hardware	5	1,999,208	843,059	-	-	2,842,267	(1,016,578)	(371,581)	-	-	(1,388,160)	1,454,107
1925	Computer Software	5	-	194,587	-	-	194,587	(5,777)	(13,874)	-	-	(19,651)	174,936
1930	Transportation Equipment	various	6,418,391	835,054	(233,343)	-	7,020,102	(4,327,132)	(516,208)	233,344	-	(4,609,996)	2,410,106
1935	Stores Equipment	10	61,716	138,804	-	-	200,520	(13,009)	(26,296)	-	-	(39,306)	161,214
1940	Tools, Shop and Garage Equipmen	10	1,862,382	229,175	-	-	2,091,557	(1,275,234)	(125,281)	-	-	(1,400,515)	691,042
1950	Power Operated Equipment	8	34,555	2,695	-	-	37,250	2,305	(9,024)	-	-	(6,719)	30,531
1955	Communication Equipment	10	113,747	130,361	-	-	244,108	(7,009)	(17,893)	-	-	(24,901)	219,207
1960	Miscellaneous Equipment	10	2,577	114,032	-	-	116,609	(1,711)	(5,959)	-	-	(7,670)	108,939
1980	System Supervisory Equipment	15	3,645,771	213,156	-	-	3,858,927	(2,207,007)	(199,014)	-	-	(2,406,021)	1,452,906
1995	Contributions and Grants - Credit	25	(38,006,443)	(10,494,109)	-	-	(48,500,552)	4,061,486	1,702,215	-	-	5,763,701	(42,736,851)
			366,671,009	17,698,447	(233,343)	-	384,136,113	(155,550,150)	(13,941,728)	233,344	-	(169,258,534)	214,877,579
2055	Construction Work in Progress--Ele	None	-	-	-	-	-	-	-	-	-	-	-
			366,671,009	17,698,447	(233,343)	-	384,136,113	(155,550,150)	(13,941,728)	233,344	-	(169,258,534)	214,877,579
2040	Electric Plant Held for Future Use	None	-	-	-	-	-	-	-	-	-	-	-
1610	Miscellaneous Intangible Plant	various	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
	Total		366,671,009	17,698,447	(233,343)	-	384,136,113	(155,550,150)	(13,941,728)	233,344	-	(169,258,534)	214,877,579

Table 2: Fixed Asset Continuity Schedule 2006

			Cost					Accumulated Depreciation					
OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
1805	Land	-	8,191,402	-	(44,510)	-	8,146,892	-	-	-	-	-	8,146,892
1806	Land Rights	50	1,304,586	58,458	-	-	1,363,044	(139,613)	(26,674)	-	-	(166,287)	1,196,757
1808	Buildings and Fixtures	various	25,172,436	1,123,351	(23,353)	-	26,272,435	(6,170,029)	(543,636)	-	-	(6,713,666)	19,558,769
1815	Transformer Station Equipment - No	40	10,677,293	3,474	-	-	10,680,767	(995,691)	(266,976)	-	-	(1,262,667)	9,418,101
1820	Distribution Station Equipment - No	various	40,190,523	639,781	-	-	40,830,304	(22,452,427)	(1,554,686)	-	-	(24,007,113)	16,823,191
1830	Poles, Towers and Fixtures	25	38,001,773	5,802,455	-	-	43,804,228	(14,220,604)	(1,588,540)	-	-	(15,809,144)	27,995,084
1835	Overhead Conductors and Devices	25	10,913,710	2,191,510	-	-	13,105,220	(1,312,744)	(480,379)	-	-	(1,793,123)	11,312,098
1840	Underground Conduit	25	6,742,620	2,284,568	-	-	9,027,188	(675,045)	(315,396)	-	-	(990,442)	8,036,747
1845	Underground Conductors and Devic	25	161,359,875	6,352,682	-	-	167,712,557	(66,254,931)	(6,295,908)	-	-	(72,550,839)	95,161,717
1850	Line Transformers	25	71,608,663	3,160,025	-	-	74,768,688	(32,687,654)	(2,588,355)	-	-	(35,276,009)	39,492,679
1855	Services	25	20,348,023	714,723	-	-	21,062,746	(8,566,431)	(793,765)	-	-	(9,360,196)	11,702,550
1860	Meters	25	20,038,385	1,170,387	-	-	21,208,772	(10,260,967)	(771,531)	-	-	(11,032,497)	10,176,274
1908	Buildings and Fixtures	25	-	-	-	-	-	-	-	-	-	-	-
1915	Office Furniture and Equipment	10	1,481,448	47,337	-	-	1,528,785	(1,383,158)	(72,819)	-	-	(1,455,977)	72,808
1920	Computer Equipment - Hardware	5	2,842,267	453,294	-	-	3,295,561	(1,388,160)	(476,840)	-	-	(1,865,000)	1,430,561
1925	Computer Software	5	194,587	226,383	-	-	420,970	(19,651)	(61,556)	-	-	(81,206)	339,763
1930	Transportation Equipment	various	7,020,102	714,607	(326,260)	-	7,408,450	(4,609,996)	(604,317)	312,450	-	(4,901,863)	2,506,586
1935	Stores Equipment	10	200,520	19,150	-	-	219,670	(39,306)	(26,262)	-	-	(65,567)	154,103
1940	Tools, Shop and Garage Equipmen	10	2,091,557	152,979	-	-	2,244,536	(1,400,515)	(142,144)	-	-	(1,542,658)	701,877
1950	Power Operated Equipment	8	37,250	-	-	-	37,250	(6,719)	(4,656)	-	-	(11,375)	25,875
1955	Communication Equipment	10	244,108	50,146	-	-	294,254	(24,901)	(26,918)	-	-	(51,819)	242,435
1960	Miscellaneous Equipment	10	116,609	16,025	-	-	132,634	(7,670)	(12,462)	-	-	(20,133)	112,502
1980	System Supervisory Equipment	15	3,858,927	195,795	-	-	4,054,722	(2,406,021)	(194,665)	-	-	(2,600,686)	1,454,037
1995	Contributions and Grants - Credit	25	(48,500,552)	(4,471,257)	-	-	(52,971,809)	5,763,701	2,029,447	-	-	7,793,148	(45,178,661)
			384,136,113	20,905,874	(394,122)	-	404,647,864	(169,258,534)	(14,819,037)	312,450	-	(183,765,121)	220,882,743
2055	Construction Work in Progress--Ele	None	-	682,425	-	-	682,425	-	-	-	-	-	682,425
			384,136,113	21,588,299	(394,122)	-	405,330,289	(169,258,534)	(14,819,037)	312,450	-	(183,765,121)	221,565,168
2040	Electric Plant Held for Future Use	None	-	-	-	-	-	-	-	-	-		-
1610	Miscellaneous Intangible Plant	various	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
	Total		384,136,113	21,588,299	(394,122)	-	405,330,289	(169,258,534)	(14,819,037)	312,450	-	(183,765,121)	221,565,168

Table 3: Fixed Asset Continuity Schedule 2007

			Cost						Accumulated Depreciation					
OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance		Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
1805	Land	-	8,146,892	-	-	-	8,146,892		-	-	-	-	-	8,146,892
1806	Land Rights	50	1,363,044	19,170	-	-	1,382,214		(166,287)	(27,450)	-	-	(193,737)	1,188,476
1808	Buildings and Fixtures	various	26,272,435	1,630,659	-	-	27,903,094		(6,713,666)	(585,705)	-	-	(7,299,371)	20,603,723
1815	Transformer Station Equipment - No	40	10,680,767	12,600	-	-	10,693,367		(1,262,667)	(267,177)	-	-	(1,529,843)	9,163,524
1820	Distribution Station Equipment - No	various	40,830,304	192,033	-	-	41,022,337		(24,007,113)	(1,593,650)	-	-	(25,600,763)	15,421,574
1830	Poles, Towers and Fixtures	25	43,804,228	5,777,486	-	-	49,581,714		(15,809,144)	(1,791,415)	-	-	(17,600,560)	31,981,155
1835	Overhead Conductors and Devices	25	13,105,220	1,983,311	-	-	15,088,531		(1,793,122)	(563,875)	-	-	(2,356,997)	12,731,534
1840	Underground Conduit	25	9,027,188	2,102,665	-	-	11,129,854		(990,442)	(403,141)	-	-	(1,393,582)	9,736,271
1845	Underground Conductors and Devic	25	167,712,557	23,445,365	-	-	191,157,922		(72,550,839)	(6,849,054)	-	-	(79,399,893)	111,758,029
1850	Line Transformers	25	74,768,688	2,278,674	-	-	77,047,361		(35,276,009)	(2,693,877)	-	-	(37,969,885)	39,077,476
1855	Services	25	21,062,746	793,538	-	-	21,856,284		(9,360,196)	(823,930)	-	-	(10,184,127)	11,672,157
1860	Meters	25	21,208,772	6,157,185	-	-	27,365,957		(11,032,497)	(993,342)	-	-	(12,025,839)	15,340,118
1908	Buildings and Fixtures	25	-	-	-	-	-		-	-	-	-	-	-
1915	Office Furniture and Equipment	10	1,528,785	86,526	-	-	1,615,311		(1,455,977)	(53,032)	-	-	(1,509,009)	106,302
1920	Computer Equipment - Hardware	5	3,295,561	476,458	-	-	3,772,019		(1,865,000)	(562,571)	-		(2,427,570)	1,344,449
1925	Computer Software	5	420,970	508,907	-	-	929,876		(81,206)	(135,085)	-	-	(216,291)	713,586
1930	Transportation Equipment	various	7,408,450	1,355,127	(347,742)	-	8,415,834		(4,901,863)	(510,443)	326,682	-	(5,085,625)	3,330,210
1935	Stores Equipment	10	219,670	0	-	-	219,670		(65,567)	(21,967)	-	-	(87,535)	132,136
1940	Tools, Shop and Garage Equipmen	10	2,244,536	287,536	-	-	2,532,072		(1,542,658)	(158,494)	-	-	(1,701,152)	830,920
1950	Power Operated Equipment	8	37,250	0	-	-	37,250		(11,375)	(4,486)	-	-	(15,862)	21,388
1955	Communication Equipment	10	294,254	102,028	-	-	396,282		(51,819)	(34,527)	-	-	(86,346)	309,936
1960	Miscellaneous Equipment	10	132,634	15,620	-	-	148,254		(20,133)	(14,044)	-	-	(34,177)	114,077
1980	System Supervisory Equipment	15	4,054,722	208,555	-	-	4,263,277		(2,600,686)	(204,742)	-	-	(2,805,428)	1,457,849
1995	Contributions and Grants - Credit	25	(52,971,809)	(18,528,211)	-	-	(71,500,020)		7,793,148	2,489,437	-	-	10,282,585	(61,217,435)
			404,647,864	28,905,233	(347,742)	-	433,205,354		(183,765,121)	(15,802,569)	326,682	-	(199,241,008)	233,964,346
2055	Construction Work in Progress--Ele	None	682,425	1,964,208	-	-	2,646,633		-	-	-	-	-	2,646,633
			405,330,289	30,869,441	(347,742)	-	435,851,987		(183,765,121)	(15,802,569)	326,682	-	(199,241,008)	236,610,979
2040	Electric Plant Held for Future Use	None	-	-	-	-	-		-	-	-	-	-	-
1610	Miscellaneous Intangible Plant	various	-	-	-	-	-		-	-	-	-	-	-
			-	-	-	-	-		-	-	-	-	-	-
	Total		405,330,289	30,869,441	(347,742)	-	435,851,987		(183,765,121)	(15,802,569)	326,682	-	(199,241,008)	236,610,979

Table 4: Fixed Asset Continuity Schedule 2008

			Cost					Accumulated Depreciation					
OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
1805	Land	-	8,146,892	-	-	-	8,146,892	-	-	-	-	-	8,146,892
1806	Land Rights	50	1,382,214	7,069	-	-	1,389,282	(193,737)	(26,201)	-	-	(219,938)	1,169,344
1808	Buildings and Fixtures	various	27,903,094	1,283,556	-	-	29,186,650	(7,299,371)	(631,907)	-	-	(7,931,278)	21,255,373
1815	Transformer Station Equipment - Normally Primary above 50 kV	40	10,693,367	3,803,296	-	432,983	14,929,647	(1,529,843)	(282,222)	-	(43,185)	(1,855,250)	13,074,397
1820	Distribution Station Equipment - Normally Primary below 50 kV	various	41,022,337	169,870	(491,201)	(488,021)	40,212,984	(25,600,763)	(1,414,344)	399,185	45,434	(26,570,489)	13,642,496
1830	Poles, Towers and Fixtures	25	49,581,714	4,388,180	-	-	53,969,895	(17,600,560)	(1,959,464)	-	-	(19,560,024)	34,409,871
1835	Overhead Conductors and Devices	25	15,088,531	2,073,555	-	-	17,162,086	(2,356,997)	(645,012)	-	-	(3,002,010)	14,160,077
1840	Underground Conduit	25	11,129,854	1,926,785	-	16,636	13,073,275	(1,393,582)	(483,730)	-	(1,386)	(1,878,699)	11,194,576
1845	Underground Conductors and Devices	25	191,157,922	16,144,870	-	-	207,302,793	(79,399,893)	(7,555,819)	-	-	(86,955,712)	120,347,081
1850	Line Transformers	25	77,047,361	5,378,129	(32,048)	-	82,393,441	(37,969,885)	(2,840,502)	22,787	-	(40,787,600)	41,605,841
1855	Services	25	21,856,284	544,543	-	-	22,400,827	(10,184,127)	(850,692)	-	-	(11,034,819)	11,366,009
1860	Meters	25	27,365,957	6,392,693	-	-	33,758,650	(12,025,839)	(1,280,788)	-	-	(13,306,627)	20,452,023
1908	Buildings and Fixtures	25	-	-	-	-	-	-	-	-	-	-	-
1915	Office Furniture and Equipment	10	1,615,311	84,367	-	-	1,699,677	(1,509,009)	(35,083)	-	-	(1,544,092)	155,585
1920	Computer Equipment - Hardware	5	3,772,019	155,453	-	-	3,927,472	(2,427,570)	(584,187)	-	-	(3,011,758)	915,715
1925	Computer Software	5	929,876	184,032	-	-	1,113,908	(216,291)	(204,314)	-	-	(420,605)	693,303
1930	Transportation Equipment	various	8,415,834	90,483	(38,689)	-	8,467,628	(5,085,625)	(472,752)	38,688	-	(5,519,688)	2,947,940
1935	Stores Equipment	10	219,670	-	-	-	219,670	(87,534)	(16,339)	-	-	(103,873)	115,797
1940	Tools, Shop and Garage Equipment	10	2,532,072	156,761	-	-	2,688,833	(1,701,152)	(151,698)	-	-	(1,852,850)	835,983
1950	Power Operated Equipment	8	37,250	-	-	-	37,250	(15,862)	(4,486)	-	-	(20,348)	16,902
1955	Communication Equipment	10	396,282	78,757	-	-	475,040	(86,346)	(43,566)	-	-	(129,912)	345,127
1960	Miscellaneous Equipment	10	148,254	12,711	(15,827)	-	145,138	(34,177)	(14,670)	3,165	-	(45,682)	99,456
1980	System Supervisory Equipment	15	4,263,277	144,806	-	38,402	4,446,485	(2,805,428)	(206,192)	-	(863)	(3,012,483)	1,434,003
1995	Contributions and Grants - Credit	25	(71,500,020)	(16,082,800)	-	-	(87,582,820)	10,282,585	3,181,657	-	-	13,464,242	(74,118,578)
			433,205,354	26,937,116	(577,765)	(0)	459,564,705	(199,241,008)	(16,522,311)	463,825	(0)	(215,299,494)	244,265,211
2055	Construction Work in Progress--Electric	None	2,646,633	(1,397,746)	-	-	1,248,887	-	-	-	-	-	1,248,887
			435,851,987	25,539,370	(577,765)	(0)	460,813,593	(199,241,008)	(16,522,311)	463,825	(0)	(215,299,494)	245,514,098
2040	Electric Plant Held for Future Use	None	-	3,554,454	(442,989)	-	3,111,465	-	-	-	-		3,111,465
1610	Miscellaneous Intangible Plant	various	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
	Total		435,851,987	29,093,824	(1,020,754)	(0)	463,925,058	(199,241,008)	(16,522,311)	463,825	(0)	(215,299,494)	248,625,563

Table 5: Fixed Asset Continuity Schedule 2009

				Cost					Accumulated Depreciation					
CCA Class	OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
Land	1805	Land	-	8,146,892	-	-	-	8,146,892	-	-	-	-	-	8,146,892
ECE	1806	Land Rights	50	1,389,282	23,226	-	-	1,412,508	(219,938)	(1,026)	-	-	(220,964)	1,191,543
1	1808	Buildings and Fixtures	various	29,186,650	602,472	-	(310,348)	29,478,774	(7,931,278)	(646,798)	-	21,626	(8,556,449)	20,922,325
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	40	14,929,647	257,953	-	(3,175,683)	12,011,917	(1,855,250)	(296,781)	-	39,696	(2,112,335)	9,899,582
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	various	40,212,984	279,295	-	-	40,492,279	(26,570,489)	(1,362,272)	-	-	(27,932,761)	12,559,518
47	1830	Poles, Towers and Fixtures	25	53,969,895	7,129,091	(186)	-	61,098,800	(19,560,024)	(2,153,557)	89	-	(21,713,492)	39,385,308
47	1835	Overhead Conductors and Devices	25	17,162,086	2,214,142	-	-	19,376,229	(3,002,010)	(730,766)	-	-	(3,732,776)	15,643,453
47	1840	Underground Conduit	25	13,073,275	4,665,139	-	-	17,738,414	(1,878,699)	(616,234)	-	-	(2,494,932)	15,243,481
47	1845	Underground Conductors and Devices	25	207,302,793	7,731,744	-	-	215,034,537	(86,955,712)	(7,990,536)	-	-	(94,946,248)	120,088,289
47	1850	Line Transformers	25	82,393,441	6,208,233	(9,469)	-	88,592,205	(40,787,600)	(3,068,975)	5,149	-	(43,851,426)	44,740,779
47	1855	Services	25	22,400,827	613,536	-	-	23,014,363	(11,034,819)	(873,853)	-	-	(11,908,672)	11,105,691
47	1860	Meters	25	33,758,650	9,445,080	-	-	43,203,730	(13,306,627)	(1,738,932)	-	-	(15,045,559)	28,158,172
1	1908	Buildings and Fixtures	25	-	-	-	310,348	310,348	-	(12,226)	-	(21,626)	(33,853)	276,496
45.1/45	1915	Office Furniture and Equipment	10	1,699,677	2,570	-	-	1,702,247	(1,544,092)	(37,741)	-	-	(1,581,833)	120,413
45.1/46	1920	Computer Equipment - Hardware	5	3,927,472	70,653	-	(798,328)	3,199,798	(3,011,758)	(330,559)	-	495,423	(2,846,894)	352,904
12	1925	Computer Software	5	1,113,908	(0)	(32,681)	(1,081,227)	-	(420,605)	(6,536)	32,061	395,081	-	-
10	1930	Transportation Equipment	various	8,467,628	215,003	(66,999)	760,969	9,376,602	(5,519,688)	(529,301)	66,999	-	(5,981,990)	3,394,612
10	1935	Stores Equipment	10	219,670	-	-	-	219,670	(103,873)	(16,339)	-	-	(120,212)	99,458
10	1940	Tools, Shop and Garage Equipment	10	2,688,833	159,036	-	-	2,847,869	(1,852,850)	(146,381)	-	-	(1,999,230)	848,639
10	1950	Power Operated Equipment	8	37,250	-	-	-	37,250	(20,348)	(4,486)	-	-	(24,835)	12,416
47	1955	Communication Equipment	10	475,040	117,318	-	12,711	605,068	(129,912)	(53,345)	-	(636)	(183,893)	421,175
47	1960	Miscellaneous Equipment	10	145,138	8,554	-	(12,711)	140,982	(45,682)	(13,670)	-	636	(58,716)	82,265
47	1980	System Supervisory Equipment	15	4,446,485	64,979	-	-	4,511,464	(3,012,483)	(207,359)	-	-	(3,219,842)	1,291,622
C. Contr	1995	Contributions and Grants - Credit	25	(87,582,820)	(12,704,438)	-	-	(100,287,257)	13,464,242	3,757,402	-	-	17,221,643	(83,065,614)
				459,564,705	27,103,587	(109,335)	(4,294,269)	482,264,689	(215,299,494)	(17,080,273)	104,298	930,200	(231,345,270)	250,919,419
	2055	Construction Work in Progress--Electric	None	1,248,887	798,274	-	(1,248,887)	798,274	-	-	-	-	-	798,274
				460,813,593	27,901,861	(109,335)	(5,543,156)	483,062,962	(215,299,494)	(17,080,273)	104,298	930,200	(231,345,270)	251,717,692
	2040	Electric Plant Held for Future Use	None	3,111,465	258,332	-	-	3,369,797	-	-	-	-		3,369,797
	1610	Miscellaneous Intangible Plant - TS CIP		-	5,118,257	-	-	5,118,257	-	-	-	-	-	5,118,257
	1610	Miscellaneous Intangible Plant - Software CIP		-	84,843	-	-	84,843	-	-	-	-	-	84,843
	1610	Miscellaneous Intangible Plant - TS in-service	40	-	(130,042)	-	3,175,683	3,045,640	-	(77,767)	-	(39,696)	(117,463)	2,928,177
	1610	Miscellaneous Intangible Plant - Software in-service	5	-	61,000	-	1,879,555	1,940,555	-	(358,541)	-	(890,504)	(1,249,045)	691,510
				-	5,134,057	-	5,055,238	10,189,295	-	(436,308)	-	(930,200)	(1,366,507)	8,822,788
		Total		463,925,058	33,294,250	(109,335)	(487,918)	496,622,055	(215,299,494)	(17,516,581)	104,298	0	(232,711,777)	263,910,277

FIXED ASSET CONTINUITY SCHEDULES FORECASTS - 2010 AND 2011

Table 1: Forecast Fixed Asset Continuity Schedule 2010

				Cost					Accumulated Depreciation					
CCA Class	OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
Land	1805	Land	-	8,146,892	-	-	-	8,146,892	-	-	-	-	-	8,146,892
ECE	1806	Land Rights	various	1,191,543	336,248	-	(33,300)	1,494,492	-	(7,085)	-	-	(7,085)	1,487,407
1	1808	Buildings and Fixtures	50	18,568,062	480,643	-	2,309,518	21,358,223	-	(670,136)	-	-	(670,136)	20,688,086
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	40	12,253,845	1,110,729	-	(2,464,263)	10,900,311	-	(333,452)	-	-	(333,452)	10,566,859
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	40	12,559,518	1,064,281	-	(105,400)	13,518,399	-	(603,123)	-	-	(603,123)	12,915,275
47	1830	Poles, Towers and Fixtures	42	26,798,783	6,387,591	-	(743,292)	32,443,082	-	(1,235,413)	-	-	(1,235,413)	31,207,669
47	1835	Overhead Conductors and Devices	50	9,969,757	1,694,367	-	(197,165)	11,466,959	-	(369,997)	-	-	(369,997)	11,096,962
47	1840	Underground Conduit	50	10,808,202	2,944,732	-	(342,664)	13,410,271	-	(381,935)	-	-	(381,935)	13,028,336
47	1845	Underground Conductors and Devices	35	69,887,182	9,667,697	-	(1,124,981)	78,429,897	-	(5,382,302)	-	-	(5,382,302)	73,047,595
47	1850	Line Transformers	40	39,758,478	4,154,621	-	(483,452)	43,429,647	-	(1,511,469)	-	-	(1,511,469)	41,918,178
47	1855	Services	50	5,918,984	560,264	-	-	6,479,248	-	(294,486)	-	-	(294,486)	6,184,762
47	1860	Meters	15	28,158,172	477,000	-	-	28,635,172	-	(1,702,349)	-	-	(1,702,349)	26,932,822
1	1908	Buildings and Fixtures	25	276,496	-	-	-	276,496	-	(12,289)	-	-	(12,289)	264,207
45.1/45	1915	Office Furniture and Equipment	10	120,413	52,000	-	-	172,413	-	(39,318)	-	-	(39,318)	133,095
45.1/46	1920	Computer Equipment - Hardware	5	352,904	791,000	-	-	1,143,904	-	(260,678)	-	-	(260,678)	883,227
12	1925	Computer Software	5	-	-	-	-	-	-	-	-	-	-	-
10	1930	Transportation Equipment	various	3,394,612	1,904,000	-	-	5,298,612	-	(704,519)	-	-	(704,519)	4,594,092
10	1935	Stores Equipment	10	99,458	-	-	-	99,458	-	(16,339)	-	-	(16,339)	83,119
10	1940	Tools, Shop and Garage Equipment	10	848,639	324,000	-	-	1,172,639	-	(156,954)	-	-	(156,954)	1,015,685
10	1950	Power Operated Equipment	8	12,416	-	-	-	12,416	-	(4,486)	-	-	(4,486)	7,929
47	1955	Communication Equipment	10	421,175	40,000	-	-	461,175	-	(62,507)	-	-	(62,507)	398,668
47	1960	Miscellaneous Equipment	10	82,241	-	-	-	82,241	-	(14,098)	-	-	(14,098)	68,142
47	1980	System Supervisory Equipment	7	1,291,622	85,000	-	-	1,376,622	-	(671,528)	-	-	(671,528)	705,094
C. Contr	1995	Contributions and Grants - Credit	35	-	(9,847,187)	-	-	(9,847,187)	-	2,845,706	-	-	2,845,706	(7,001,481)
				250,919,394	22,226,986	-	(3,185,000)	269,961,380	-	(11,588,759)	-	-	(11,588,759)	258,372,621
	2055	Construction Work in Progress--Electric	None	798,274	31,066	-	3,185,000	4,014,340	-	-	-	-	-	4,014,340
				251,717,667	22,258,052	-	0	273,975,720	-	(11,588,759)	-	-	(11,588,759)	262,386,961
	2040	Electric Plant Held for Future Use	None	3,369,797	-	-	-	3,369,797	-	-	-	-	-	3,369,797
	1610	Miscellaneous Intangible Plant - TS CIP	None	5,118,257	-	-	(5,118,257)	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant - Software CIP	None	84,843	-	-	(84,843)	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant - TS in-service	various	2,928,177	5,268,063	-	5,118,257	13,314,497	-	(332,189)	-	-	(332,189)	12,982,309
	1610	Miscellaneous Intangible Plant - Software in-service	5	691,510	893,000	-	84,843	1,669,353	-	(285,563)	-	-	(285,563)	1,383,790
				8,822,788	6,161,063	-	0	14,983,851	-	(617,752)	-	-	(617,752)	14,366,099
		Total		263,910,252	28,419,115	-	0	292,329,368	-	(12,206,510)	-	-	(12,206,510)	280,122,857

Table 2: Forecast Fixed Asset Continuity Schedule 2011

				Cost					Accumulated Depreciation					
CCA Class	OEB	Account description	Depreciation Rate	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Opening Balance	Additions	Disposals	Adjustments	Closing Balance	Net Book Value
Land	1805	Land	-	8,146,892	-	-	-	8,146,892	-	-	-	-	-	8,146,892
ECE	1806	Land Rights	various	1,494,492	168,685	-	16,600	1,679,777	(7,085)	(10,791)	-	-	(17,876)	1,661,901
1	1808	Buildings and Fixtures	50	21,358,223	920,192	-	(45,127)	22,233,288	(670,136)	(683,834)	-	-	(1,353,971)	20,879,317
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	40	10,900,311	1,412,106	-	23,324	12,335,741	(333,452)	(378,309)	-	-	(711,761)	11,623,980
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	40	13,518,399	765,648	-	58,404	14,342,451	(603,123)	(623,725)	-	-	(1,226,848)	13,115,603
47	1830	Poles, Towers and Fixtures	42	32,443,082	4,506,694	-	435,436	37,385,212	(1,235,413)	(1,353,083)	-	-	(2,588,496)	34,796,716
47	1835	Overhead Conductors and Devices	50	11,466,959	791,911	-	143,069	12,401,939	(369,997)	(388,696)	-	-	(758,693)	11,643,246
47	1840	Underground Conduit	50	13,410,271	3,002,693	-	137,548	16,550,511	(381,935)	(441,860)	-	-	(823,795)	15,726,716
47	1845	Underground Conductors and Devices	35	78,429,897	11,321,695	-	351,588	90,103,180	(5,382,302)	(5,715,825)	-	-	(11,098,127)	79,005,054
47	1850	Line Transformers	40	43,429,647	5,187,987	-	129,057	48,746,692	(1,511,469)	(1,644,396)	-	-	(3,155,865)	45,590,827
47	1855	Services	50	6,479,248	633,342	-	-	7,112,590	(294,486)	(307,153)	-	-	(601,638)	6,510,951
47	1860	Meters	15	28,635,172	847,000	-	-	29,482,172	(1,702,349)	(1,719,701)	-	-	(3,422,050)	26,060,122
1	1908	Buildings and Fixtures	25	276,496	-	-	-	276,496	(12,289)	(12,289)	-	-	(24,577)	251,918
45.1/45	1915	Office Furniture and Equipment	10	172,413	146,500	-	-	318,913	(39,318)	(48,683)	-	-	(88,001)	230,913
45.1/46	1920	Computer Equipment - Hardware	5	1,143,904	283,466	-	-	1,427,370	(260,678)	(281,549)	-	-	(542,226)	885,144
12	1925	Computer Software	5	-	-	-	-	-	-	-	-	-	-	-
10	1930	Transportation Equipment	various	5,298,612	2,207,000	-	-	7,505,612	(704,519)	(917,569)	-	-	(1,622,088)	5,883,523
10	1935	Stores Equipment	10	99,458	-	-	-	99,458	(16,339)	(16,339)	-	-	(32,678)	66,780
10	1940	Tools, Shop and Garage Equipment	10	1,172,639	75,000	-	-	1,247,639	(156,954)	(160,003)	-	-	(316,956)	930,682
10	1950	Power Operated Equipment	8	12,416	-	-	-	12,416	(4,486)	(4,486)	-	-	(8,972)	3,443
47	1955	Communication Equipment	10	461,175	131,000	-	-	592,175	(62,507)	(71,057)	-	-	(133,564)	458,612
47	1960	Miscellaneous Equipment	10	82,241	-	-	-	82,241	(14,098)	(14,098)	-	-	(28,196)	54,044
47	1980	System Supervisory Equipment	7	1,376,622	437,000	-	-	1,813,622	(671,528)	(268,804)	-	-	(940,332)	873,290
C. Contr	1995	Contributions and Grants - Credit	35	(9,847,187)	(12,363,428)	-	-	(22,210,615)	2,845,706	3,198,947	-	-	6,044,653	(16,165,962)
				269,961,380	20,474,491	-	1,249,899	291,685,770	(11,588,759)	(11,863,301)	-	-	(23,452,060)	268,233,710
	2055	Construction Work in Progress--Electric	None	4,014,340	(11,541)	-	(1,249,900)	2,752,899	-	-	-	-	-	2,752,899
				273,975,720	20,462,950	-	(0)	294,438,669	(11,588,759)	(11,863,301)	-	-	(23,452,060)	270,986,609
	2040	Electric Plant Held for Future Use	None	3,369,797	-	-	-	3,369,797	-	-	-	-	-	3,369,797
	1610	Miscellaneous Intangible Plant - TS CIP	None	-	-	-	-	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant - Software CIP	None	-	-	-	-	-	-	-	-	-	-	-
	1610	Miscellaneous Intangible Plant - TS in-service	various	13,314,497	-	-	-	13,314,497	(332,189)	(332,189)	-	-	(664,377)	12,650,120
	1610	Miscellaneous Intangible Plant - Software in-service	5	1,669,353	521,534	-	-	2,190,887	(285,563)	(235,483)	-	-	(521,046)	1,669,841
				14,983,851	521,534	-	-	15,505,385	(617,752)	(567,672)	-	-	(1,185,424)	14,319,961
		Total		292,329,368	20,984,484	-	(0)	313,313,851	(12,206,510)	(12,430,973)	-	-	(24,637,483)	288,676,368

FIXED ASSET VARIANCE ANALYSIS

Table 1: Fixed Asset Variance 2006 - 2011, on the following page, sets out Hydro One Brampton's fixed assets for 2006 Board Approved and Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 bridge, and 2011 test year. This table also outlines the following variances as outlined in Tab 5, Schedule 1 of this Exhibit:

- 2006 Actual against 2006 Board Approved
- 2007 Actual against 2006 Actual
- 2008 Actual against 2007 Actual
- 2009 Actual against 2008 Actual
- 2010 Bridge against 2009 Actual
- 2011 Test against 2010 Bridge

Hydro One Brampton notes that the 2006 Board Approved balance was determined through the 2006 EDR process and is based on HOBNI's 2004 year-end adjusted account balances. Accordingly, the variance between the 2006 Actual and the 2006 Board Approved spans a two-year period.

The materiality threshold used to analyze fixed asset variances is $300,000, which is consistent with the threshold used throughout this application.

Table 1: Fixed Asset Variance 2006 - 2011

OEB #	Description	2006 Board Approved ($)	2006 Actual ($)	Variance form 2006 Board Approved	2007 Actual ($)	Variance from 2006 Actual	2008 Actual ($)	Variance from 2007 Actual	2009 Actual ($)	Variance from 2008 Actual	2010 Bridge ($)	Variance from 2009 Actual	2011 Test ($)	Variance from 2010 Bridge
	Land and Buildings													
1805	Land	8,191,402	8,146,892	(44,510)	8,146,892	-	8,146,892	-	8,146,892	-	8,146,892	-	8,146,892	-
1806	Land Rights	998,488	1,363,044	364,555	1,382,214	19,170	1,389,282	7,069	1,412,508	23,226	1,494,492	81,984	1,679,777	185,285
1808	Buildings and Fixtures	21,077,814	26,272,435	5,194,621	27,903,094	1,630,659	29,186,650	1,283,556	29,478,774	292,124	21,358,223	(8,120,551)	22,233,288	875,065
1908	Buildings and Fixtures		-	-	-	-	-	-	310,348	310,348	276,496	(33,853)	276,496	-
	Subtotal - Land and Buildings	30,267,704	35,782,370	5,514,666	37,432,199	1,649,829	38,722,824	1,290,625	39,348,522	625,698	31,276,102	(8,072,420)	32,336,452	1,060,350
	Distribution Systems													
1815	Transformer Station Equipment - Normally Primary above 50 kV	13,546,126	10,680,767	(2,865,359)	10,693,367	12,600	14,929,647	4,236,279	12,011,917	(2,917,730)	10,900,311	(1,111,606)	12,335,741	1,435,430
1820	Distribution Station Equipment - Normally Primary below 50 kV	39,866,293	40,830,304	964,011	41,022,337	192,033	40,212,984	(809,353)	40,492,279	279,295	13,518,399	(26,973,880)	14,342,451	824,052
	Subtotal - Distributions Systems	53,412,419	51,511,071	(1,901,347)	51,715,705	204,633	55,142,631	3,426,927	52,504,196	(2,638,435)	24,418,710	(28,085,486)	26,678,192	2,259,482
	Poles and Wires													
1830	Poles, Towers and Fixtures	32,481,555	43,804,228	11,322,674	49,581,714	5,777,486	53,969,895	4,388,180	61,098,800	7,128,905	32,443,082	(28,655,718)	37,385,212	4,942,130
1835	Overhead Conductors and Devices	7,522,161	13,105,220	5,583,060	15,088,531	1,983,311	17,162,086	2,073,555	19,376,229	2,214,142	11,466,959	(7,909,270)	12,401,939	934,980
1840	Underground Conduit	4,211,008	9,027,188	4,816,180	11,129,854	2,102,665	13,073,275	1,943,421	17,738,414	4,665,139	13,410,271	(4,328,143)	16,550,511	3,140,240
1845	Underground Conductors and Devices	149,028,184	167,712,557	18,684,373	191,157,922	23,445,365	207,302,793	16,144,870	215,034,537	7,731,744	78,429,897	(136,604,640)	90,103,180	11,673,283
	Subtotal - Poles and Wires	193,242,907	233,649,194	40,406,287	266,958,022	33,308,828	291,508,049	24,550,027	313,247,979	21,739,931	135,750,209	(177,497,771)	156,440,842	20,690,633
	Line Transformers													
1850	Line Transformers	66,129,151	74,768,688	8,639,536	77,047,361	2,278,674	82,393,441	5,346,080	88,592,205	6,198,764	43,429,647	(45,162,558)	48,746,692	5,317,044
	Subtotal - Line Transformers	66,129,151	74,768,688	8,639,536	77,047,361	2,278,674	82,393,441	5,346,080	88,592,205	6,198,764	43,429,647	(45,162,558)	48,746,692	5,317,044
	Services and Meters													
1855	Services	18,875,683	21,062,746	2,187,064	21,856,284	793,538	22,400,827	544,543	23,014,363	613,536	6,479,248	(16,535,115)	7,112,590	633,342
1860	Meters	18,796,314	21,208,772	2,412,458	27,365,957	6,157,185	33,758,650	6,392,693	43,203,730	9,445,080	28,635,172	(14,568,559)	29,482,172	847,000
	Subtotal - Services and Meters	37,671,996	42,271,518	4,599,522	49,222,241	6,950,723	56,159,477	6,937,236	66,218,093	10,058,616	35,114,419	(31,103,674)	36,594,761	1,480,342
	IT Assets													
1920	Computer Equipment - Hardware	1,441,891	3,295,561	1,853,670	3,772,019	476,458	3,927,472	155,453	3,199,798	(727,675)	1,143,904	(2,055,894)	1,427,370	283,466
1925	Computer Software		420,970	420,970	929,876	508,907	1,113,908	184,032	-	(1,113,908)	-	-	-	-
	Subtotal - IT Assets	1,441,891	3,716,531	2,274,640	4,701,896	985,365	5,041,381	339,485	3,199,798	(1,841,583)	1,143,904	(2,055,894)	1,427,370	283,466
	Equipment													
1915	Office Furniture and Equipment	1,307,532	1,528,785	221,253	1,615,311	86,526	1,699,677	84,367	1,702,247	2,570	172,413	(1,529,833)	318,913	146,500
1930	Transportation Equipment	6,442,515	7,408,450	965,935	8,415,834	1,007,384	8,467,628	51,794	9,376,602	908,973	5,298,612	(4,077,990)	7,505,612	2,207,000
1935	Stores Equipment	-	219,670	219,670	219,670	0	219,670	0	219,670	-	99,458	(120,212)	99,458	-
1940	Tools, Shop and Garage Equipment	1,841,837	2,244,536	402,698	2,532,072	287,536	2,688,833	156,761	2,847,869	159,036	1,172,639	(1,675,230)	1,247,639	75,000
1950	Power Operated Equipment	-	37,250	37,250	37,250	0	37,250	(0)	37,250	-	12,416	(24,835)	12,416	-
1960	Miscellaneous Equipment	1,288	132,634	131,346	148,254	15,620	145,138	(3,116)	140,982	(4,156)	82,241	(58,741)	82,241	-
1955	Communication Equipment	56,874	294,254	237,380	396,282	102,028	475,040	78,757	605,068	130,028	461,175	(143,893)	592,175	131,000
1980	System Supervisory Equipment	3,588,921	4,054,722	465,802	4,263,277	208,555	4,446,485	183,208	4,511,464	64,979	1,376,622	(3,134,842)	1,813,622	437,000
	Subtotal - Equipment	13,238,967	15,920,301	2,681,334	17,627,950	1,707,649	18,179,722	551,771	19,441,152	1,261,430	8,675,576	(10,765,576)	11,672,076	2,996,500
	Other General Assets													
1995	Contributions and Grants - Credit	(36,117,714)	(52,971,809)	(16,854,095)	(71,500,020)	(18,528,211)	(87,582,820)	(16,082,800)	(100,287,257)	(12,704,438)	(9,847,187)	90,440,070	(22,210,615)	(12,363,428)
2055	Construction Work in Progress--Electric	-	682,425	682,425	2,646,633	1,964,208	1,248,887	(1,397,746)	798,274	(450,614)	4,014,340	3,216,066	2,752,899	(1,261,440)
2040	Electric Plant Held for Future Use	-	-	-	-	-	3,111,465	3,111,465	3,369,797	258,332	3,369,797	-	3,369,797	-
1610	Miscellaneous Intangible Plant - TS CIP	-	-	-	-	-	-	-	5,118,257	5,118,257	-	(5,118,257)	-	-
1610	Miscellaneous Intangible Plant - Software CIP	-	-	-	-	-	-	-	84,843	84,843	-	(84,843)	-	-
1610	Miscellaneous Intangible Plant - TS in-service	-	-	-	-	-	-	-	3,045,640	3,045,640	13,314,497	10,268,857	13,314,497	-
1610	Miscellaneous Intangible Plant - Software in-service	-	-	-	-	-	-	-	1,940,555	1,940,555	1,669,353	(271,202)	2,190,887	521,534
	Subtotal - Other General Assets	(36,117,714)	(52,289,384)	(16,171,670)	(68,853,386)	(16,564,003)	(83,222,467)	(14,369,081)	(85,929,891)	(2,707,424)	12,520,801	98,450,692	(582,534)	(13,103,335)
	TOTAL	359,287,322	405,330,289	46,042,967	435,851,987	30,521,699	463,925,058	28,073,070	496,622,055	32,696,997	292,329,368	(204,292,687)	313,313,851	20,984,483

FIXED ASSETS HIGH LEVEL SUMMARY

Table 1 (below) sets out Hydro One Brampton's gross assets and breaks them down by function – distribution plant, general plant, and other capital assets. In accordance with the Uniform System of Accounts, Hydro One Brampton has included asset accounts 1805 to 1860 in the category of distribution plant, accounts 1915 to 1990 in the category of general plant and accounts 2040 and 2055 in the category of other capital assets. While account 1995, contributions and grants, is categorized as general plant, capital contributions have been shown separately in the table below, HOBNI Gross Asset Breakdown 2006 – 2011.

Table 1: Gross Asset Breakdown 2006 - 2011

Gross Assets	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Distribution Plant	350,456,474	437,982,841	482,375,528	523,926,423	559,910,996	269,989,087	300,796,939
General Plant	44,948,562	19,636,832	22,329,846	23,221,102	22,640,950	9,819,480	13,099,446
Contributions and Grants	(36,117,714)	(52,971,809)	(71,500,020)	(87,582,820)	(100,287,257)	(9,847,187)	(22,210,615)
Other Plant	-	682,425	2,646,633	4,360,352	14,357,366	22,367,988	21,628,081
Total	359,287,322	405,330,289	435,851,987	463,925,058	496,622,055	292,329,368	313,313,851

GROSS ASSET BREAKDOWN BY MAJOR PLANT ACCOUNT

Table 1, below, sets out Hydro One Brampton's gross assets and provides a detailed breakdown by each major plant account for each functionalized plant item for the years 2006, 2007, 2008, 2009, 2010 Bridge, and 2011 Test Year.

Table 1

Description	2006 Board Approved ($)	2006 Actual ($)	2007 Actual ($)	2008 Actual ($)	2009 Actual ($)	2010 Bridge ($)	2011 Test ($)
Land and Buildings							
Land	8,191,402	8,146,892	8,146,892	8,146,892	8,146,892	8,146,892	8,146,892
Land Rights	998,488	1,363,044	1,382,214	1,389,282	1,412,508	1,494,492	1,679,777
Buildings and Fixtures	21,077,814	26,272,435	27,903,094	29,186,650	29,478,774	21,358,223	22,233,288
Buildings and Fixtures		-	-	-	310,348	276,496	276,496
Subtotal - Land and Buildings	30,267,704	35,782,370	37,432,199	38,722,824	39,348,522	31,276,102	32,336,452
Distribution Systems							
Transformer Station Equipment - Normally Primary above 50 kV	13,546,126	10,680,767	10,693,367	14,929,647	12,011,917	10,900,311	12,335,741
Distribution Station Equipment - Normally Primary below 50 kV	39,866,293	40,830,304	41,022,337	40,212,984	40,492,279	13,518,399	14,342,451
Subtotal - Distributions Systems	53,412,419	51,511,071	51,715,705	55,142,631	52,504,196	24,418,710	26,678,192
Poles and Wires							
Poles, Towers and Fixtures	32,481,555	43,804,228	49,581,714	53,969,895	61,098,800	32,443,082	37,385,212
Overhead Conductors and Devices	7,522,161	13,105,220	15,088,531	17,162,086	19,376,229	11,466,959	12,401,939
Underground Conduit	4,211,008	9,027,188	11,129,854	13,073,275	17,738,414	13,410,271	16,550,511
Underground Conductors and Devices	149,028,184	167,712,557	191,157,922	207,302,793	215,034,537	78,429,897	90,103,180
Subtotal - Poles and Wires	193,242,907	233,649,194	266,958,022	291,508,049	313,247,979	135,750,209	156,440,842
Line Transformers							
Line Transformers	66,129,151	74,768,688	77,047,361	82,393,441	88,592,205	43,429,647	48,746,692
Subtotal - Line Transformers	66,129,151	74,768,688	77,047,361	82,393,441	88,592,205	43,429,647	48,746,692
Services and Meters							
Services	18,875,683	21,062,746	21,856,284	22,400,827	23,014,363	6,479,248	7,112,590
Meters	18,796,314	21,208,772	27,365,957	33,758,650	43,203,730	28,635,172	29,482,172
Subtotal - Services and Meters	37,671,996	42,271,518	49,222,241	56,159,477	66,218,093	35,114,419	36,594,761
IT Assets							
Computer Equipment - Hardware	1,441,891	3,295,561	3,772,019	3,927,472	3,199,798	1,143,904	1,427,370
Computer Software		420,970	929,876	1,113,908	-	-	-
Subtotal - IT Assets	1,441,891	3,716,531	4,701,896	5,041,381	3,199,798	1,143,904	1,427,370
Equipment							
Office Furniture and Equipment	1,307,532	1,528,785	1,615,311	1,699,677	1,702,247	172,413	318,913
Transportation Equipment	6,442,515	7,408,450	8,415,834	8,467,628	9,376,602	5,298,612	7,505,612
Stores Equipment	-	219,670	219,670	219,670	219,670	99,458	99,458
Tools, Shop and Garage Equipment	1,841,837	2,244,536	2,532,072	2,688,833	2,847,869	1,172,639	1,247,639
Power Operated Equipment	-	37,250	37,250	37,250	37,250	12,416	12,416
Miscellaneous Equipment	1,288	132,634	148,254	145,138	140,982	82,241	82,241
Communication Equipment	56,874	294,254	396,282	475,040	605,068	461,175	592,175
System Supervisory Equipment	3,588,921	4,054,722	4,263,277	4,446,485	4,511,464	1,376,622	1,813,622
Subtotal - Equipment	13,238,967	15,920,301	17,627,950	18,179,722	19,441,152	8,675,576	11,672,076
Other General Assets							
Contributions and Grants - Credit	(36,117,714)	(52,971,809)	(71,500,020)	(87,582,820)	(100,287,257)	(9,847,187)	(22,210,615)
Construction Work in Progress--Electric	-	682,425	2,646,633	1,248,887	798,274	4,014,340	2,752,899
Electric Plant Held for Future Use	-	-	-	3,111,465	3,369,797	3,369,797	3,369,797
Miscellaneous Intangible Plant - TS CIP	-	-	-	-	5,118,257	-	-
Miscellaneous Intangible Plant - Software CIP	-	-	-	-	84,843	-	-
Miscellaneous Intangible Plant - TS in-service	-	-	-	-	3,045,640	13,314,497	13,314,497
Miscellaneous Intangible Plant - Software in-service	-	-	-	-	1,940,555	1,669,353	2,190,887
Subtotal - Other General Assets	(36,117,714)	(52,289,384)	(68,853,386)	(83,222,467)	(85,929,891)	12,520,801	(582,534)
TOTAL	359,287,322	405,330,289	435,851,987	463,925,058	496,622,055	292,329,368	313,313,851

EXHIBIT 2 TAB 3

ACCUMULATED DEPRECIATION

ACCUMULATED DEPRECIATION / DEPRECIATION EXPENSES RECONCILIATION

Table 1: Depreciation Expense Reconciliation

	2005	2006	2007	2008	2009	2010	2011
Additions to Accumulated Depreciation	13,941,728	14,819,037	15,802,569	16,522,311	17,516,581	12,206,510	12,430,973
Less: Fully Allocated Depreciation							
Transportation Equipment	(516,208)	(604,317)	(510,443)	(472,752)	(529,301)	(704,519)	(917,569)
Stores Equipment	(26,296)	(26,262)	(21,967)	(16,339)	(16,339)	(16,339)	(16,339)
Tools, Shop, and Garage Equipment	(125,281)	(142,144)	(158,494)	(151,698)	(146,381)		
Power Operated Equipment	(9,024)	(4,656)	(4,486)	(4,486)	(4,486)	(4,486)	(4,486)
	(676,809)	(777,379)	(695,390)	(645,275)	(696,507)	(725,344)	(938,395)
Add/(Subtract) Other Amortization							
Removal Costs	42,379	43,495	81,492	80,009	169,012	1,182,000	1,002,000
Amortization of PCB	-	-	-	117,163	461,896	482,000	-
Depreciation Adjustments	22,307	20,472	(16,807)	-	(78)	-	-
Amortization of Deferred Charges	-	1,172,836	426,480	142,160	-	-	-
	64,686	1,236,803	491,166	339,333	630,831	1,664,000	1,002,000
Net Depreciation	13,329,605	15,278,462	15,598,345	16,216,369	17,450,905	13,145,166	12,494,579
Depreciation per Trial Balance	13,329,605	15,278,462	15,598,345	16,216,369	17,450,905	13,145,166	12,494,579
Difference	0	- 0	0	- 0	- 0	0	0
Depreciation per audited financial statements	13,310,805	15,158,075	15,616,288	16,315,727	17,447,046		
Gain/Loss on Disposals	18,800	120,387	(17,943)	(99,358)	3,859		
	13,329,605	15,278,462	15,598,345	16,216,369	17,450,905		
Difference	0	(0)	(0)	0	0		

Hydro One Brampton's policy is to charge depreciation expense for Transportation Equipment, Stores Equipment, Tools, Shop and Garage Equipment and Power Operated Equipment to overhead. This is then allocated to various capital and expense accounts based on total payroll dollars.

Removal costs, PCB testing costs, amortization of regulatory assets, and gains/losses on asset disposals are also included as part of depreciation for CGAAP purposes.

Details of Hydro One Brampton's depreciation by account are provided in the Fixed Asset Continuity Schedules found on Tab 2, Schedule 1.1 and 1.2 of this Exhibit.

ACCUMULATED DEPRECIATION VARIANCE ANALYSIS

Table 1: Accumulated Depreciation Variance 2006 - 2011, on the following page, sets out Hydro One Brampton's accumulated depreciation amounts for Board Approved and Actual for 2006 and Actual values for 2007, 2008, 2009, 2010 Bridge, and 2011 Test year. The table also outlines the following variances;

- 2006 Actual against 2006 Board Approved
- 2007 Actual against 2006 Actual
- 2008 Actual against 2007 Actual
- 2009 Actual against 2008 Actual
- 2010 Bridge against 2009 Actual
- 2011 Test against 2010 Bridge

Changes in accumulated depreciation are directly affected by changes in fixed assets due to additions, the removal of fully depreciated assets from the grouped asset classes, and the disposition of identifiable assets.

Table 1: Accumulated Depreciation Variance 2006 - 2011

OEB #	Description	2006 Board Approved ($)	2006 Actual ($)	Variance form 2006 Board Approved	2007 Actual ($)	Variance from 2006 Actual	2008 Actual ($)	Variance from 2007 Actual	2009 Actual ($)	Variance from 2008 Actual	2010 Bridge ($)	Variance from 2009 Actual	2011 Test ($)	Variance from 2010 Bridge
	Land and Buildings													
1805	Land	-	-	-	-	-	-	-	-	-	-		-	
1806	Land Rights	(109,292)	(166,287)	(56,995)	(193,737)	(27,450)	(219,938)	(26,201)	(220,964)	(1,026)	(7,085)	213,879	(17,876)	(10,791)
1808	Buildings and Fixtures	(5,429,331)	(6,713,666)	(1,284,334)	(7,299,371)	(585,705)	(7,931,278)	(631,907)	(8,556,449)	(625,172)	(670,136)	7,886,313	(1,353,971)	(683,834)
1908	Buildings and Fixtures	-	-	-	-	-	-	-	(33,853)	(33,853)	(12,289)	21,564	(24,577)	(12,289)
	Subtotal - Land and Buildings	(5,538,623)	(6,879,953)	(1,341,330)	(7,493,108)	(613,156)	(8,151,216)	(658,108)	(8,811,266)	(660,050)	(689,510)	8,121,756	(1,396,424)	(706,914)
	Distribution Systems													
1815	Transformer Station Equipment - Normally Primary above 50 kV	(689,235)	(1,262,667)	(573,432)	(1,529,843)	(267,177)	(1,855,250)	(325,407)	(2,112,335)	(257,085)	(333,452)	1,778,883	(711,761)	(378,309)
1820	Distribution Station Equipment - Normally Primary below 50 kV	(20,074,574)	(24,007,113)	(3,932,539)	(25,600,763)	(1,593,650)	(26,570,489)	(969,725)	(27,932,761)	(1,362,273)	(603,123)	27,329,638	(1,226,848)	(623,725)
	Subtotal - Distributions Systems	(20,763,809)	(25,269,780)	(4,505,971)	(27,130,607)	(1,860,827)	(28,425,739)	(1,295,132)	(30,045,096)	(1,619,357)	(936,576)	29,108,520	(1,938,610)	(1,002,034)
	Poles and Wires													
1830	Poles, Towers and Fixtures	(12,285,704)	(15,809,144)	(3,523,440)	(17,600,560)	(1,791,415)	(19,560,024)	(1,959,464)	(21,713,492)	(2,153,468)	(1,235,413)	20,478,079	(2,588,496)	(1,353,083)
1835	Overhead Conductors and Devices	(887,664)	(1,793,123)	(905,459)	(2,356,997)	(563,875)	(3,002,010)	(645,012)	(3,732,776)	(730,766)	(369,997)	3,362,779	(758,693)	(388,696)
1840	Underground Conduit	(408,730)	(990,442)	(581,712)	(1,393,582)	(403,141)	(1,878,699)	(485,116)	(2,494,932)	(616,234)	(381,935)	2,112,997	(823,795)	(441,860)
1845	Underground Conductors and Devices	(57,765,971)	(72,550,839)	(14,784,869)	(79,399,893)	(6,849,054)	(86,955,712)	(7,555,819)	(94,946,248)	(7,990,536)	(5,382,302)	89,563,946	(11,098,127)	(5,715,825)
	Subtotal - Poles and Wires	(71,348,069)	(91,143,548)	(19,795,479)	(100,751,032)	(9,607,484)	(111,396,444)	(10,645,412)	(122,887,449)	(11,491,005)	(7,369,647)	115,517,802	(15,269,111)	(7,899,463)
	Line Transformers													
1850	Line Transformers	(29,144,974)	(35,276,009)	(6,131,035)	(37,969,885)	(2,693,877)	(40,787,600)	(2,817,715)	(43,851,426)	(3,063,826)	(1,511,469)	42,339,957	(3,155,865)	(1,644,396)
	Subtotal - Line Transformers	(29,144,974)	(35,276,009)	(6,131,035)	(37,969,885)	(2,693,877)	(40,787,600)	(2,817,715)	(43,851,426)	(3,063,826)	(1,511,469)	42,339,957	(3,155,865)	(1,644,396)
	Services and Meters													
1855	Services	(7,490,844)	(9,360,196)	(1,869,352)	(10,184,127)	(823,930)	(11,034,819)	(850,692)	(11,908,672)	(873,853)	(294,486)	11,614,186	(601,638)	(307,153)
1860	Meters	(9,145,090)	(11,032,497)	(1,887,408)	(12,025,839)	(993,342)	(13,306,627)	(1,280,788)	(15,045,559)	(1,738,932)	(1,702,349)	13,343,209	(3,422,050)	(1,719,701)
	Subtotal - Services and Meters	(16,635,934)	(20,392,694)	(3,756,760)	(22,209,966)	(1,817,272)	(24,341,445)	(2,131,480)	(26,954,230)	(2,612,785)	(1,996,835)	24,957,395	(4,023,688)	(2,026,853)
	IT Assets													
1920	Computer Equipment - Hardware	(975,686)	(1,865,000)	(889,314)	(2,427,570)	(562,571)	(3,011,758)	(584,187)	(2,846,894)	164,864	(260,678)	2,586,216	(542,226)	(281,549)
1925	Computer Software	(5,544)	(81,206)	(75,662)	(216,291)	(135,085)	(420,605)	(204,314)	-	420,605	-	-	-	-
	Subtotal - IT Assets	(981,230)	(1,946,206)	(964,976)	(2,643,861)	(697,655)	(3,432,363)	(788,502)	(2,846,894)	585,469	(260,678)	2,586,216	(542,226)	(281,549)
	Equipment													
1915	Office Furniture and Equipment	(1,264,636)	(1,455,977)	(191,342)	(1,509,009)	(53,032)	(1,544,092)	(35,083)	(1,581,833)	(37,741)	(39,318)	1,542,516	(88,001)	(48,683)
1930	Transportation Equipment	(4,153,071)	(4,901,863)	(748,793)	(5,085,625)	(183,761)	(5,519,688)	(434,064)	(5,981,990)	(462,302)	(704,519)	5,277,471	(1,622,088)	(917,569)
1935	Stores Equipment	(12,486)	(65,567)	(53,082)	(87,535)	(21,967)	(103,873)	(16,338)	(120,212)	(16,339)	(16,339)	103,873	(32,678)	(16,339)
1940	Tools, Shop and Garage Equipment	(1,223,937)	(1,542,658)	(318,721)	(1,701,152)	(158,494)	(1,852,850)	(151,698)	(1,999,230)	(146,381)	(156,954)	1,842,277	(316,956)	(160,003)
1950	Power Operated Equipment	2,212	(11,375)	(13,587)	(15,862)	(4,486)	(20,348)	(4,487)	(24,835)	(4,486)	(4,486)	20,348	(8,972)	(4,486)
1960	Miscellaneous Equipment	(1,642)	(20,133)	(18,490)	(34,177)	(14,044)	(45,682)	(11,505)	(58,716)	(13,035)	(14,098)	44,618	(28,196)	(14,098)
1955	Communication Equipment	(6,727)	(51,819)	(45,093)	(86,346)	(34,527)	(129,912)	(43,566)	(183,893)	(53,980)	(62,507)	121,386	(133,564)	(71,057)
1980	System Supervisory Equipment	(2,118,228)	(2,600,686)	(482,457)	(2,805,428)	(204,742)	(3,012,483)	(207,055)	(3,219,842)	(207,359)	(671,528)	2,548,314	(940,332)	(268,804)
	Subtotal - Equipment	(8,778,514)	(10,650,080)	(1,871,565)	(11,325,133)	(675,053)	(12,228,928)	(903,795)	(13,170,551)	(941,623)	(1,669,749)	11,500,802	(3,170,789)	(1,501,039)
	Other General Assets													
1995	Contributions and Grants - Credit	3,898,110	7,793,148	3,895,039	10,282,585	2,489,437	13,464,242	3,181,657	17,221,643	3,757,402	2,845,706	(14,375,937)	6,044,653	3,198,947
2055	Construction Work in Progress--Electric	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	Electric Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-
1610	Miscellaneous Intangible Plant - TS CIP	-	-	-	-	-	-	-	-	-	-	-	-	-
1610	Miscellaneous Intangible Plant - Software CIP	-	-	-	-	-	-	-	-	-	-	-	-	-
1610	Miscellaneous Intangible Plant - TS in-service	-	-	-	-	-	-	-	(117,463)	(117,463)	(332,189)	(214,726)	(664,377)	(332,189)
1610	Miscellaneous Intangible Plant - Software in-service	-	-	-	-	-	-	-	(1,249,045)	(1,249,045)	(285,563)	963,482	(521,046)	(235,483)
	Subtotal - Other General Assets	3,898,110	7,793,148	3,895,039	10,282,585	2,489,437	13,464,242	3,181,657	15,855,136	2,390,894	2,227,954	(13,627,182)	4,859,229	2,631,275
	TOTAL	(149,293,043)	(183,765,121)	(34,472,078)	(199,241,008)	(15,475,887)	(215,299,494)	(16,058,486)	(232,711,777)	(17,412,283)	(12,206,510)	220,505,267	(24,637,483)	(12,430,973)

Hydro One Brampton has a variance analysis threshold for changes in accumulated depreciation of $300,000. **Table 2**, below, outlines the OEB accounts which exceed the variance in each year:

Table 2: Variance Threshold Exceeded 2006 – 2011

OEB #	Description	Variance form 2006 Board Approved	Variance from 2006 Actual	Variance from 2007 Actual	Variance from 2008 Actual	Variance from 2009 Actual	Variance from 2010 Bridge
1808	Buildings and Fixtures	(1,284,334)	(585,705)	(631,907)	(625,172)	7,886,313	(683,834)
1815	Transformer Station Equipment - Normally Prir	(573,432)	-	(325,407)	-	1,778,883	(378,309)
1820	Distribution Station Equipment - Normally Prir	(3,932,539)	(1,593,650)	(969,725)	(1,362,273)	27,329,638	(623,725)
1830	Poles, Towers and Fixtures	(3,523,440)	(1,791,415)	(1,959,464)	(2,153,468)	20,478,079	(1,353,083)
1835	Overhead Conductors and Devices	(905,459)	(563,875)	(645,012)	(730,766)	3,362,779	(388,696)
1840	Underground Conduit	(581,712)	(403,141)	(485,116)	(616,234)	2,112,997	(441,860)
1845	Underground Conductors and Devices	(14,784,869)	(6,849,054)	(7,555,819)	(7,990,536)	89,563,946	(5,715,825)
1850	Line Transformers	(6,131,035)	(2,693,877)	(2,817,715)	(3,063,826)	42,339,957	(1,644,396)
1855	Services	(1,869,352)	(823,930)	(850,692)	(873,853)	11,614,186	(307,153)
1860	Meters	(1,887,408)	(993,342)	(1,280,788)	(1,738,932)	13,343,209	(1,719,701)
1915	Office Furniture and Equipment	-	-	-	-	1,542,516	-
1920	Computer Equipment - Hardware	(889,314)	(562,571)	(584,187)	-	2,586,216	-
1925	Computer Software	-	-	-	420,605	-	-
1930	Transportation Equipment	(748,793)	-	(434,064)	(462,302)	5,277,471	(917,569)
1940	Tools, Shop and Garage Equipment	(318,721)	-	-	-	1,842,277	-
1980	System Supervisory Equipment	(482,457)	-	-	-	2,548,314	-
1995	Contributions and Grants - Credit	3,895,039	2,489,437	3,181,657	3,757,402	(14,375,937)	3,198,947
1610	Miscellaneous Intangible Plant - TS in-service	-	-	-	-	-	(332,189)
1610	Miscellaneous Intangible Plant - Software in-ser	-	-	-	(1,249,045)	963,482	-

The 2006 Board Approved closing balance for accumulated depreciation is based on Hydro One Brampton's 2004 year-end adjusted account balances. As such, the variance between 2006 Board Approved and 2006 Actual represents two years of depreciation charges, adjustments, and disposals.

From 2006 Actual to the 2011 Test Year, **Table 2** shows the change in accumulated depreciation which is representative of the depreciation expense in the year for each of the above accounts. The change in accumulated depreciation is a result of capital expenditures over a four year period. Since a detailed analysis of capital expenditures shall be provided later in this Exhibit at Tab 5, no further explanation of the changes in accumulated depreciation amounts is required.

EXHIBIT 2 TAB 4

ALLOWANCE FOR WORKING CAPITAL

SUMMARY OF WORKING CAPITAL

SUMMARY OF WORKING CAPITAL

The estimated working capital allowance for Hydro One Brampton's 2011 Test Year is $54,057,835. This is based on the 15% of Allowance Approach specified in "Chapter 2 of the Filing Requirements for Transmission and Distribution Applications" issued on May 27, 2009. **Table 1** in Schedule 2.0 on the following page provides a breakdown of working capital by account for 2006 through 2011 Test Year. Cost of power calculations are set out in **Tables 2 and 3** in Schedule 2.0 .

CALCULATION BY ACCOUNT

Table 1: Working Capital by Account 2006 - 2011

	2006 Actual	Allowance for Working Capital	2007 Actual	Allowance for Working Capital	2008 Actual	Allowance for Working Capital	2009 Actual	Allowance for Working Capital	2010 Bridge Year	Allowance for Working Capital	2011 Test Year	Allowance for Working Capital
Rate used for Working Capital Allowance calculation		15%		15%		15%		15%		15%		15%
Operation												
5005 Operation Supervision and Engineering	-	-	-	-	43,046	6,457	225,693	33,854	128,675	19,301	491,268	73,690
5010 Load Dispatching	1,406,760	211,014	1,355,602	203,340	1,475,965	221,395	1,451,220	217,683	1,637,255	245,588	1,665,079	249,762
5012 Station Buildings and Fixtures Expense	174,222	26,133	194,332	29,150	194,951	29,243	194,084	29,113	207,958	31,194	213,259	31,989
5014 Transformer Station Equipment - Operation Labour	39,141	5,871	14,255	2,138	18,338	2,751	17,868	2,680	24,239	3,636	24,969	3,745
5015 Transformer Station Equipment - Operation Supplies and Expenses	-	-	-	-	-	-	-	-	-	-	-	-
5016 Distribution Station Equipment - Operation Labour	69,558	10,434	70,355	10,553	75,977	11,397	70,820	10,623	89,412	13,412	90,930	13,640
5017 Distribution Station Equipment - Operation Supplies and Expenses	-	-	-	-	-	-	-	-	-	-	-	-
5020 Overhead Distribution Lines & Feeders - Operation Labour	93,447	14,017	106,073	15,911	90,240	13,536	112,317	16,848	1,279,859	191,979	1,106,570	165,986
5025 Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	45,196	6,779	47,231	7,085	44,740	6,711	73,928	11,089	165,243	24,786	188,254	28,238
5030 Overhead Subtransmission Feeders - Operation	-	-	-	-	-	-	-	-	-	-	-	-
5035 Overhead Distribution Transformers - Operation	80,309	12,046	65,663	9,849	85,142	12,771	122,107	18,316	141,374	21,206	114,895	17,234
5040 Underground Distribution Lines and Feeders - Operation Labour	174,395	26,159	172,837	25,926	118,042	17,706	169,948	25,492	965,574	144,836	854,602	128,190
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses	-	-	-	-	-	-	-	-	-	-	-	-
5050 Underground Subtransmission Feeders - Operation	-	-	-	-	-	-	-	-	-	-	-	-
5055 Underground Distribution Transformers - Operation	65,251	9,788	80,463	12,069	65,976	9,896	95,252	14,288	145,153	21,773	118,761	17,814
5065 Meter Expense	882,302	132,345	549,088	82,363	690,273	103,541	691,342	103,701	1,702,191	255,329	1,041,299	156,195
5070 Customer Premises - Operation Labour	261,975	39,296	335,001	50,250	542,538	81,381	493,862	74,079	798,160	119,724	768,647	115,297
5075 Customer Premises - Materials and Expenses	720	108	174	26	263	39	(449)	(67)	-	-	-	-
5085 Miscellaneous Distribution Expense	41,608	6,241	47,231	7,085	62,939	9,441	64,689	9,703	136,756	20,513	125,609	18,841
5090 UG Dist Lines & Fdrs - Rental	270	41	-	-	-	-	-	-	-	-	-	-
5095 Overhead Distribution Lines and Feeders - Rental Paid	15,681	2,352	40,851	6,128	36,320	5,448	32,361	4,854	50,000	7,500	50,850	7,628
Sub-Total	**3,350,836**	**502,625**	**3,079,156**	**461,873**	**3,544,751**	**531,713**	**3,815,041**	**572,256**	**7,471,849**	**1,120,777**	**6,854,992**	**1,028,249**
Maintenance												
5105 Maintenance Supervision and Engineering	41,805	6,271	46,331	6,950	44,740	6,711	56,158	8,424	209,705	31,456	187,613	28,142
5110 Maintenance of Building and Fixtures - Distribution Station	5,782	867	4,868	730	3,494	524	861	129	4,100	615	4,170	626
5112 Maintenance of Transformer Station Equipment	78,634	11,795	64,215	9,632	125,495	18,824	73,793	11,069	144,307	21,646	112,531	16,880
5114 Maintenance of Distribution Station Equipment	145,226	21,784	151,646	22,747	173,279	25,992	104,500	15,675	155,494	23,324	160,019	24,003
5120 Maintenance of Poles, Towers and Fixtures	252,041	37,806	268,156	40,223	273,383	41,007	169,120	25,368	301,756	45,263	456,622	68,493
5125 Maintenance of Overhead Conductors and Devices	530,994	79,649	472,690	70,904	409,579	61,437	483,471	72,521	493,344	74,002	539,003	80,850
5130 Maintenance of Overhead Services	198,931	29,840	169,838	25,476	167,242	25,086	153,708	23,056	194,887	29,233	198,230	29,735
5135 Overhead Distribution Lines and Feeders - Right of Way	196,221	29,433	201,699	30,255	125,409	18,811	249,969	37,495	218,739	32,811	222,534	33,380
5145 Maintenance of Underground Conduit	-	-	-	-	-	-	-	-	-	-	-	-
5150 Maintenance of Underground Conductors and Devices	925,401	138,810	1,010,881	151,632	1,069,442	160,416	1,047,644	157,147	1,273,475	191,021	1,313,717	197,058
5155 Maintenance of Underground Services	609,676	91,451	652,305	97,846	933,308	139,996	764,770	114,716	683,673	102,551	793,977	119,097
5160 Maintenance of Line Transformers	22,591	3,389	29,745	4,462	30,758	4,614	32,768	4,915	42,681	6,402	23,087	3,463
5175 Maintenance of Meters	16,676	2,501	18,836	2,825	17,976	2,696	22,463	3,369	22,279	3,342	24,000	3,600
Sub-Total	**3,023,980**	**453,597**	**3,091,210**	**463,682**	**3,374,105**	**506,116**	**3,159,226**	**473,884**	**3,744,440**	**561,666**	**4,035,503**	**605,325**
Billing and Collecting												
5305 Supervision	193,674	29,051	197,360	29,604	208,759	31,314	220,033	33,005	307,991	46,199	314,151	47,123
5310 Meter Reading Expense	732,331	109,850	789,200	118,380	861,230	129,184	683,555	102,533	242,752	36,413	1,091,363	163,704
5315 Customer Billing	1,775,757	266,364	1,844,625	276,694	1,954,115	293,117	2,081,509	312,226	2,328,453	349,268	2,447,720	367,158
5320 Collecting	539,546	80,932	600,226	90,034	698,449	104,767	772,456	115,868	1,027,587	154,138	1,082,799	162,420
5325 Collecting - Cash Over and Short	-	-	-	-	-	-	1	0	-	-	-	-
5330 Collection Charges	12,654	1,898	10,210	1,532	10,257	1,539	8,305	1,246	29,999	4,500	10,710	1,607
5335 Bad Debt Expense	338,941	50,841	236,040	35,406	427,936	64,190	967,834	145,175	515,004	77,251	525,300	78,795
5340 Miscellaneous Customer Accounts Expense	182,662	27,399	142,602	21,390	163,722	24,558	164,230	24,634	180,996	27,149	184,620	27,693
Sub-Total	**3,775,564**	**566,335**	**3,820,263**	**573,039**	**4,324,468**	**648,670**	**4,897,921**	**734,688**	**4,632,782**	**694,917**	**5,656,663**	**848,499**
Community Relations												
5405 Supervision	13,508	2,026	107,468	16,120	106,257	15,939	93,878	14,082	125,000	18,750	115,000	17,250
5410 Community Relations - Sundry	199,391	29,909	123,644	18,547	207,522	31,128	211,285	31,693	275,000	41,250	255,000	38,250
5415 Energy Conservation	669,211	100,382	498,489	74,773	113	17	-	-	-	-	115,000	17,250
5420 Community Safety Program	-	-	-	-	-	-	-	-	25,000	3,750	25,000	3,750
5425 Misc Customer Service and Informational Expenses	136,340	20,451	68,398	10,260	57,695	8,654	57,975	8,696	145,000	21,750	130,000	19,500
Sub-Total	**1,018,450**	**152,768**	**797,999**	**119,700**	**371,587**	**55,738**	**363,138**	**54,471**	**570,000**	**85,500**	**640,000**	**96,000**
Administrative and General												
5605 Executive Salaries and Expenses	442,941	66,441	456,231	68,435	606,190	90,928	704,355	105,653	915,486	137,323	942,233	141,335
5610 Management Salaries and Expenses	1,165,817	174,873	1,156,092	173,414	1,136,222	170,433	1,165,341	174,801	2,206,651	330,998	2,062,994	309,449
5615 General Administrative Salaries and Expenses	1,006,434	150,965	1,048,214	157,232	1,137,685	170,653	1,124,107	168,616	1,392,760	208,914	1,548,279	232,242
5620 Office Supplies and Expenses	182,263	27,339	13,001	1,950	-	-	-	-	-	-	-	-
5625 Administrative Expense Transferred Credit	-	-	-	-	-	-	-	-	-	-	-	-
5630 Outside Services Employed	142,112	21,317	161,053	24,158	125,935	18,890	117,154	17,573	200,004	30,001	248,500	37,275
5635 Property Insurance	(2,533)	(380)	(232,326)	(34,849)	-	-	-	-	-	-	-	-
5640 Injuries and Damages	190,551	28,583	177,331	26,600	129,374	19,406	129,463	19,419	188,700	28,305	188,700	28,305
5645 Employee Pensions and Benefits	(194,909)	(29,236)	-	-	-	-	-	-	-	-	-	-
5655 Regulatory Expenses	696,401	104,460	825,573	123,836	812,294	121,844	838,051	125,708	945,000	141,750	1,045,000	156,750
5660 General Advertising Expenses	13,142	1,971	828	124	5,448	817	8,765	1,315	10,000	1,500	15,000	2,250
5665 Miscellaneous General Expenses	945,520	141,828	992,953	148,943	1,046,155	156,923	895,745	134,362	1,144,885	171,733	1,438,462	215,769
5670 Rent	-	-	-	-	-	-	-	-	-	-	-	-
5675 Maintenance of General Plant	415,617	62,343	475,028	71,254	450,855	67,628	561,626	84,244	557,012	83,552	568,152	85,223
5680 Electrical Safety Authority Fees	46,710	7,007	51,102	7,665	54,238	8,136	56,497	8,474	61,200	9,180	62,250	9,338
5685 IMO Fees & Penalties	2,278	342	-	-	-	-	-	-	-	-	-	-
5695 OM&A Contra Account	(65,527)	(9,829)	12,101	1,815	54,373	8,156	-	-	-	-	-	-
Sub-Total	**4,986,820**	**748,023**	**5,137,182**	**770,577**	**5,558,770**	**833,815**	**5,601,103**	**840,165**	**7,621,698**	**1,143,255**	**8,119,570**	**1,217,936**
Cost of Power												
4705 Power Purchased	211,302,585	31,695,388	218,845,888	32,826,883	221,962,965	33,294,445	229,144,070	34,371,610	272,204,756	40,830,713	270,083,728	40,512,559
4706 Power Purchased - Global Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
4708 WMS	19,054,138	2,858,121	19,530,140	2,929,521	22,129,873	3,319,481	22,837,786	3,425,668	23,524,688	3,528,703	23,917,111	3,587,567
4710 Cost of Power Adjustments	182,520	27,378	143,462	21,519	(52,769)	(7,915)	6,812	1,022	-	-	-	-
4712 Power Charges one Time	-	-	-	-	-	-	-	-	4,039,000	605,850	4,160,000	624,000
4714 NW	20,706,790	3,106,018	20,788,073	3,118,211	16,824,928	2,523,739	18,367,359	2,755,104	19,379,276	2,906,891	19,961,000	2,994,150
4715 System Control and Load Dispatching	-	-	-	-	-	-	-	-	-	-	-	-
4716 NCN	15,949,016	2,392,352	16,501,412	2,475,212	14,903,630	2,235,545	15,141,177	2,271,177	16,463,155	2,469,473	16,957,000	2,543,550
4720 Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
4725 Competition Transition Expense	-	-	-	-	-	-	-	-	-	-	-	-
4730 Rural Rate Assistance Expense	-	-	-	-	-	-	-	-	-	-	-	-
4750 LV Charges	100,386	15,058	153,543	23,031	79,344	11,902	16,075	2,411	-	-	-	-
Sub-Total	**267,295,434**	**40,094,315**	**275,962,518**	**41,394,378**	**275,847,971**	**41,377,196**	**285,513,279**	**42,826,992**	**335,610,875**	**50,341,631**	**335,078,839**	**50,261,826**
Total Working Capital Allowance	**283,451,085**	**42,517,663**	**291,888,329**	**43,783,249**	**293,021,651**	**43,953,248**	**303,349,708**	**45,502,456**	**359,651,644**	**53,947,747**	**360,385,567**	**54,057,835**

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COST OF POWER CALCULATION

Cost of power projections were calculated based upon the 2011 load forecast. Electricity costs were calculated using the Regulated Price Plan ("RPP") commodity price as indicated in the May 1, 2009 to April 30, 2010 as issued by the OEB on April 15, 2009.Update based on report The RPP price in the report is $0.0694 per kWh.

The 2011 rates for the Retail Transmission Network charge and Retail Transmission Connection charges are based on the proposed rates for the 2011 Test Year. Wholesale Market Service charges and Debt Retirement Charges are all based on Hydro One Brampton's 2010 IRM rate application EB-2009-0199

Table 2: 2010 Cost of Power Forecast Calculation

Forecast Unit Prices:

Commodity Price	6.94
Wholesale Market Services	0.0052
Rural Rate Protection	0.001
Transmision Network Service Charge	2.97
Transmission Line Connection	0.73
Transmission Transformation Connection	1.71

Month	Forecast GWHRS	Demand MW	Transmission Network Service Charge Demand MW	Transmission Line Connection Demand MW	Transmission Transformation Connection Demand MW	Commodity Costs	Wholesale Martket Service Charges	Rural Rate Protection	Transmission Network	Transmission Connection	Total Cost of Power
JAN	347	603,000	595,288	646,125	549,468						
FEB	332	612,000	598,227	625,912	525,131						
MAR	333	578,000	605,679	669,456	542,786	62,191,496	3,880,629	1,261,000	5,061,385	4,033,079	76,427,589
APR	307	537,000	521,124	573,321	473,706	21,299,660	1,596,400	307,000	1,571,050	1,214,042	25,988,152
MAY	315	600,000	610,742	640,400	529,110	21,854,700	1,638,000	315,000	1,755,363	1,356,472	26,919,535
JUN	357	762,000	767,929	780,694	636,417	24,768,660	1,856,400	357,000	2,229,311	1,722,719	30,934,090
JUL	375	765,000	698,372	760,406	621,032	26,017,500	1,950,000	375,000	2,238,088	1,729,502	32,310,089
AUG	365	758,000	752,190	777,475	642,641	25,323,700	1,898,000	365,000	2,217,609	1,713,676	31,517,985
SEP	325	690,000	696,186	714,983	602,494	22,548,500	1,690,000	325,000	2,018,667	1,559,943	28,142,110
OCT	320	555,000	519,394	589,168	495,549	22,201,600	1,664,000	320,000	1,623,711	1,254,736	27,064,047
NOV	325	590,000	594,691	614,697	521,904	22,548,500	1,690,000	325,000	1,726,107	1,333,864	27,623,471
DEC	338	605,000	580,752	646,168	548,648	23,450,440	1,757,600	338,000	1,769,991	1,367,776	28,683,807
Total	**4,039**	**7,655,000**	**7,540,574**	**8,038,804**	**6,688,885**	**272,204,756**	**19,621,029**	**4,288,000**	**22,211,281**	**17,285,809**	**335,610,875**

Note: Costs reported for March 2010 consist of actual costs for January, February and March 2010 for all categories.

Table 3: 2011 Cost of Power Forecast Calculation

Forecast Unit Prices:

Commodity Price	6.94
Wholesale Market Services	0.0052
Rural Rate Protection	0.001
Transmision Network Service Charge	2.97
Transmission Line Connection	0.73
Transmission Transformation Connection	1.71

Month	Forecast GWHRS	Transmission Network Service Charge Demand MW	Transmission Line Connection Demand MW	Transmission Transformation Connection Demand MW	Commodity Costs	Wholesale Martket Service Charges	Rural Rate Protection	Transmission Network	Transmission Connection	Total Cost of Power
JAN	336.8797427	613,800	644,305	543,677	23,372,717	1,751,775	336,880	1,822,986	1,400,031	28,684,388
FEB	307.1738417	613,800	644,305	543,677	21,311,721	1,597,304	307,174	1,822,986	1,400,031	26,439,216
MAR	326.4853857	599,478	629,272	530,992	22,651,556	1,697,724	326,485	1,780,450	1,367,364	27,823,579
APR	298.2154197	537,075	563,767	475,718	20,690,186	1,550,720	298,215	1,595,113	1,225,027	25,359,261
MAY	308.8050867	603,570	633,567	534,616	21,424,897	1,605,786	308,805	1,792,603	1,376,697	26,508,789
JUN	329.0247347	757,020	794,643	670,535	22,827,736	1,710,929	329,025	2,248,349	1,726,705	28,842,744
JUL	353.3604327	767,250	805,382	679,597	24,516,147	1,837,474	353,360	2,278,733	1,750,039	30,735,753
AUG	351.9643947	777,480	816,120	688,658	24,419,290	1,830,215	351,964	2,309,116	1,773,373	30,683,957
SEP	307.7912637	644,490	676,521	570,861	21,354,558	1,600,515	307,791	1,914,135	1,470,033	26,647,032
OCT	314.9478297	562,650	590,613	498,371	21,851,080	1,637,729	314,948	1,671,071	1,283,362	26,758,189
NOV	317.8254917	603,570	633,567	534,616	22,050,733	1,652,693	317,825	1,792,603	1,376,697	27,190,551
DEC	346.0638187	618,915	649,675	548,208	24,009,908	1,799,532	346,064	1,838,178	1,411,698	29,405,379
Total	**3898.5374420**	**7,699,098**	**8,081,738**	**6,819,526**	**270,480,528**	**20,272,395**	**3,898,537**	**22,866,321**	**17,561,058**	**335,078,839**

EXHIBIT 2 TAB 5

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES SUMMARY

CAPITAL EXPENDITURES HISTORICAL COMPARISON

Table 1 on the following page summarizes Total Capital Expenditures for historical years from 2006 to 2009, the 2010 Bridge Year, and the 2011 Test Year. Items included as Capital Expenditures for each year are as follows:

- All spending in the year include additions to Work In Progress – Electric Plant, although Work In Progress is not included in Rate Base for the year.
- Amounts transferred from the previous year's Work In Progress into capital are not included in the year's capital expenditures, but are included in Rate Base for the year.
- Capital Contributions received from Developers and Customers are netted against capital spending.
- Any additions to electric plant held for future use is included in Capital Expenditures of the year, and are included in Rate Base for the year.
- The amounts for additions to intangibles that are not put into service are included as capital expenditures in the year although not included in Rate Base.

Table 1: Total Capital Expenditures

OEB #	Description	2006	2007	2008	2009	2010	2011
1805	Land	-	-	-	-	-	-
1806	Land Rights	58,458	19,170	7,069	23,226	336,248	168,685
1808	Buildings and Fixtures	1,123,351	1,630,659	1,283,556	602,472	480,643	920,192
1815	Transformer Station Equipment - Normally Primary above 50 kV	3,474	12,600	3,803,296	257,953	1,110,729	1,412,106
1820	Distribution Station Equipment - Normally Primary below 50 kV	639,781	192,033	169,870	279,295	1,064,281	765,648
1830	Poles, Towers and Fixtures	5,802,455	5,777,486	4,388,180	7,129,091	6,387,591	4,506,694
1835	Overhead Conductors and Devices	2,191,510	1,983,311	2,073,555	2,214,142	1,694,367	791,911
1840	Underground Conduit	2,284,568	2,102,665	1,926,785	4,665,139	2,944,732	3,002,693
1845	Underground Conductors and Devices	6,352,682	23,445,365	16,144,870	7,731,744	9,667,697	11,321,695
1850	Line Transformers	3,160,025	2,278,674	5,378,129	6,208,233	4,154,621	5,187,987
1855	Services	714,723	793,538	544,543	613,536	560,264	633,342
1860	Meters	1,170,387	6,157,185	6,392,693	9,445,080	477,000	847,000
1908	Buildings and Fixtures	-	-	-	-	-	-
1915	Office Furniture and Equipment	47,337	86,526	84,367	2,570	52,000	146,500
1920	Computer Equipment - Hardware	453,294	476,458	155,453	70,653	791,000	283,466
1925	Computer Software	226,383	508,907	184,032	(0)	-	-
1930	Transportation Equipment	714,607	1,355,127	90,483	215,003	1,904,000	2,207,000
1935	Stores Equipment	19,150	0	-	-	-	-
1940	Tools, Shop and Garage Equipment	152,979	287,536	156,761	159,036	324,000	75,000
1950	Power Operated Equipment	-	0	-	-	-	-
1955	Communication Equipment	50,146	102,028	78,757	117,318	40,000	131,000
1960	Miscellaneous Equipment	16,025	15,620	12,711	8,554	-	-
1980	System Supervisory Equipment	195,795	208,555	144,806	64,979	85,000	437,000
1995	Contributions and Grants - Credit	(4,471,257)	(18,528,211)	(16,082,800)	(12,704,438)	(9,847,187)	(12,363,428)
2055	Construction Work in Progress--Electric	682,425	1,964,208	(1,397,746)	798,274	31,066	(11,541)
2040	Electric Plant Held for Future Use	-	-	3,554,454	258,332	-	-
1610	Miscellaneous Intangible Plant - TS CIP	-	-	-	5,118,257	-	-
1610	Miscellaneous Intangible Plant - Software CIP	-	-	-	84,843	-	-
1610	Miscellaneous Intangible Plant - TS in-service	-	-	-	(130,042)	5,268,063	-
1610	Miscellaneous Intangible Plant - Software in-service	-	-	-	61,000	893,000	521,534
	Total	**21,588,299**	**30,869,441**	**29,093,824**	**33,294,250**	**28,419,115**	**20,984,484** [1]

[1] Above Capital Expenditures exclude $300,000 of borrowing costs which are included in the total in Exhibit 2, Tab 6, Schedule 9

CAPITAL EXPENDITURES OVERVIEW

The service territory of Hydro One Brampton is the geographical boundary of the City of Brampton. Spanning for some 269 square kilometres, this area has experienced strong and sustained growth since the early 1990's, well above the provincial average.

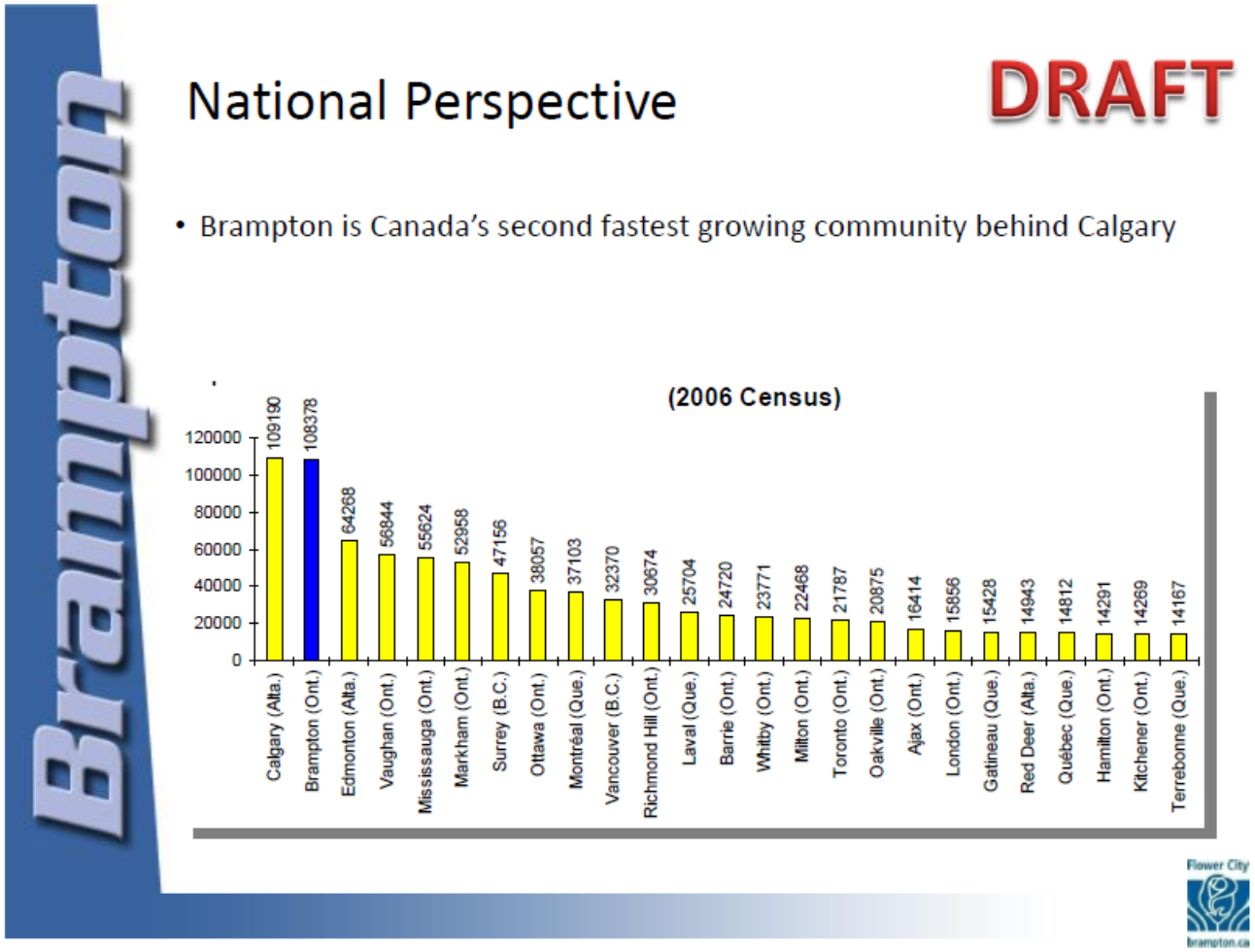


Figure 1: Growth Levels

The City of Brampton is ranked as the fourth largest city in the GTA.

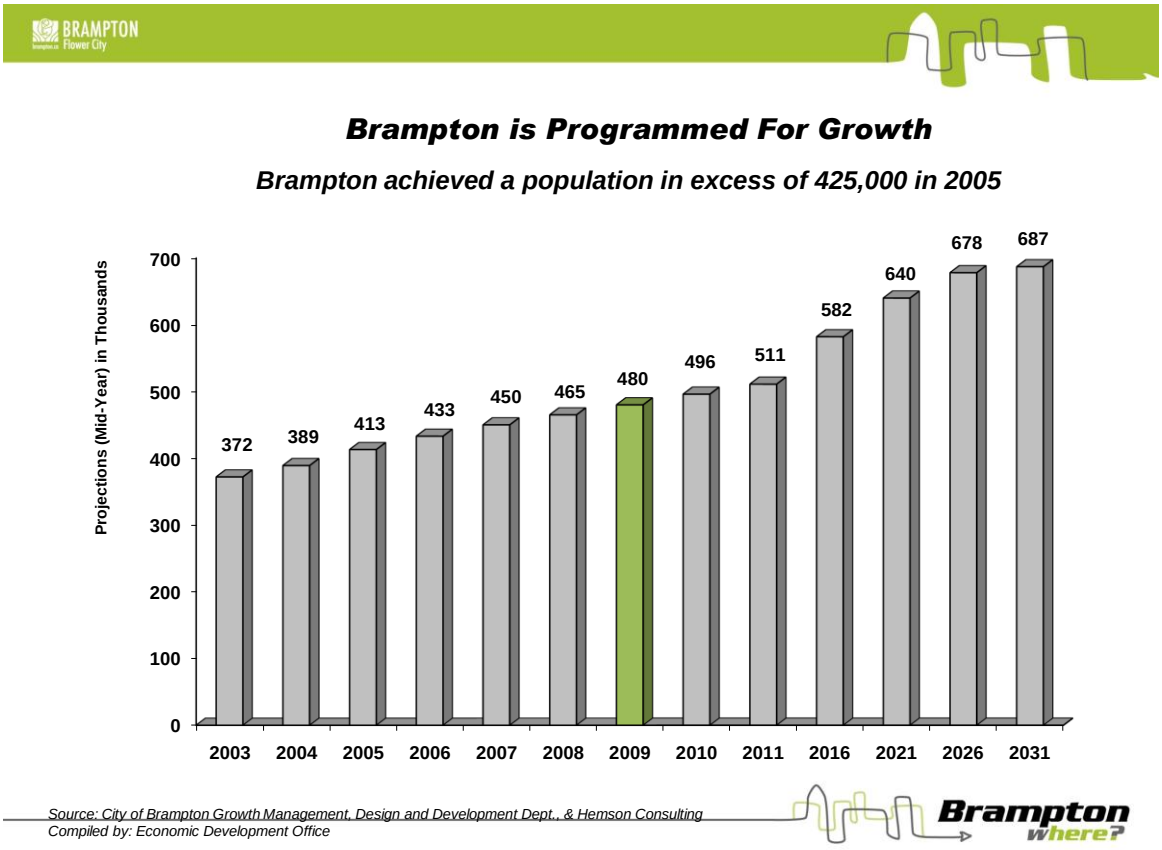


Figure 2: GTA Perspective

HOBNI's total customer count per year is shown below, reflecting the strong market conditions from the early 2000's up to the economic recession in 2007.

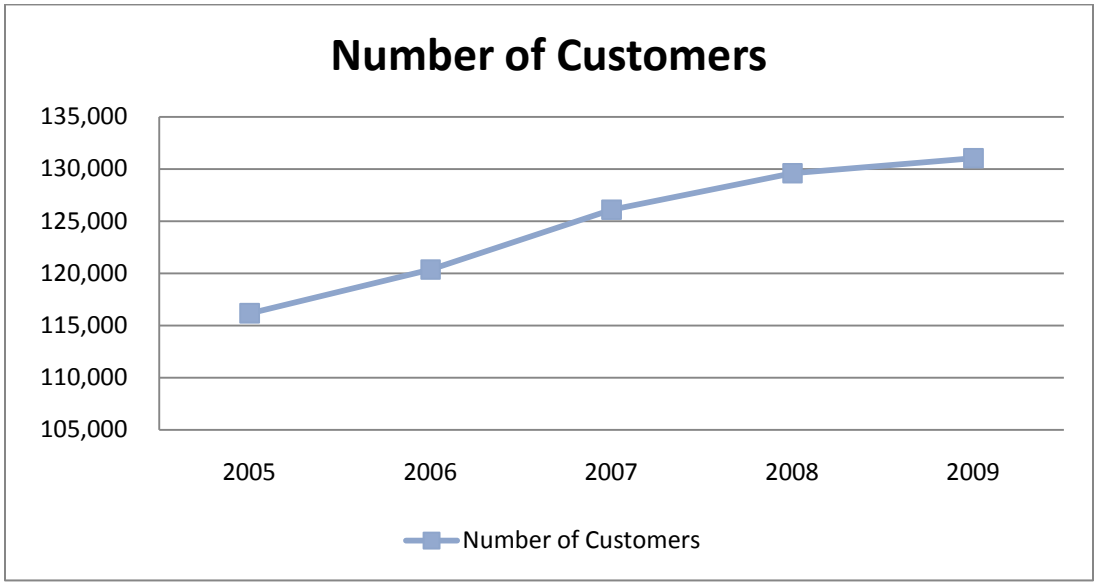


Figure 3: Customer Count per year

The major component of growth has been driven by the residential development sector however other rate classes also contribute to the increase in the customer base as shown in the **Figures 4 through 8**:

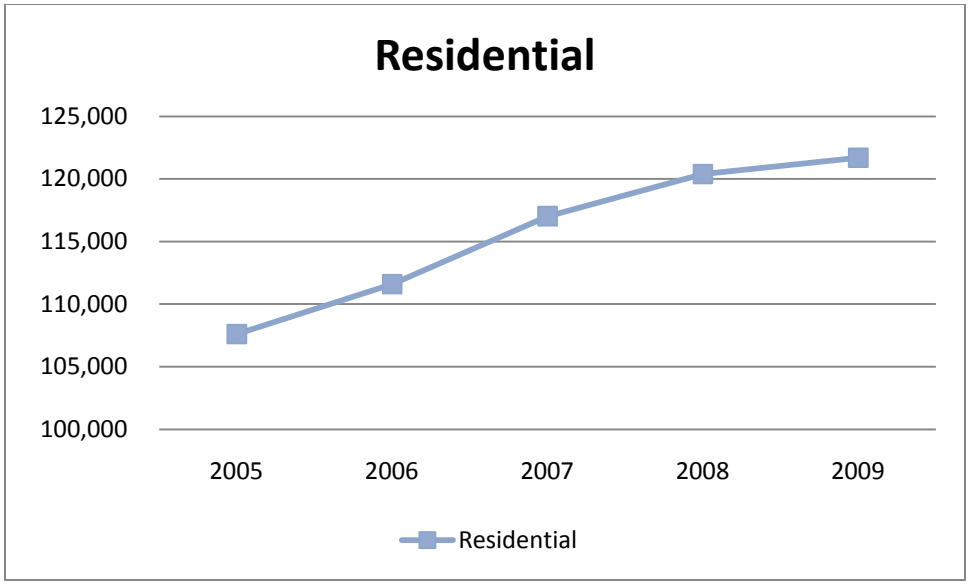


Figure 4: Residential Customer Counts

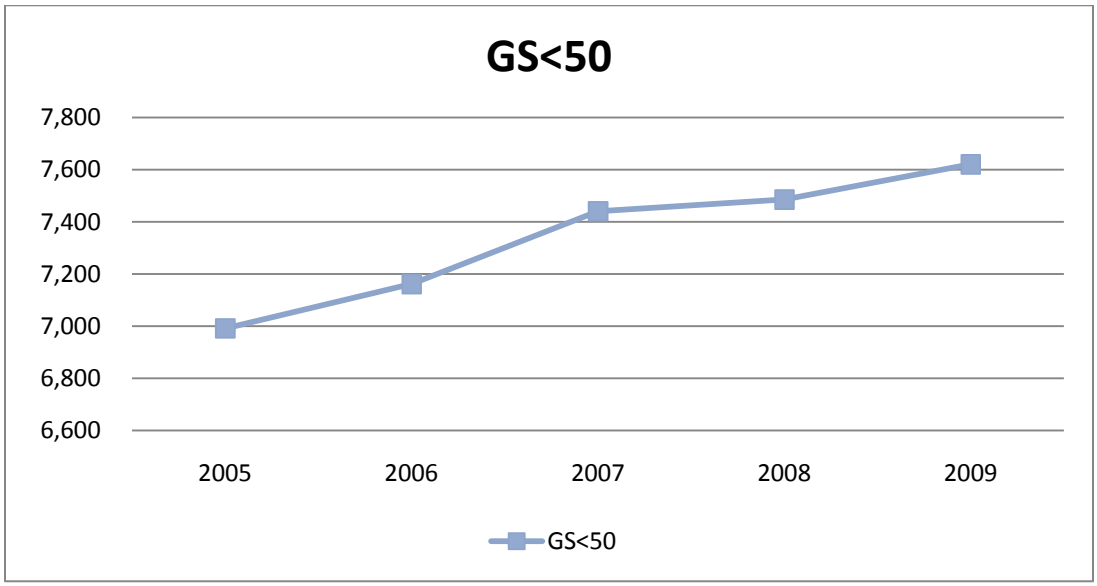


Figure 5: GS < 50 Customer Counts

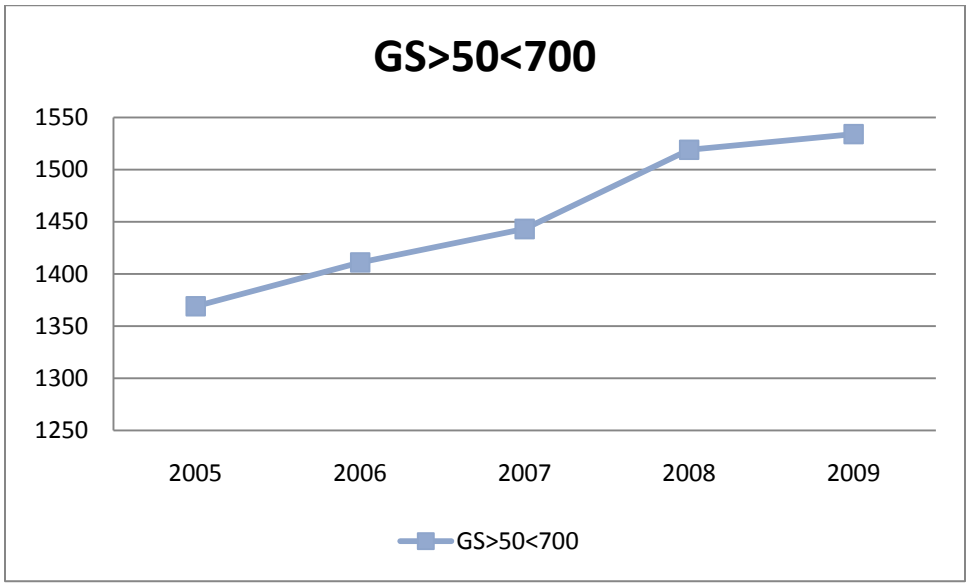


Figure 6: GS > 50 < 700 Customer Counts

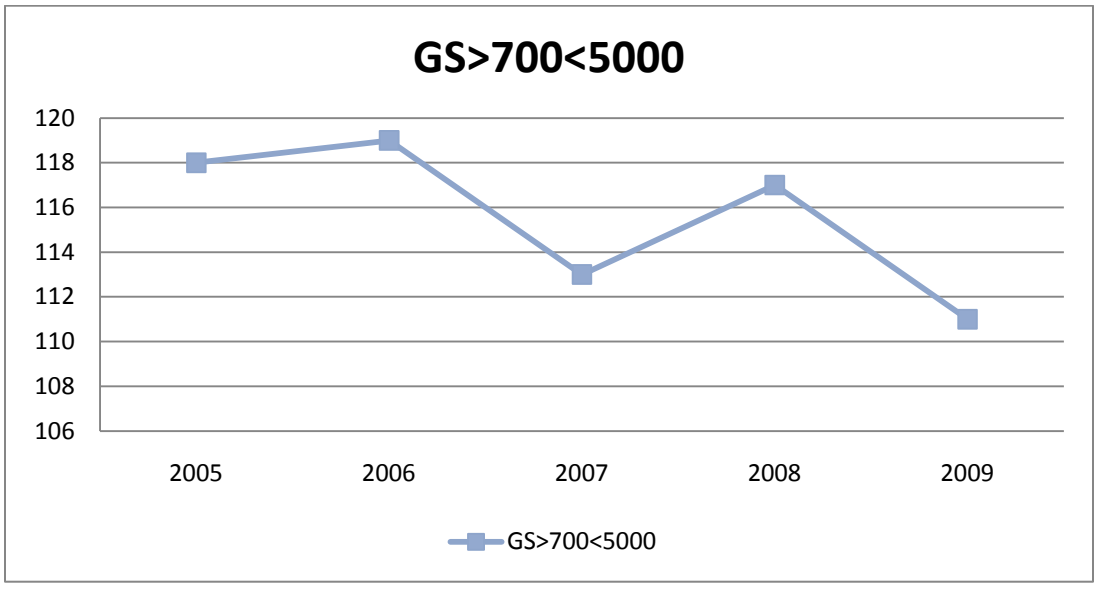


Figure 7: GS > 700 < 5,000 Customer Counts

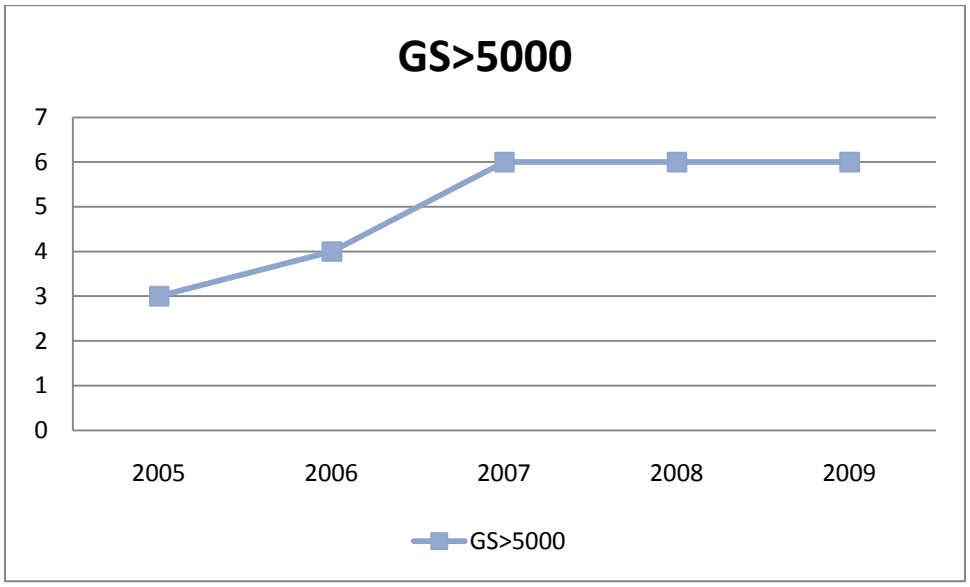


Figure 8: GS > 5000 Customer Counts

Growth in customer base impacts energy and demand delivery requirements on HOBNI's distribution system infrastructure. The **Figures 9 and 10** show sustained growth in both demand and energy from the early 1990's to present day with a downturn in 2008 and 2009.

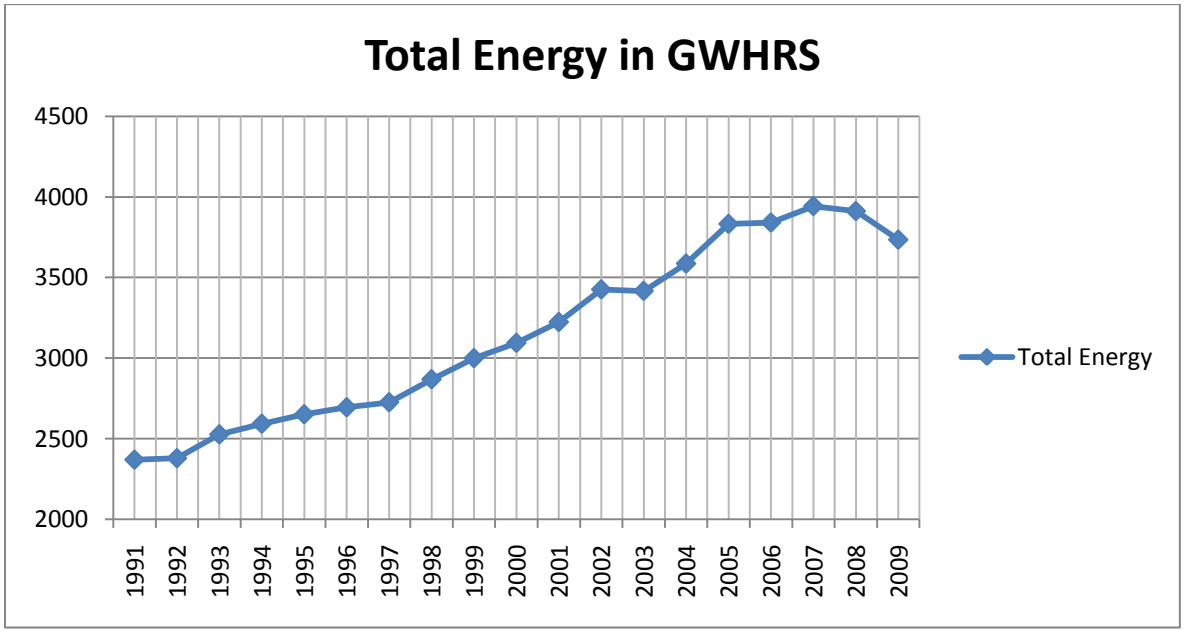


Figure 9: Total Energy in GW Hrs

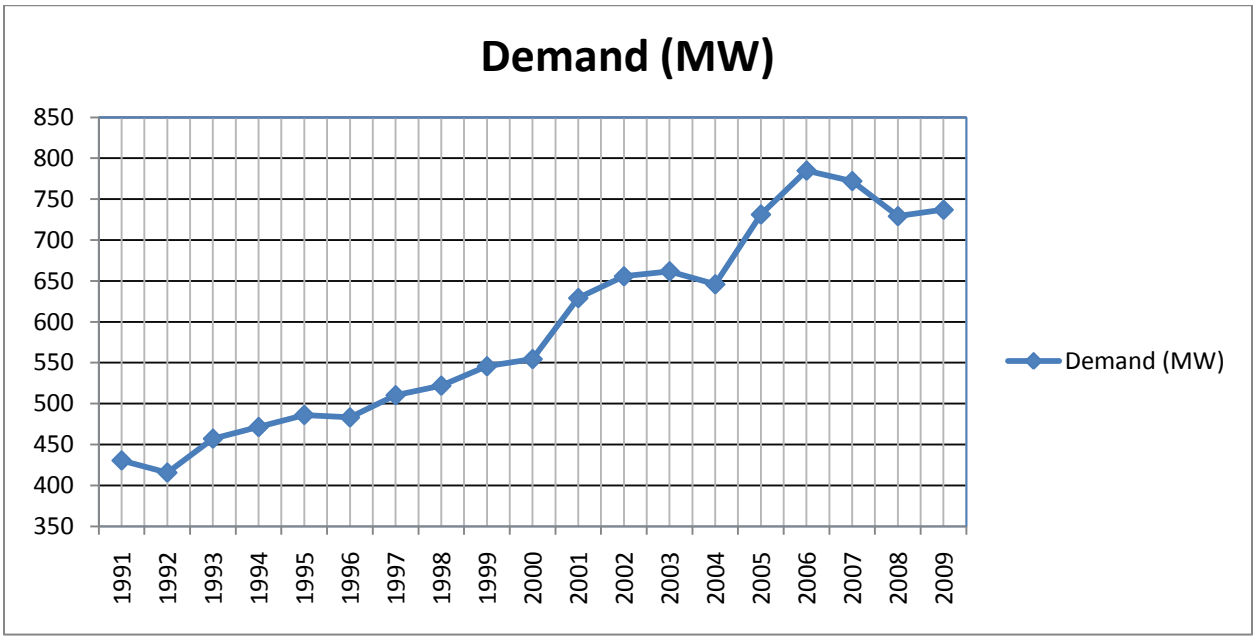


Figure 10: Demand

Growth experienced over the last decade placed increased demands on HOBNI's electrical distribution system, requiring substantial investment in distribution system additions and expansion projects. It is important to recognize the indirect impact of customer growth on road and related civil servicing infrastructure which includes significant road widening/improvements and civil infrastructure projects. HOBNI is required by law to share in the cost of road improvement projects. Normal cost share arrangements allow for the recovery of fifty percent of labour and labour saving device costs. The balance is paid fully by the Utility and usually represents sixty to sixty five percent of the total project cost. **Figure 11** shows annual road widening expenditures net of capital contributions from 2006 through to 2011. These uncontrollable capital expenditures diverted funding away from projects earmarked by the Utility, delaying the replacement of depreciated assets nearing the end of their useful life.

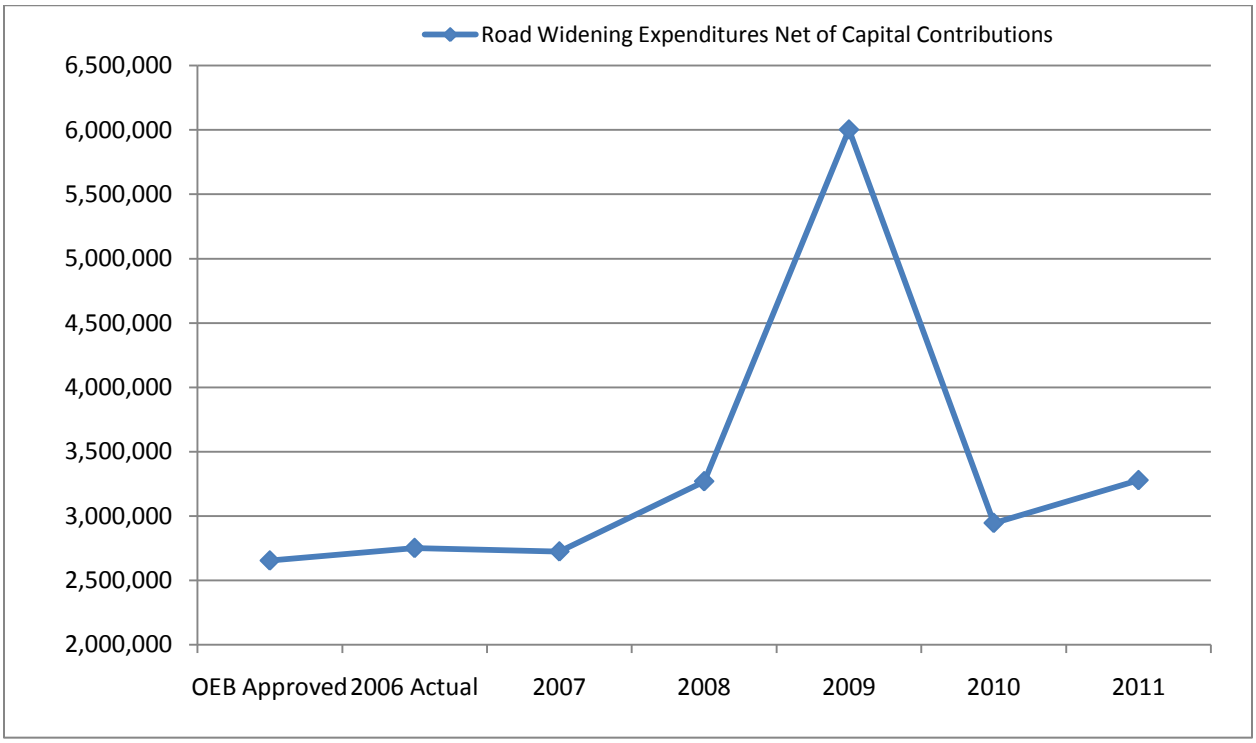


Figure 11: Annual Road Widening Capital Expenditures

For the past decade the majority of HOBNI's capital expenditures have been directed towards growth related projects and its obligations to service new customer connections with a lesser focus on existing infrastructure. This forced the utility to extend the duty cycle of existing assets, delaying the proactive replacement of the distribution system assets. With limited capital resources the utility was forced to use a surgical approach in replacing failing infrastructure. While HOBNI's overall reliability indices remain within the corporate objectives the utility is experiencing a significant reduction in underground high voltage cable performance and reliability. Many in service cable systems are exceeding thirty years in service nearing or reaching the end of their useful life. Cable replacement alone will require a significant capital investment.

Historically the processes by which projects were identified and prioritized relied mainly on staff experience, knowledge of operating and asset conditions, and system knowledge rather than on a formal structured asset management approach.

The company recognized and acknowledged the OEB's desire for, and the value derived from a formalized Asset Management Plan (AMP), while remaining cognizant of the need to strike a balance between; rate increases, quality of service, capital spending and shareholder expectations.

HOBNI engaged the services of industry expert consultants to complete the following projects;

- Distribution Asset Management Plan, **Exhibit 2 Tab 6 Schedule 1.1**
  - Fleet Condition Assessment
- Distribution Asset Condition Assessment, **Exhibit 2 Tab 6 Schedule 1.2**

In 2009, HOBNI retained the services of Kinectrics Inc, a widely recognized industry consultant, to perform a detailed Asset Condition Assessment of all primary distribution assets and to work with HOBNI on the development of a formal Asset Management Plan.

The Asset Condition Assessment not only provided detailed information concerning the physical condition of our distribution assets, but also includes a risk analysis which identifies acceptable risk levels for "plant" replacements. This analysis identifies equipment replacements that must

be addressed in the short term and those which can be run to “end of life”, all culminating in a capital replacement plan.

The Asset Management Plan documents policies, strategies, objectives, and targets as well as asset specific information used for establishing levels of future capital and maintenance expenditures that ultimately comprise an Investment Plan aimed at obtaining optimal value from investment dollars. The Asset Management Plan will provide the framework to be used in the planning of future capital projects/programs to be undertaken by the Utility in order to meet the required obligations as prescribed by acts, regulations, codes, and guides including health and safety considerations all within the guidelines of good utility practices as recognized across the industry.

The Distribution Asset Condition Assessment was completed as a precursor to a formalized Distribution Asset Management Plan. These projects were completed in 2009 and now provide key information for HOBNI’s capital replacement plan. The Company is now moving towards a more structured approached to asset planning and asset management.

The results of the studies and assessments provided information and direction on establishing the framework of future investments; however, they were not used exclusively. Through collaborative interaction, staff at HOBNI analyzed the results of the studies to explore opportunities to reduce spending levels from those suggested while considering risk aversion and risk acceptance. The conclusion of this review resulted in forecast expenditures below those prescribed in the respective studies. The conclusions of these assessments, along with projections on growth, were used to form the framework of the 2011 Test Year and forward looking capital investment plans.

Hydro One Brampton is committed to providing a safe and reliable supply of electricity to all of our customers, striving to meet and exceed OEB’s SAIFI, SAIDI, CAIDI reliability indices. HOBNI also captures MAIFI indices to provide data on momentary interruption events. A “Reliability Committee” was established a number of years ago to drive efforts to meet or exceed these results. This committee includes representation from Engineering, Planning, Lines, and Control and has a mandate to examine all distribution system events resulting in loss of power or potential disruption to service. This committee submits recommendations to senior management for capital expenditures to improve or enhance system reliability. The recommendations and findings made by this committee also influence the Asset Management Plan by providing definitive details to support or modify the expenditures identified in the Capital

Investment Plan. Annual distribution inspections also provide viable data used to identify capital expenditures. Examples of such inspection programs include Infra Red Scanning, Insulator Washing, and OEB distribution system inspections.

In 2009, the Company launched an Asset Management Department to support and drive HOBNI's efforts to ensure that distribution assets are maintained in a safe and serviceable condition and to implement an effective and organized proactive approach to the replacement of assets reaching the end of their useful life while ensuring maximum shareholder value. Moving forward, the Asset Management department will play a key role in implementing and updating the Asset Management Plan by defining and mapping out the annual Capital Investment Plan.

For 2010 and forward years, HOBNI revised the "Project Category" descriptions for:

- Category 3 - Underground Distribution Systems (**Table 1**);
- Category 4 - Overhead Distribution System (**Table 2**); and
- Category 15 Conservation and Demand Management (**Table 3**).

Table 1: Category 3 – Distribution System Expansions & Enhancements

3	**<u>System Expansion & Enhancement</u>** **Voltage Conversion Projects** **New Substations & TS's** **TS/MS Feeder Egress** **New Feeder Installations** **New Pole Lines**	***Development***	*Growth*	*Introduce new infrastructure required to provide additional service capacity in response to load growth.*
			Reinforcement	*Add to or upgrade existing infrastructure to provide increased service capacity in response to load growth.*
			Customer Demand	*Response to a request by an authority or agency having legal jurisdiction over the location or relocation of existing LDC infrastructure, i.e. roadway improvement projects.*

Table 2: Category 4 – Distribution System Rehabilitation & Equipment Replacement Programs

4	**System Rehab & Equipment Replacement Programs.** **U/G Rebuilds** **O/H Rebuilds** **Proactive Equipment Replacement** **Reactive Equipment Replacement**	***Sustainment***	*Safety*	*Replace/introduce new infrastructure to eliminate a sub standard or unsafe condition.*
			Reliability	*Introduce new infrastructure to improve system reliability and/or improve outage recovery time.*
			Reactive Demand	*Response to failed/faulted equipment resulting in a customer outage or potential customer outage.*
			Technical Obsolescence	*Replace technically obsolete devices where replacement components and or vendor support is no longer available and where device failure has a high impact on system reliability.*

Table 3: Category 15 – Green Energy

15	**Green Energy Program**	***Green Energy***	*Smart Grid*	*Installation of automation to improve system outage recovery and response time.*
			Expansion & Enhancements for Generators	*Addition to or upgrade of infrastructure to support an approved Generator application.*
			CDM	*Smart Meters etc*

This change in reporting was made to align project associations with those identified in HOBNI's Asset Management Plan and Asset Condition Study, and to address Regulatory changes pertaining to the "Green Energy" Act.

The new Capital Expenditure Descriptions are shown in **Table** 4 on the following page.

Table 4: Capital Expenditure Descriptions

Type	Description
1	Substations And P. & C.
2	Scada Equipment
3	***Distribution System Expansion and Enhancement Programs***
4	***Distribution System Rehabilitation and Equipment Replacement Programs***
5	Road Widening
6	Switches-Overhead Dist. System
7	New General Service Customers
8	New Residential- High Density
9	New Residential, Medium Density
10	New Residential-Low Density
11	Metering
12	Vehicles
13	Department Tools & Equip. > $500.00
14	Service Centre
15	***Green Energy***
16	Major Equipment
17	Admin. & Service Centre
18	Administrative Computer AS/400
19	G.I.S. Computer Equip. & Software
20	Office Equipment
21	Services Only
23	Transformer Station
25	Buildings & Fixtures-Various
26	Health Safety & Environment
27	O/H Circuits Re: Load Transfer to T.S.
28	U/G Feeders Emanating From New T.S.
29	Land and Land Rights
32	Contributed Capital Items

A five year “Business Plan” is prepared by all department managers to identify future capital expenditures. This plan is compiled using information provided by the Capital Investment Plans as well as other known conditions and requirements at the time. Individual expenditures for $25,000 and above must be supported by a “Business Case”. The Business Case identifies the following project particulars;

- Category
- Description
- Driver/need
- Alternatives
- Cost Estimates
- Timing of expenditures

The business plan is reviewed annually by the department managers and adjusted where necessary to identify and capture new additions or changes to the plan. Such changes may be driven by regulatory requirements, new legislation, customer demand, and system events etc.

The annual capital budget is reviewed by senior management. Once accepted at this level the Capital Budget is presented to the Audit & Finance Committee of the Board of Directors. This committee reviews the submission in detail and may request supporting presentations from staff to clarify details or provide further information on specific projects as requested. Once completely satisfied, the committee will table a recommendation to the entire Hydro One Networks Inc. Board, that the capital budget be accepted and approved as part of the overall company budget.

CAPITAL INVESTMENT DRIVERS FOR DISTRIBUTION EXPENDITURES

HOBNI's capital distribution expenditures are generated by both internal and external drivers. Internal or controllable capital expenditures relate to planned/reactive construction projects. These projects are driven by Safety, Reliability, Reactive Demand, and Technical Obsolescence as described in the following table.

Table 5: Sustainment Drivers

4	**System Rehab & Equipment Replacement Programs.** **U/G Rebuilds** **O/H Rebuilds** **Proactive Equipment Replacement** **Reactive Equipment Replacement**	***Sustainment***	*Safety*	*Replace/introduce new infrastructure to eliminate a sub standard or unsafe condition.*
			Reliability	*Introduce new infrastructure to improve system reliability and/or improve outage recovery time.*
			Reactive Demand	*Response to failed/faulted equipment resulting in a customer outage or potential customer outage.*
			Technical Obsolescence	*Replace technically obsolete devices where replacement components and or vendor support is no longer available and where device failure has a high impact on system reliability.*

These "Sustainment" type projects focus primarily on the condition and performance of existing assets. Equipment and devices within specific asset classes are further evaluated for "consequence of failure" with respect to public safety, system stability, and reliable operation of the distribution system. Devices having a high impact are classified as critical and as such are replaced on a proactive basis. A good example of this would be the loss of a station transformer where such a loss would have the potential to impact a large customer base.

Critical assets undergo a rigorous inspection and condition analysis where possible, to identify degradation mechanisms and failure modes. The results are used to identify remedial maintenance measures and intervention opportunities to ensure continued reliable service.

1 HOBNI's distribution system is comprised of the follow asset groups:

Table 6: Asset Groups

Description	Number of Assets
MS Transformers	13
Circuit Breakers (All voltage levels)	50
Single Phase Pole Mounted Transformers	1544
Three Phase Pole Mounted Transformers	404
Mini-Pad Transformers	11331
Three Phase Pad-Mounted Transformers	723
Single Phase Submersible Transformers	151
3 Phase Vault Transformer Banks	1447/3
3 Phase Load Interrupting Overhead Switches	695
Pad-Mounted Switchgear	286
Wood Poles < 55 ft and Wood Poles ≥ 55 ft	10314
Primary (Feeder) XLPE Cable	222 three phase circuit-km
Primary (Distribution) XLPE Cable	2,246 conductor-km
Batteries	151
Utility Chambers	327
Buildings	14

The Asset Condition Assessment provides recommended replacement criteria as being either proactive – *replace prior to end of life*, or reactive – *operate to end of life*.

The replacement criteria for the various asset groups for 2011 and forward years are listed in **Table 7**:

Table 7: Replacement Criteria

Description	CRP Approach
MS Transformers	Proactive
Circuit Breakers	Proactive
Single Phase Pole Mounted Transformers	Reactive
Three Phase Pole Mounted Transformers	Proactive
Mini-Pad Transformers	Reactive
Three Phase Pad-Mounted Transformers	Proactive
Single Phase Submersible Transformers	Reactive
Vault Transformers	Proactive
3 Phase Load Interrupting Switches	Proactive
Pad-Mounted Switchgear	Proactive
Wood Poles < 55 ft and Wood Poles ≥ 55 ft	Reactive
Primary (Feeder) XLPE Cable	Proactive
Primary (Distribution) XLPE Cable	Proactive
Batteries	Proactive
Utility Chambers	Repair/Refurbishment
Buildings	Repair/Refurbishment

Timing of Reactive expenditures is driven by the probability of failure and the known "health index". Groups identified with reactive replacement criteria tend to have a much lower risk

associated with failure. On the other hand groups identified with proactive replacement criteria tend to have higher risk associated with failure and require a timed response.

External cost drivers relate to Customer Demand projects initiated by agencies such as the OEB, Railways, Provincial and Municipal governments, Road Authorities and land developers, and Regulatory Agencies. HOBNI has an obligation to respond to requests from such agencies as dictated by various acts and bylaws. Examples of such include; The Public Service Works on Highways Act, The Municipal Act, The MTO Corridor Control Manual, as well as others. The timing of capital expenditures related to these external drivers is beyond the control of HOBNI and as such the Company refers to these as *uncontrollable* capital expenditures.

These projects are driven by Growth, Reinforcement and Customer Demand as described in **Table 8**:

Table 8: Development Drivers

3	**System Expansion & Enhancement** **Voltage Conversion Projects** **New Substations & TS's** **TS/MS Feeder Egress** **New Feeder Installations** **New Pole Lines**	***Development***	*Growth*	*Introduce new infrastructure required to provide additional service capacity in response to load growth.*
			Reinforcement	*Add to or upgrade existing infrastructure to provide increased service capacity in response to load growth.*
			Customer Demand	*Response to a request by an authority or agency having legal jurisdiction over the location or relocation of existing LDC infrastructure, i.e. roadway improvement projects.*

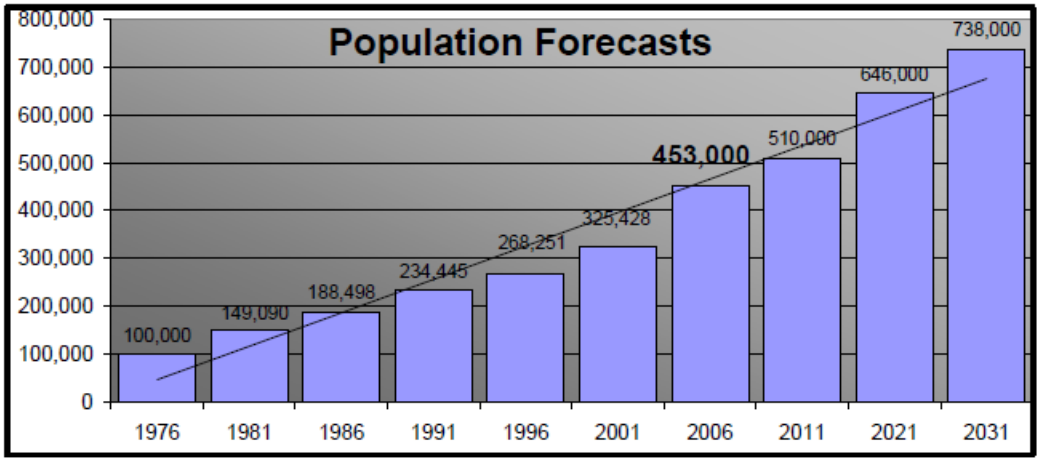
"Development" type projects in the Growth and Reinforcement categories are driven primarily by the need to increase system capacity to support an increase in demand resulting from new residential, commercial and industrial subdivisions. An increase in existing customer demand could also initiate this type of project; however, this tends to be less common.

Expenditures in the Customer Demand category are also driven by Regulatory requirements such as the Green Energy Act and projects initiated by agencies responsible for civil infrastructure.

Brampton

City of Brampton – Projected Population Forecast

DRAFT



Forecast figures come from the 2009 City of Brampton City-wide Forecasts May 2009.

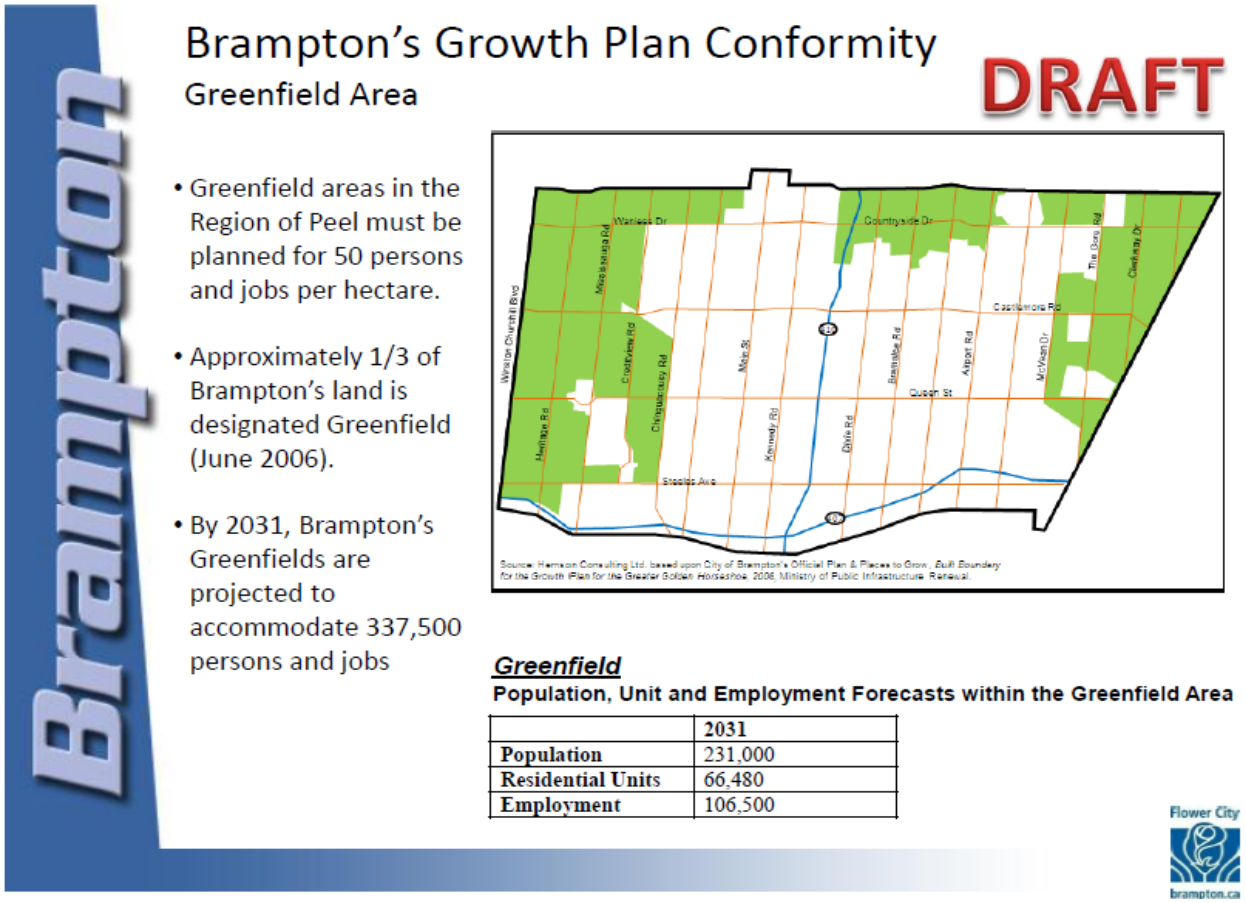
Brampton Housing Unit Growth					
	Single	Semi-Detached	Row	Apartment (inc. Duplex)	Total
1986-91	7,700	400	1,400	5,200	14,700
1991-96	4,100	800	1,500	2,600	9,000
1996-01	7,700	100	2,500	4,800	15,100
2001-06	21,100	6,200	2,400	1,300	31,000
2006-11	10,400	2,600	1,800	2,600	17,400
2011-16	12,700	4,500	3,300	2,700	23,300
2016-21	9,200	3,700	3,300	3,700	20,000
2021-26	6,500	3,200	3,300	4,200	17,200
2026-31	4,000	2,700	3,500	3,600	13,900

5 year period	Average Annual Housing completions
1986-1991	2940 units/year
1991-1996	1800 units/year
1996-2001	3020 units/year
2001-2006	6200 units/year
2006-2011	3482 units/year
2011-2016	4658 units/year
2016-2021	3996 units/year
2021-2026	3434 unit/year
2026-2031	2770 units/year

Flower City
brampton.ca

Figure 12: Brampton Projected Population

The official plan identifies “Green Field” areas zoned for development including population growth projections as shown in the accompanying map.



Greenfield

Population, Unit and Employment Forecasts within the Greenfield Area

	2031
Population	231,000
Residential Units	66,480
Employment	106,500

Figure 13: Brampton Growth Plan Conformity

It is important to note that these lands are currently zoned rural and have minimal population/load densities. These areas are typically serviced by older low voltage distribution systems not suitable for new development. The impact of development in the “Green Field“ area drives the requirements for new capital expenditures necessary for the construction of new 27.6 kV systems.

The Green field map is further supported by current City of Brampton Draft Plan of Subdivision applications. The following map details the location and status of subdivision plans as of April 2010. Currently 29 subdivision applications have been approved representing a total of 6,351 new service connections.

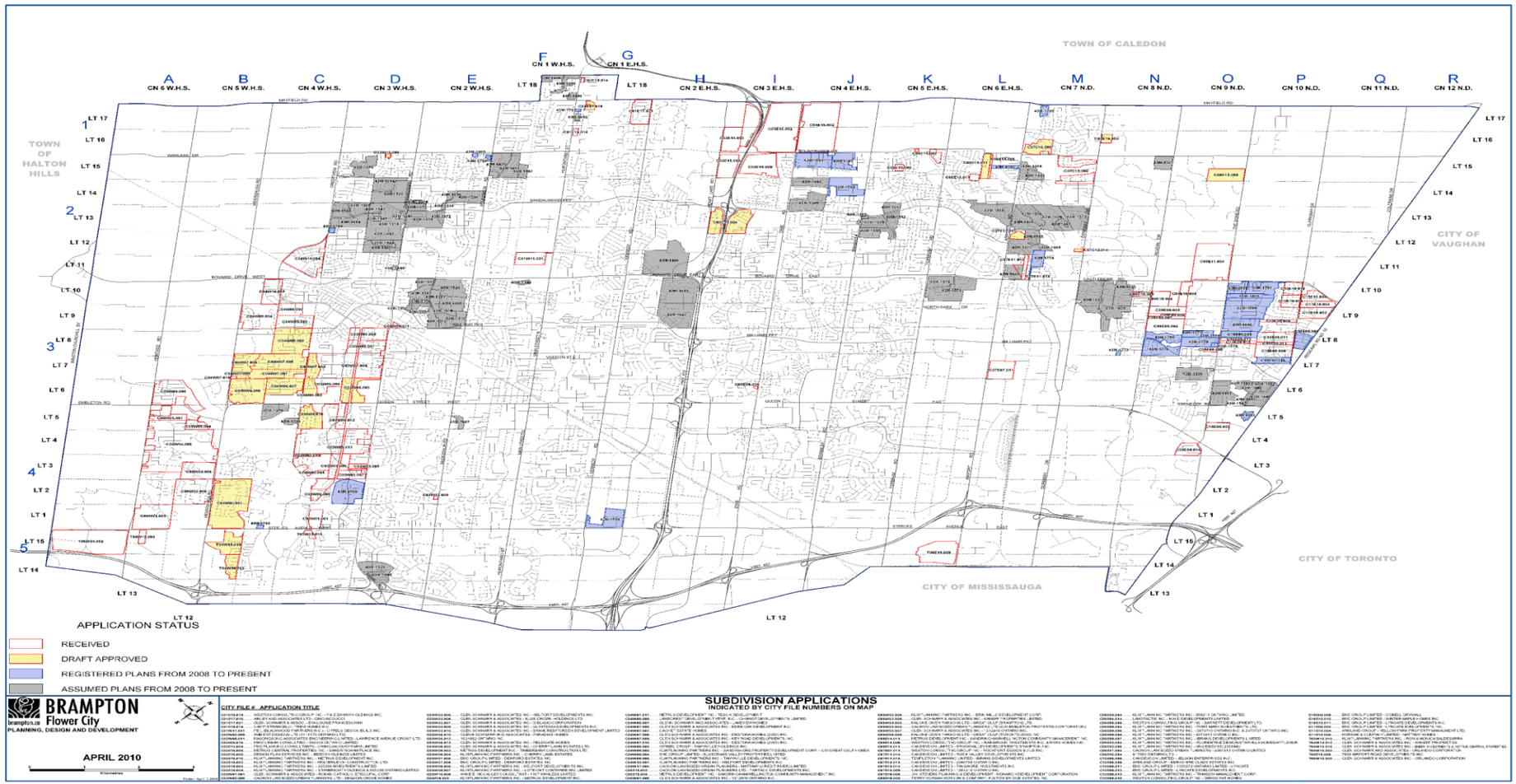


Figure 14: Subdivision Plans

The "Development" category includes Customer demand projects resulting from various government agency initiatives, such as public transit projects, roadway improvement contracts, traffic mitigation requirements and, civil infrastructure repair or replacements, to name a few. HOBNI has an obligation to respond to requests from such agencies as dictated by various acts and bylaws. An example of such includes; The Public Service Works on Highways Act, The Municipal Act, and The MTO Corridor Control Manual, as well as others. These projects have a significant impact on the financial resources of the company and the timing of these expenditures is beyond the control of the company. In order to gain an understanding of the potential of future roadway improvement type projects, HOBNI staff attends regular meetings with representatives from the respective road authorities. These projects are driven by Federal, Provincial, and Municipal budgets and may be influenced by political decisions of the day. The result is that while many projects may be identified, their implementation may not be confirmed until the year in which construction is to occur. The company incorporates funding allocations in the annual budgets based on the best information available at the time; however, the dynamic nature of these projects invariably causes the company to adjust the capital expenditures in a reactive manner often impacting previously planned capital investments.

The maps in the following pages **(Figures 15 and 16)** present proposed projects with construction scheduling shown.

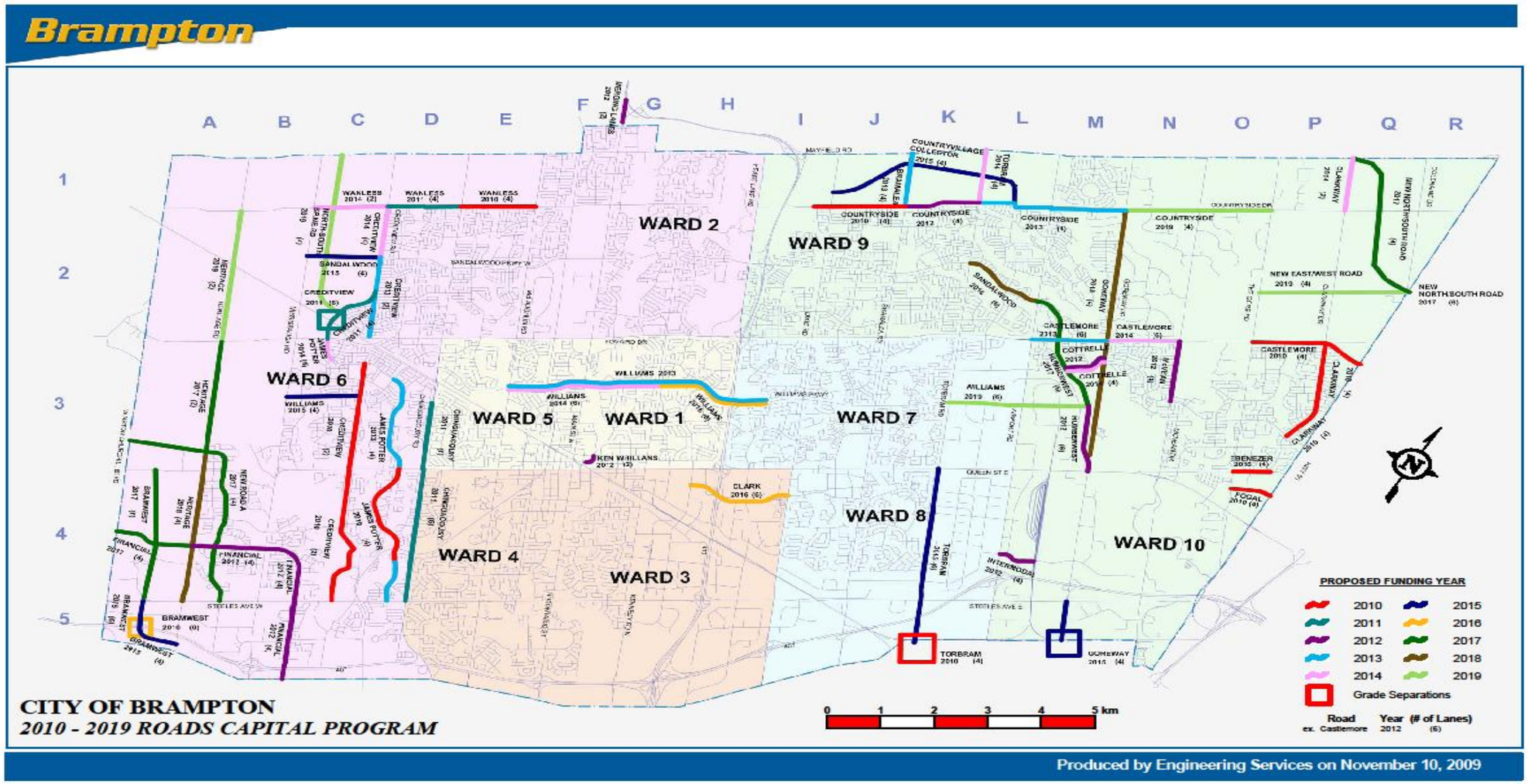


Figure 15: Map of the City of Brampton – Roads Capital Program

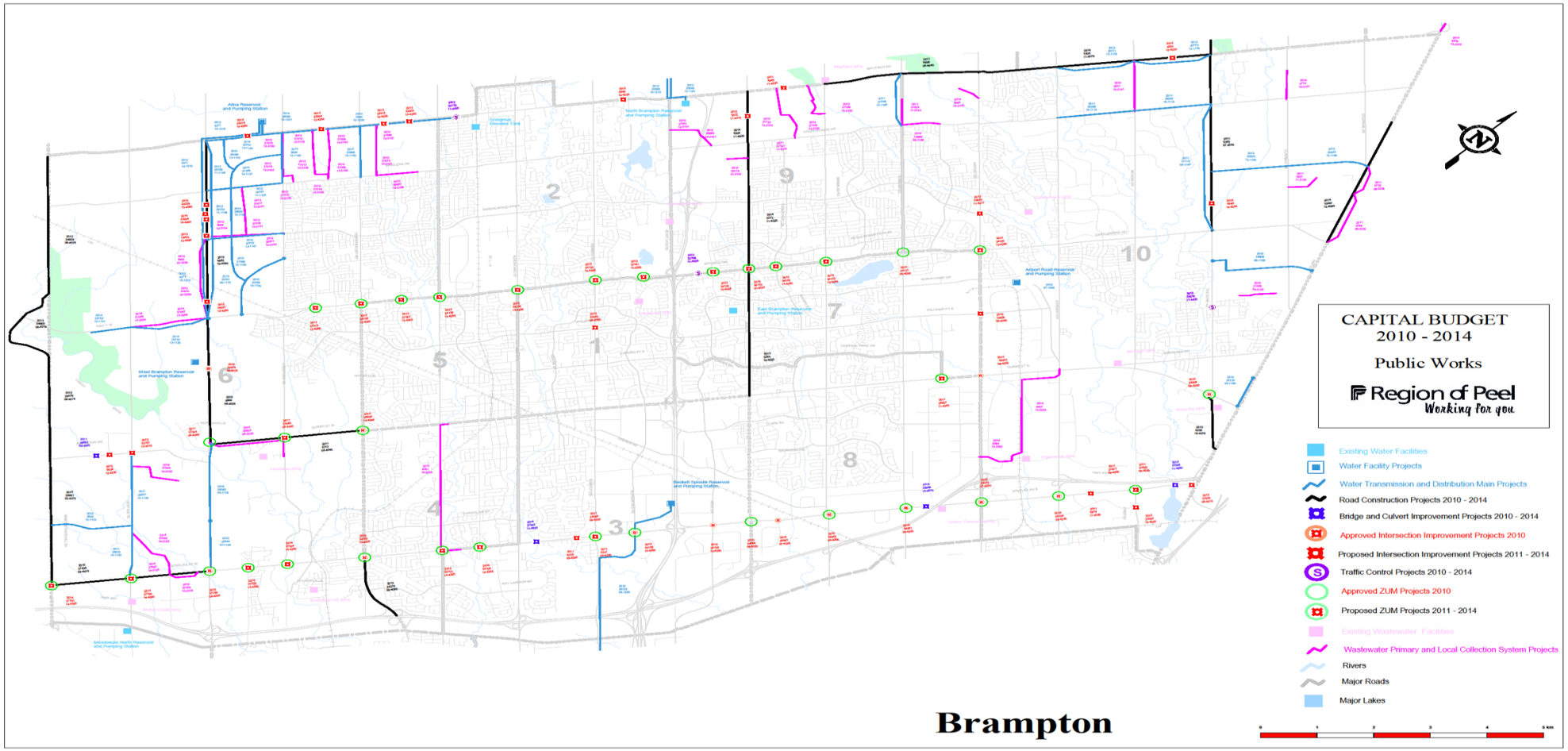


Figure 16: Map of the City of Brampton – Capital Budget

Customer demand projects also include capital expenditures in response to regulatory initiative which include Smart Meter programs and the Green Energy Act. The implementation of programs in these areas requires new hardware and software applications to leverage the capabilities of the Outage Management System currently in use at HOBNI.

CAPITAL INVESTMENT DRIVERS FOR GIS AND FLEET EXPENDITURES

GIS Expenditures

Capital expenditures are required for the continued support of the enterprise requirements in the GIS department for upgrading computer hardware, purchasing new licensed software, and providing application development for the implementation and integration of new applications at the utility. These expenditures will be used to purchase new software applications for the enhancement of existing Geographic Information System (GIS). Areas of interest include GIS upgrades and add-ons, SCADA, Automated Meter Reading (AMR), Customer Information Systems (CIS), Work Management Systems (WMS), and Load Forecasting and analysis software.

Investment in these new applications will allow the utility to continue to expand the use of its GIS across the utility to provide better engineering analysis, quicker response times and restoration times for outages, better crew management, and improved dispatching capabilities. The results will be recognized in improved operational efficiencies throughout the utility.

The G/Technology/OMS Code Development project will have HOBNI staff working with their GIS vendor Intergraph to write new Gtechnology code for customizing both: the Geographic Information System, and the Outage Management System application. The scope of work is to provide scheduled sustained engineering services for upgrading the existing applications to the latest version of the software. Other areas of interest include Inservice/OMS upgrades, writing new code to interface with new load forecasting and analysis software used by Engineering and Operations which include examining work flows within the application and making modifications as required to suit HOBNI customer's business strategies. Work also includes an upgrade of G/Technology to the latest version of this operating platform.

GIS Hardware purchases are required to support the operation of GIS applications in the Drafting & Records department, in the Control Room and other departments interfacing with the Geographic Information System (GIS). Investment in new hardware insures that the GIS systems continue to perform at an optimal level. New equipment purchases allow the utility to

expand its GIS user base to include other departments and move forward with future field applications. Upgrading older hardware to newer machines with faster processors provides for improved operational efficiency from the GIS/OMS applications and users.

OMS/SCADA/Load Forecasting Software purchases are required for additional software licenses and new application software packages for the enhancement of the existing Engineering and Operations systems in the area of OMS, SCADA and load forecasting. These new licenses will be installed at HOBNI's back-up control centre as part of an emergency preparedness initiative. These are critical to the safe operation and analysis of the distribution system if there ever was a need to abandon the HOBNI control centre and conduct operations from the back-up site.

CAPITAL INVESTMENT PROCESS - FLEET

Fleet Capital Investment

HOBNI owns and maintains all of its normal duty vehicles rather than leasing as this arrangement has proven to be the most cost effective way of providing the necessary Fleet services.

HOBNI manages its vehicle/equipment purchases, maintenance and repairs on site. Maintenance and repairs are provided at HOBNI's facility, outsourcing repairs at local garages and dealers are also used as needed which have been preapproved.

The Fleet Department completed cost studies to examine the efficiencies of maintaining fleet's services on site vs. using external companies to perform the same function. The studies looked at the cost of annual vehicle certification for CVOR requirements, preventative maintenance items such as oil changes, brake service, and general maintenance as well as trailer service and modifications. These studies compared HOBNI fleet mechanics at overtime rates vs. three local heavy equipment service contractors. HOBNI costs were substantially less than all three companies.

The Hydro One Brampton Fleet repair facility maintains a high level of service and consistency. HOBNI's Fleet department monitors vehicle usage. It was found that small passenger vehicles were underutilized suggesting that the number of vehicles was higher than required. Upon further review it was determined that the annual maintenance and service costs for small passenger vehicles was actually higher than rental costs. In view of this finding the company

formed an agreement with rental car agency to supply newer small vehicles as required during periods of higher vehicle demand throughout the year. The number of small passenger vehicles will be reduced from ten to five.

Fleet Types and Quantities

In 2009 the HOBNI Fleet consisted of a total of 107 pieces of equipment classifications and quantities which were broken down as illustrated in **Table 9** on the following page.

Table 9: Hydro One Brampton Fleet Types and Quantities (2009)

Type	Quantity
Cars	**10**
Pickups	**8**
SUV Hybrids	**3**
SUV	**1**
Vans	**14**
Cube Vans	**2**
Box Trucks	**1**
Stake Trucks	**12**
Cranes	**1**
Aerial Single Material Handlers	**5**
Diggers (RBD)	**4**
Aerial Single Buckets	**5**
Aerial Double Buckets	**7**
Tow motors/Farm Tractor	**5**
Highway Tractor	**1**
Vacuum Truck	**1**
Trailers/ Equipment	**27**
Total	**107**

Replacement

All vehicles and equipment have varying life expectancies, depending on the work performed and the conditions under which they are used. A critical component for quick outage restoration, efficient construction and safe work is to have updated, well maintained, and operational vehicles. Degradation of the fleet may jeopardize work performance. Engine hours, mileage, age, condition, and repair history must be considered. The useful life of the equipment can be extended somewhat with a sound maintenance and repair program.

Generally, Fleet Replacement Guidelines are used throughout every industry, each adapted to the specific industry. These guidelines are used to forecast the timely replacement of vehicles when it is economically reasonable, before costly repairs occur, as well as to ensure safe and reliable operation is not compromised.

HOBNI must follow all MTO laws and regulations and keep a good standing Commercial Vehicle Operator's Registration (CVOR). Environmental considerations are fuel economy and exhaust emissions. HOBNI needs to optimize the size of its fleet (keeping a minimum critical level, as well the elimination of redundancy) while keeping in mind the need for back up and support vehicles.

HOBNI had a Fleet Assessment Management Study completed by R Irwin Fleet Services in March 2010.

Table 10 is intended as a guideline. All factors will be taken into consideration to determine if the equipment is ready for replacement.

Table 10: Fleet Replacement Guideline

Heavy Vehicles		
Equipment	***Replacement Guideline***	***Vehicle Hours***
Single Axle Cab and Chassis (Stns. & P&C single bucket trucks)	10 years	10,000hr
Tandem Axle (Trouble, Construction and Service single bucket trucks)	10 years	10,000hr
Heavy Duty Tandem Axle (Construction double bucket trucks)	10 years.	10,000hr
Radial Boom Device (RBD – Digger Derricks)	10 years	10,000hr
Hiab/Crane	10 years	10,000hr
Cube Van Gas	8 years	200,000Km
Box Truck Diesel	10 years	10,000hr
Tractor (Fifth wheel)	10 years	10,000hr
Fork Lifts/Tractor(loader)	17 years	10,000hr

Light Vehicles		
Equipment	***Replacement Guideline***	***Vehicle Hours***
SUV Gas or Hybrid	7 years	170,000 Km
Full Size Pickup Truck gas (4X4)	7 years	170,000 Km
Stake Truck Diesel	8 years	170,000 Km
Full Size Van	7 years	170,000 Km
Cars	6 years	170,000 Km
Trailer		
Trailers	10 years	
Tension Machine/Underground Puller	15 years	
Reel trailers	15 years	
Compressor	15 years	

References were considered in the creation of this guideline from the following sources:

- Enersource Corporation
- Hydro One Inc.
- Power Steam
- International Truck Corporation Co.
- Freightliner

Fleet Capital Investment

With cost effectiveness a high priority, the basic principles for replacement are age, hours on hydraulic equipment/chassis engine, mileage and operating expenses, as well as potential revenue from resale of the asset.

Hydro One Brampton currently replaces vehicles on a one–to-one basis; however, this may have to increase in the future to insure there are sufficient vehicles available to provide necessary levels of service as Brampton continues to grow.

Key components for outage restoration are reliability and safe work which requires having well-maintained, reliable, and operational vehicles. The vehicles over 10 years old have high hours, mileage, and maintenance and repair costs. As the truck age and repairs increase, finding replacement parts becomes difficult, increasing vehicle downtime and possible rentals.

Another consideration when looking at replacement is vehicle technology. Hydro One Brampton has tried to purchase hybrid technology and/or vehicles with lower emissions where possible. Hybrid propulsion lowers the overall operating cost of the vehicles because of greater fuel efficiency/lower emissions and less maintenance.

GREEN FLEET INITIATIVES EXECUTIVE REPORT

Introduction of Green Technology Investigation

This document summarizes our fleet objective to improve the environment in the areas of green house gas emissions, noise pollution and cost reductions. Hydro One Brampton's efforts will improve the health and safety for the general public as well as for employees. HOBNI has evaluated Green Energy options when purchasing new vehicles. The evaluation process was based on vehicle usage, cost for the new technology, improvement in fuel savings, CO_2 emissions and Health and Safety. HOBNI has created a plan which is incorporated in the business plan, and additional funds for these green projects were included in the budget. The Company's intent is to "green" the fleet as it is replaced and assess each vehicle as per the technology of the day.

At the present time, the Company's fleet consists of 82 pieces of equipment with internal combustion engines, and 6 vehicles that have green technology (1 plug in tandem hybrid material handling single bucket truck; 2 Ford F150 pick-up trucks with anti-idling systems; and 3 Ford Escape hybrid SUV's. The Company's initiative includes LED lighting on all new vehicles to reduce loads.

Hybrid technology is available in light duty vehicles. The benefits are fuel savings and a reduction in CO_2 emissions, which has been evaluated by the Canadian Fuel Consumption Guide. **Table 11** shows a comparison on all light duty vehicles available in Canada and both fuel and CO_2 emissions are based on 20,000 km per year.

Table 11: Current Inventory at Hydro One Brampton

Vehicles	Fuel Economy - City	Fuel Economy - Highway	CO_2 Emissions
2 Ford Escape – Gasoline Model	10.4 L – 100 km	7.6 L – 100 km	4186 KG per year
3 Ford Escape – Hybrid	6.6 L – 100 km	7.3 L – 100 km	3174 KG per year

Information in **Table 11** indicates an improvement of fuel consumption and CO_2 emissions with Hybrid units. In addition there is reduced vehicle noise and an 8 year warranty on the complete hybrid system and batteries.

Hydro One Brampton's anti-Idling initiative was accomplished by new technology that was initiated by Fleet Challenge Ontario. The Plug-in anti-Idling system was first tested on OPP vehicles. The system removes the ability to idle a vehicle at a job site. HOBNI has purchased two of the Anti-Idling systems at a cost of $10,000.00 each through W.E. Enterprises which were installed on two 2010 Ford F150 pick-up trucks.

Table 12: Current Inventory at Hydro One Brampton

Vehicles	Lighting Loads	Times in Hours without Engine Running
7 Pick-up Trucks without Anti-Idling Systems	22.5 amp draw	2 hrs, 10 min. Only twice, not recommended or battery & alternator can fail
2 Pick-up Trucks with Anti-Idling Systems	22.5 amp draw	7 hrs, 30 min. With no damage.

The improvement of fuel consumption and CO_2 emissions has benefits on the environment, the general public and the employees. The safety lighting and vehicle cab temperature is fully functional when the truck's engine is off which improves health and safety.

HOBNI also has an Anti-Idling policy for all vehicles that are not required to run PTO's. All employees are following the anti-idling policy which is contributing to improving the environment.

Heavy Equipment (which includes bucket trucks) has been evaluated by the use of the Dueco Hybrid statistics. The comparison in **Table 13** shows a conventional truck to a hybrid truck based on fuel and CO_2 emissions.

Table 13: Current Inventory at Hydro One Brampton

Vehicles	Fuel consumption	CO_2 Emissions
4 Conventional Tandem Material Handler Single Bucket Trucks	No savings when driving	3088.2 lbs of CO_2
1 Hybrid Tandem Material Handler Single Bucket Truck	30%-40% savings when driving	1850.8 lbs of CO_2
	100% during aerial use	None

The Dueco hybrid system has improved the fuel consumption and CO_2 emissions of the heavy duty unit it is installed on. The hybrid reduces noise pollution, improves health and safety, is fully electric at the job sites and has a temperature controlled cab. The unit is equipped with an automatic launch assist chassis for engine fuel savings and 9 kW of exportable power. The hybrid truck has thermal battery management system for colder climates, onboard charging, regenerative braking and 90 minutes of continuous aerial operation. It also has an electric motor that is 60 HP with 200ft lbs of torque. The approximate cost for the hybrid system is $136,000.00.

Posi-Plus offers three Hybrid systems. They do not offer automatic launch assist, regenerative braking, exportable power, battery thermal management system and any reduced fuel consumption or CO_2 emissions while driving. HOBNI has decided to purchase one Posi-Plus 15.4 kWh system for the next 55' single bucket material handler in the Trouble Department, which will charge the batteries as it drives from call to call. The cost for this unit is $49,150.00. The second Posi-Plus purchase in 2010 is a 46.2 kWh system at a cost of $74,650.00 which does not charge the batteries as it is driven. This truck is an 83' double bucket material handler for the Lines Department that normally drives only to the job and back. After all three plug in Hybrid systems are in service, HOBNI can evaluate the systems and the best options.

Other Technologies Available

HOBNI keeps current with new Green Technology vehicles as to what is available, their pros and cons, etc. Employees attend conferences and information sessions such as the Hybrid

Truck Conference, Auto Show, Canadian Utility Fleet Council, and The International Construction and Utility Equipment Expo., and the Canadian Equipment Show.

HOBNI has investigated Biodiesel from Toronto Hydro, Ford and Detroit Diesel. All companies recommended a 5% blend of biodiesel for warranty and less engine problems in the winter, as well as ensuring that the blending of fuels is correct. HOBNI feels that Biodiesel would make a small improvement towards green technology.

HOBNI has investigated natural gas with Enbridge Natural Gas. Their study revealed a $5.00 per month savings but this technology is not a factory option on vehicles. HOBNI currently has three pick-up trucks with duel fuel (gas/natural gas), however, the natural gas filling station is not close the Company's location, where as gasoline and diesel filling is located on HOBNI premises. Thus, the Company feels that natural gas is not cost effective at this time.

HOBNI's investigations on the electric car Maya-300 (made in Mississauga) and the Chevrolet Volt are not available at this time. The Chevrolet Volt is scheduled to be released in 2011 and the Company has budgeted for the purchase of this vehicle. An approximate $10,000.00 rebate is available for the Volt from the Ontario government. Also, Bolt on Hybrids produced through Connaught Engineering which bolt on to the front of an existing engine is not available at this time.

Hydro One Brampton has evaluated the Posi-Plus system to the Dueco Hybrid system as to cost and benefits. **Table 14** on the following page provides the results.

Table 14: Plug in Hybrid for Heavy Duty Equipment (Aerial Device)

Company	Cost	KWH Stored Energy	Temp. Controlled Cab	Auto Launch Assist Chassis Engine	Exportable Power Kw	Recharge Batteries Automatically	Battery Thermal Management System	Regen. Braking Charging System	Continuous Operation Time (Aerial Device)	Reduced Fuel Consumption		Reduced Emissions CO_2	
										When Driving	During Aerial Use	When Driving	During Aerial Use
Dueco	$136,000 K	18 KWH	Yes	Yes	9 Kw	Yes	Yes	Yes	90 mins.	30-40%	100%	40%	100%
Posi-Plus	$49,150 K	15.4 KWH	Yes	No	No	Yes	No	No	1.2 hr.	0%	100%	0%	100%
	$60,500 K	30.8 KWH	Yes	No	No	No	No	No	2.6 hr.	0%	100%	0%	100%
	$74,650 K	46.2 KWH	Yes	No	No	No	No	No	3.25 hr.	0%	100%	0%	100%

Hydro One Brampton's Action Plan

HOBNI's plan is to have all aerial devices equipped with the Posi-Plus Hybrid system. All light duty vehicle will be hybrid if available at the factory. HOBNI will purchase fully electric vehicles whenever possible, for example, the Chevrolet Volt. The goal of the Company is to increase the number of green vehicles to its fleet each year subject to budget and the vehicle replacement schedule. HOBNI will keep current by attending important information seminars, conferences and trucks shows that will benefit the Company.

HOBNI had a Fleet Assessment of the entire fleet completed by R. Irwin Fleet Services in March 2010. The assessment recommended an aggressive fleet replacement schedule to catch up with industry standards, not including green technology. With this information, HOBNI has changed its Fleet replacement schedule with green technology included for the future. This has increased the capital budget figures each year.

The chart **Table 15** shows current and future targets in five years.

Table 15: Hydro One Brampton's Green Fleet Percentage %

Now	2010	2011	2012	2013	2014
5%	7.5%	10.5%	15.5%	20%	24%
Green Energy Costs	$134,000	$210,000	$134,000	$104,000	$185,000

Recommendations

HOBNI's recommendations for the future are to replace light duty and heavy duty vehicles with Hybrid vehicles at the factory level when needed (i.e. Ford Escape Hybrids and Posi-Plus Hybrids). The Company is also planning on replacing a gas powered car with a Chevrolet Volt when it is available. HOBNI is also recommending staying current with all green technologies research which would involve attending more hybrid conferences, truck and equipment shows, and Canadian Utility Fleet Council meetings/seminars.

1 HOBNI's Fleet Replacement scheduled is attached below.

5/11/2010

Fleet Replacement Schedule

Vehicle/Trailer Value

Approximate value of single units including 4% overheads and does not include tax.

Yearly percentage increase methodology

Heavy Equipment

All Aerials/RBDs./ Hiab/ Tractor/Box Truck

Example V#49 & V#50 in 2000 cost $243,000 new. Nine years later that same vehicle replacement is $421,000 plus the 4% overhead charge the purchase price is $437,840 and does not include tax. The 9 year chart below shows a 7.7% increase per year to be able to purchase that same vehicle . Also with a $ 10,000 new emission standard increase in 2010 and Freightliner has raised their prices 25% in the last 3 months and International trucks have gone up 15% in the last 3 months. We are proposing a 4% increase per year on heavy equipment.

Note : This schedule does not include specialty items such as electric vehicles, plug in bucket trucks, large hybrids etc. This would depend on funding. Also the Fleet Replacement Schedule chart is intended as a guideline only. All factors will be taken into consideration to determine if the equipment is ready for replacement or reassignment. Example , utilization of each vehicle group , staffing requirements etc.

243,000 261,000 281,000 302,000 325,000 350,000 377,000 406,000 437,000

Light Equipment

All other Vehicles & Equipment

References we considered from Ford, Gm & Chrysler . We are proposing a 4% increase per Year.

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passenger Cars	3	Apr-99											
(10)	5	Apr-99											
Years Kept - 6	6	Apr-99											
	7	Feb-02											
	8	Mar-02											
	9	Apr-99			35,000								
	10	Apr-99					29,000						
	11	Mar-02						30,400					
	15	Mar-02											
	22	Mar-02						30,400					
Group Totals:			0	0	35,000	0	29,000	60,800		0	0	0	0
SUV's	14	Nov-06											
(Hybrid)	40	Nov-06											
	13	Dec-08											
Years Kept - 7	42	Dec-05											
Gas	new												
Group Totals:			0	0	0	0	0	0	0	0	0	0	0

5/11/2010

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Vans													
(12)	4	Oct-05						41,000					
Years Kept - 7	21	Dec-10											
	29	Jan-02				38,000							
	34	Nov-05											
	48	Feb-05											
	51	Jan-02				38,000							
	60	Apr-99		35,000									
	61	Dec-02						41,000					
	64	Dec-02						41,000					
	65	Aug-98						41,000					
	69	Feb-01						41,000					0
Group Totals:			0	35,000	0	76,000	0	205,000	0	0	0	0	0
Pickup Trucks	35	Jan-02					58000.0						
(8)	36	Jan-02							62,000				
Years Kept - 7	37	Jan-02				56,000							
	53	Mar-02		62000									
	83	Jun-04											
	84	Jun-04											
	91	Jun-04											
	92	Dec-05											
Group Totals:			0	62,000	0	56,000	58,000	0	62,000	0	0	0	0
Chassis	18	Oct-00						151,000					
Stake Trucks	19	Oct-00					146,000						
Years Kept - 8	23	Apr-06											
-11	28	Apr-06											
	44	May-07											
	38	Apr-06											
	43	Dec-99				130,000							
	45	Sep-99			125,000								
	46	Dec-99				130,000							
	47	Sep-99					146,000						
	52	Jan-08											
Dump box	82	Mar-04											
Group Totals:			0	0	125,000	260,000	292,000	151,000	0	0	0	0	0

5/11/2010

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cube vans	81	Jan-08											
(2)	75	Dec-02											
Years Kept - 10													
Group Totals:			0	0	0	0	0	0	0	0	0	0	0
Box Trucks	63	Apr-09											
(1)													
Years Kept -10													
Group Totals:			0	0	0	0	0	0	0	0	0	0	0
Aerials Single Bucket	72	Nov-96		142,000	303,000								
(5)	73	Oct-96		445,000									
76 Replacement is	76	May-92			450,000								
a material Handler	88	Apr-99				468,000							
Years Kept - 10	90	May-02											
Group Totals:			0	587,000	753,000	468,000	0	0	0	0	0	0	0
	1	Dec-92		634,000									
Aerials Double Bucket	26	Feb-06					713,000						
	27	Jul-07						163,000	578,000				
	49	Oct-01			145,000	514,000							
Years Kept - 10	50	Oct-01						741,000					
83' replacement	79	Jun-93			659,000								
83'	78	Jan-08											
Group Totals:			0	634,000	804,000	514,000	713,000	904,000	578,000	0	0	0	0
	32	Dec-00					156,000	320,000					
Single Material Handler	33	Dec-00							495,000				
Bin Body	16	Jun-89	86,000										
(5)	70	Aug-04						162,000	332,000				
Years Kept - 10	74	Jul-04						162,000	332,000				
Group Totals:			86,000	0	0	0	156,000	644,000	1,159,000	0	0	0	0

5/11/2010

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Digger Derricks	12	Apr-99					560,000						
(4)	17	May-90		421,000									
Years Kept - 10	25	Dec-93		108,700	308,000								
	57	Dec-04							157,000				
Vacuum Truck	80	Mar-09											0
Group Totals:			0	529,700	308,000	0	560,000	0	157,000	0	0	0	0
Hiab	41	Mar-93				502,000							
Aerial Track Unit	new												
Years Kept -10													
Group Totals:			0	0	0	502,000	0	0	0	0	0	0	0
Multi-Purpose Tractor (1)	77	Nov-08											
Years Kept -10													
Group Totals:			0	0	0	0	0	0	0	0	0	0	0
Forklift/Tractor													
(2)	180	Feb-06	Replacement in 2023 Approx 172,000										
Years Kept - 17	178	Nov-04	Replacement in 2021 Approx 55,000										
Little	104	Jan-88		40,000									
Large	179	Nov-92			81,120								
Loader Tractor	175	Jan-05											
Group Totals:			0	40,000	81,120	0	0	0	0	0	0	0	0
Box Covered Trailers	109	Mar-92				18,000							
	110	Mar-92				18,000							
(4)	119	Aug-01					28,000						
Years Kept -10	165	Jan-87				35,000							
Group Totals:			0	0	0	71,000	28,000	0	0	0	0	0	0
Reel/Cable Trailers	163	Jan-81			11,000								
(5)	171	Jan-81			11,000								
Years Kept - 15	167	Jan-74					31,000						
Group Totals:			0	0	22,000	0	31,000	0	0	0	0	0	0

5/11/2010

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Compressor	113	May-85											
Float Trailer	102	May-87											
Years Kept - 15													
Group Totals:			0	0	0	0	0	0	0	0	0	0	0
Cargo Trailers	101	Feb-86			22,000								
(8)	107	Dec-91				22,500							
Years Kept - 10	108	Dec-91					23,000						
	117	May-99							20,000				
	156	May-93					23,000						
	157	May-93							24,000				
	181	Jan-83					23,000						
Group Totals:			0	0	22,000	22,500	69,000	0	44,000	0	0	0	0
Dump Trailers	114	Oct-99					30,000						
(3)	115	Dec-95											
Years Kept - 10	116	Feb-98		12,000									
Roll off trailer/ truck	new				12,500								
Group Totals:			0	12,000	12,500	0	30,000	0	0	0	0	0	0
Pole Trailers	100	Nov-85		35,000									
(3)	187	Dec-07											
Years Kept -10	174	Jan-82			56,000								
Group Totals:			0	35,000	56,000	0	0	0	0	0	0	0	0
Underground Cable Puller	194	May-01											
(1)													
Years Kept - 15													
Group Totals:			0	0	0	0	0	0	0	0	0	0	0

5/11/2010

	Unit #	In Service Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Overhead	195	Jul-84	Usage assessed then possibly sell										
Tension Machines	196	Jan-84	Usage assessed then possibly sell										
-4	192	Oct-07	Replace in 2024 for approx.135,000										
Years Kept - 15	193	Oct-07	Replace in 2024 for approx.135,000										
Group Totals:			0	0	0	0	0	0	0	0	0	0	0
Fleet Improvements			36,000	36,720	37,454	38,203	38,967	39,746					
TOTAL PER YEAR			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
			$122,000	$1,971,420	$2,256,074	$2,007,703	$2,004,967	$2,004,546	$2,000,000	$0	$0	$0	$0
				$1,849,420	$284,654	-$248,371	-$2,736	-$421					
				1516%	14%	-11%	0%	0%					

Note: While compiling this report to achieve lower yearly budget figures for vehicle replacement we have acquired a higher risk factor for equipment failure, increased down time, lost productivity, and higher unplanned maintenance costs (engine failures, equipment rentals, etc.). These budget figures will not get us to industry standards of yearly replacement programs of surrounding Utilities for many years. This does not leave us any leeway for major damage/fire,etc.due to us being self insured up to one million dollars.

CAPITAL PROJECT DESCRIPTIONS 2005

Hydro One Brampton's Capital expenditures for 2005 were reported based on the following results. A summary of the expenditures by categories is detailed in **Table 1**, below.

Table 1: Capital Project Expenditures Summary 2005

Type	Description	2005 Expenditures	Contributions and Grants	Construction Work in Progress	Total
1	SUBSTATIONS AND P. & C.	192,785			192,785
2	SCADA EQUIPMENT	523,947			523,947
3	UNDERGROUND DISTRIBUTION SYSTEM	5,717,092			5,717,092
4	OVERHEAD DISTRIBUTION SYSTEM	3,113,468			3,113,468
5	ROAD WIDENINGS	4,810,184			4,810,184
7	NEW GENERAL SERVICE CUSTOMERS	2,117,331	(1,883,677)		233,654
8	NEW RESIDENTIAL- HIGH DENSITY	53,455	(9,030)		44,425
10	NEW RESIDENTIAL- LOW DENSITY	7,328,208	(8,601,402)		(1,273,194)
11	METERING	985,832			985,832
12	VEHICLES	973,648			973,648
13	DEPARTMENT TOOLS & EQUIP. > $500.00	280,637			280,637
17	ADMIN. & SERVICE CENTRE	1,162,978			1,162,978
18	ADMINISTRATIVE COMPUTER AS/400	594,029			594,029
19	G.I.S. COMPUTER EQUIP. & SOFTWARE	310,260			310,260
25	BUILDINGS & FIXTURES-VARIOUS	11,809			11,809
29	LAND AND LAND RIGHTS	16,894			16,894
	Total	28,192,555	(10,494,109)		17,698,447

A detailed listing of expenditures by OEB accounts is included as **Table 1** in Exhibit 2, Tab 5, Schedule 2.1 for reference.

SUBSTATIONS AND PROTECTION & CONTROL $192,785

The Substation Maintenance department continued their capital upgrades at various substations and network transformer installations.

In 2005, transformers at MS21, MS19 and vault 8060 were flow-coated to extend the life of these large transformers. Damaged cooling radiators at transformer vault 8060 located at Shoppers World were also replaced.

The network transformer located at vault 9439 was refurbished to replace obsolete equipment and to address water/salt damage at this location.

Breaker replacement was completed at MS2 with the installation of ABB VM1 vacuum breakers, and the vault drainage/petro-plug program continued at several below-grade and on-grade transformer vaults.

Protection and control systems were upgraded at MS21 and MS8 where obsolete equipment was replaced with modern microprocessor-based equipment, and a new RTU and associated equipment was installed at MS1/13 replacing the problematic STC XPPQ RTU.

SCADA $523,947

In 2005, the Protection & Control department (P&C) moved ahead with several initiatives designed to increase system reliability and improve protection/SCADA functionality.

P&C upgraded SCADA antennas at six locations to teflon-coated units and retro-fitted obsolete equipment at five pole top SCADA installations. Fiber WAN was expanded to MS14 and a Spread Spectrum Radio node at MS14 was added covering the south-west area of the city. A fibre optic link was also installed between the SCADA master and the Spread Spectrum node located at HOBNI's administrative facilities 175 Sandalwood Parkway, Brampton.

P&C continued the telemetric upgrades/expansion by installing Telemetric Cellemetry RTUs at five vaults located at Shoppers World replacing obsolete Motorola SCADA equipment. Smart Link Cellemetry RTUs were also upgraded with Telemetric RTUs at eight locations replacing obsolete technology.

SCADA software upgrades included the purchase of new user licences/software group upgrade package for the existing SCADA system. The package included annual software upgrades, installation, training and technical support.

UNDERGROUND DISTRIBUTION SYSTEM $5,717,092

This category represents all budgeted controllable capital distribution asset expenditures in the underground class. Reporting of these projects is broken down into subcategories specific to Sustainment and Development classifications.

Sustainment Projects

2005-037 Miscellaneous Underground Cable Replacement.....$170,807

This program replaced various aging primary cable segments in HOBNI's distribution system which experienced faults during the budget year.

2005-039 Reactive Demand Projects - Underground.....$475,722

These costs are associated with response to various equipment failures and customer demand projects generating underground capital expenditures occurring within the budget year. This category was also used for smaller, unallocated projects costing less than $25,000.

2005-098 Bramalea "D" Section - Area Rehabilitation and Voltage Conversion.....$1,194,160

This project was part of a proactive program designed to replace aging underground infrastructure in the "Bramalea Ltd." subdivision areas of Brampton. The original 8.32 kV primary cable systems, transformers and switchgear were at the end of their useful life. These systems were replaced with newer technology operating at higher voltage levels (27.6 kV), to improve customer service and reliability.

2005-106 Padmount Switchgear Replacement Program $159,308

This project was issued to replace four oil-filled LVS type pad-mounted switchgears at various locations with new air-insulated units. The original oil-filled units were experiencing severe corrosion issues and posed an environmental and reliability risk.

2005-107 27.6 kV Circuit Addition - Bovaird Dr. W.: Chinguacousy Rd. to McLaughlin Rd. N. $92,206

This project was released to add the 42M14 27.6 kV circuit to an existing pole line. This was required to extend the M14 east, to complete a tie with an existing 27.6 kV circuit providing feeder loading relief and improved reliability.

2005-114 Elgin Dr. and Mill St. S. - Area Rehabilitation.....$335,783

This project was part of a proactive program designed to replace aging underground infrastructure in the "Armbro" subdivision area of Brampton. The original 15 kV primary cable systems in this area were at the end of their useful life. These systems were replaced with newer technology to improve customer service and reliability.

2005-115 MS21 Coventry Rd. and Walker Dr.....$144,254

This project was to reestablish cable BIL utilizing a new cable injection technology applied to the 44 kV and 13.8 kV cable egresses at MS21.

Development Projects

2005-085 Goreway TS - Directional Bore.....$413,090

This project was issued to install five directional bores with eight conduits per bore, across the Metro Toronto and Region Conservation Authority (MTRCA) lands from Goreway TS to Humberwest Pkwy. This work was required to provide the infrastructure necessary for future feeder cable egress from Goreway TS to HOBNI's distribution system.

2005-089 Feeder Cable and Switchgear Costs - New Subdivisions $2,030,354

This program was for the installation of new underground feeder class facilities including pad-mounted switching devices and 600 AMP feeder cable systems required to support residential load growth.

2005-097 Circuit Addition - Chinguacousy Rd.: Pleasant TS to Bovaird Dr. W. $39,579

This project was issued to install a 27.6 kv circuit on an existing pole line along the east side of Chinguacousy Rd. from Pleasant TS north to Bovaird Dr. W. This was part of a phased program to extend a new feeder into the HOBNI distribution system to accommodate load growth and improve reliability.

2005-100 Duct Structure - Humberwest Pkwy.:
Williams Pkwy. E. to Queen St. E.....$222,733

This project was issued to construct an 8-way concrete encased duct bank on the east side of Humberwest Pkwy., from Williams Pkwy. E., south to Queen St. E. This project was required to provide the infrastructure necessary for the installation of future underground feeder circuits to support load growth and to improve reliability.

2005-103 M5 and 25 M8 Feeder Egress Jim Yarrow TS.....$202,682

This project was issued to install two feeder circuits from the M5 and M8 breaker positions at the Jim Yarrow Transformer Station located at the north-west corner of Steeles Ave. W. and Chinguacousy Rd. This work was required to provide feeder capacity for load growth and to provide the ability to shift load from Pleasant TS.

2005-105 Feeder Connection - Queen St. W. and 230 kV Corridor $123,657

This work was issued to complete an underground feeder connection required to energize an idle 556 circuit on Queen St. W. This was required to support residential load and improve feeder contingency.

2005-108 M42 Feeder Egress - Goreway TS.....$112,757

This project was issued to install the 136M42 feeder egress at Goreway TS to support load growth and improve feeder contingency.

OVERHEAD DISTRIBUTION SYSTEM $3,113,468

This category represents all budgeted controllable capital distribution asset expenditures in the overhead class. Reporting of these projects is broken down into subcategories specific to Sustainment and Development classifications.

Sustainment Projects

2005-018 Fault Indicator Installation.....$70,687

This project was issued to install fault indicators at various locations in the distribution systems as recommended by the HOBNI Control Centre and the Planning department. This project was initiated to improve system restoration and response time by providing fault indication at strategic points on the grid.

2005-040 27.6 kV LIS - Mississauga Rd. at Steeles Ave. W. $35,363

This project was issued to upgrade inline switch 20-1039 with a three-phase, gang-operated load interrupter switch to improve line sectionalizing and fault restoration capabilities.

2005-041 27.6 kV LIS McLaughlin Rd. south of Sandalwood Pkwy. W.....$28,258

This project was issued to install a three-phase, gang-operated load interrupter switch in the 42M7 feeder circuit to improve line sectionalizing and fault restoration capabilities.

2005-042 27.6 kV LIS - Mississauga Rd. north of Embleton Rd. $44,938

This project was issued to install a three-phase, gang-operated load interrupter switch in the 42M48 feeder circuit to improve line sectionalizing and fault restoration capabilities.

2005-046 Pole Line Rebuild – Kennedy Rd. S.: Tullamore Dr. to Clarence St. $195,886
This was the first phase of a project designed to replace an aging multi-circuit wood pole line with a new concrete pole line located on the opposite side of the roadway.

2005-048 Bramalea Rd.: MS-18 to Queen St. E. $37,639
This was the first phase of a project designed to facilitate the dismantling of an aged wooden pole on the west side of Bramalea Rd. from MS18 to Queen Street E. In 2005, HOBNI connected and energized a 44 kV circuit on a new concrete pole line located on the opposite side of Bramalea Rd. to enable the disconnection and removal of the circuit on the west side of the road.

2005-049 27.6 kV LIS - Finch Ave. south of Steeles Ave. E. $44,096
This project was issued to install a three-phase, gang-operated load interrupter switch in the 27.6 kV feeder circuit on Finch Ave. to improve line sectionalizing and fault restoration capabilities.

2005-051 27.6 kV SCADA Mate - Sandalwood Pkwy. W., east of McLaughlin Rd. $79,513
This project was issued to upgrade LIS 20-290 with a new SCADA Mate switch including a new pole. This location required automated remote switching capabilities to provide enhanced line sectionalizing and fault restoration capabilities for this heavily loaded feeder system.

2005-052 27.6 kV SCADA Mate - Railroad St. east of McMurchy Ave. N. $87,261
This project was issued to replace LIS 20-208 with a new SCADA Mate switch including a new pole. This location required automated remote switching capabilities to provide enhanced line sectionalizing and fault restoration capabilities for this heavily loaded feeder system.

2005-053 27.6 kV LIS - Walker Dr. $41,958
This work order was issued to replace existing in-line switch 20-23 with 27.6 kV three-phase, gang-operated load interrupter switch on Walker Dr. east of Torbram Rd. to improve line sectionalizing and fault restoration capabilities.

2005-054 Overhead Transformer Replacement.....$84,237
This program involved replacing various transformers due to failure and proactively replacing transformers with loads exceeding defined thresholds.

2005-056 27.6 kV SCADA Mate - Hwy. 7 west of The Gore Road $57,861

This project was issued to replace existing LIS 20-1028 with a new SCADA Mate switch. This location required automated remote switching capabilities to provide enhanced line sectionalizing and fault restoration capabilities for this heavily loaded feeder system.

2005-059 Reactive Demand Projects - Overhead.....$1,012,905

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating overhead capital expenditures occurring within the budget year. This category was also used for smaller unallocated projects costing less than $25,000.

2005-065 Circuit Addition - The Gore Rd. south of Mayfield Rd. $148,108

This project was issued to install a 27.6 kV overhead primary feeder extension on existing poles on Goreway Dr. from pole #11607 north to pole #11997, and to upgrade switch 20-344 with a new SCADA Mate switch.

2005-068 Circuit Bypass Tap - Steeles Ave. W., west of Mississauga Rd.....$37,762

This project was issued to install a 27.6 kV bypass tap at the intersection of Mississauga Rd. and Steeles Ave. W.

2005-078 LIS - Steeles Ave. E., east of Tomken Rd. $26,951

This project was issued to upgrade inline switch 44-313 with a 44 kV LIS to improve line sectionalizing and fault restoration capabilities.

2005-079 LIS - Tomken Rd. south of Steeles Ave. E.....$57,814

This project was issued to install a new 44kV L.I.S. switch on Tomken Road south of Steeles Ave. to provide line sectionalizing and fault restoration capabilities.

Development Projects

2005-021 Reframe Pole Line - McLaughlin Rd. N.: Bovaird Dr. W. to Lowrey Blvd. ..$99,888

This project was issued to reframe circuits on an existing pole line to accommodate a 27.6 kV 556 circuit addition. This was required to complete a feeder tie.

2005-022 Circuit Addition - Wanless Dr.: Creditview Rd. to Brisdale Ave. $177,595

This project was issued to complete a 27.6 kV feeder tie on Wanless Dr. between Creditview Rd. and Brisdale Dr. Work involved reframing existing circuits and adding a circuit. This was completed to provide supply due to residential growth in this area.

2005-030 Reframe Pole Line - Gorewood Dr. north of Steeles Ave. E. $186,314

This project was issued to provide a 27.6 kV back-up to an industrial subdivision on Intermodal Dr. This required reframing an existing pole line to support a new 27.6 kV circuit and converting existing loads from 8.32 kV to 27.6 kV.

2005-031 27.6 kV Pole Line – Creditview Rd.:
Sandalwood Pkwy. W. to Wanless Dr. $93,061

This project was issued to construct a concrete pole line supporting a 27.6 kV circuit to provide supply due to new residential development.

2005-045 44 kV Circuit Addition and Switch Installation $191,117

This project was issued to complete the installation of a 44 kV circuit (42M26) along Bovaird Dr. E. from Dixie Rd. east to Great Lakes Rd. This was completed to provide a 44 kV feeder tie and to improve distribution of loads on the 44 kV grid. A three-phase, gang-operated load interrupter switch was also installed.

2005-047 Pole Line Rebuild and Circuit Conversion -
Nelson St. west of McMurchy Ave. N. $73,437

This project was released as part of HOBNI's ongoing program to phase out low voltage 4.16 kV distributions systems and converting their supply to 27.6 kV. This project involved rebuilding five spans on Nelson St. and converting a number of transformers to 27.6 kV.

2005-067 27.6 kV Pole Line Mayfield Rd.:
Maissonueve Blvd. to Goreway Dr. $200,819

This project was issued to construct a wood pole line along Mayfield Rd. to extend a 27.6 kV circuit to Goreway Dr. This was required to provide feeder capacity for new development in this area as well as a feeder contingency for this area.

ROAD WIDENINGS $4,810,184

The total cost to relocate Hydro One Brampton facilities due to road widening projects by The City of Brampton, Ministry of Transportation and The Region of Peel was $4,810,184 . Hydro One Brampton typically recovers 50% Labour and Equipment costs associated with the City of Brampton and Region of Peel projects. MTO cost sharing is governed by the MTO Corridor Control and Permit procedures manual.

NEW GENERAL SERVICE CUSTOMERS $233,654

Hydro One Brampton Portion $2,117,331

Contributed Capital.....($1,883,677)

This work was driven by customer planning and construction cycles. A total of 202 industrial and commercial services were connected this year. Hydro One Brampton's portions of costs were $2,117,331; the customers funded ($1,883,677) as contributed capital. The forecast was higher than actual due to the type and size of projects that commenced. The commercial market/projects were slow completing connections and being energized.

NEW RESIDENTIAL - HIGH DENSITY $44,425

Hydro One Brampton portion.....$53,455

Contributed Capital..... ($9,030)

This segment of work was driven by customer planning and market conditions. Hydro One Brampton's portion was $53,455; the customers funded ($9,030) as contributed capital. HOBNI had forecast three buildings, but only one was constructed.

NEW RESIDENTIAL - LOW DENSITY ($1,273,194)

Hydro One Brampton portion.....$7,328,208

Contributed Capital.....($8,601,402)

These projects included the cost of reviewing proposed design and the installation of electrical underground distribution for new developments within the City of Brampton. Hydro One Brampton's portion of these costs was $7,328,208; Developers funded ($8,601,402) as contributed capital. Subdivision developments reaching 90% service connection were entitled to possible rebates. Connection at 90% also triggered the upstream component, which was deducted from the Developer rebate amount. There were 5,217 service connections in 2005.

METERING $985,832

The metering expenditures associated with the 2005 projects consisted of projects supporting new commercial, industrial and residential customers along with costs associated with wholesale metering upgrades. Additional funds were spent on various regulatory requirements, as follows:

Wholesale Metering Installations and Upgrades ……..**$184,411**

Hydro One Brampton was responsible to ensure that all wholesale metering installations used for settlements associated with the IESO-administered market were registered with the IESO as per the IESO Market Rules Chapter 6, section 3.2. In addition, this metering had to be compliant with Measurement Canada's Electricity & Gas Inspection Act. This required that all meters and associated equipment such as instrument transformers were to be approved by Measurement Canada. If any of the instrument transformers were not approved by Measurement Canada, the non-compliant units had to be replaced or approved at the earliest seal expiry date.

As per the above requirement, Hydro One Brampton had to perform metering upgrades due to seal expiry issues at Bramalea TS on circuits M26, M27 and M28, and also at Pleasant TS B/Y and E/Z bus metering.

Industrial and Commercial Meter Installations and Upgrades…….……..…**$375,967**

Hydro One Brampton was responsible for the installation, testing, and commissioning of new and existing simple and complex metering installations.

New Residential Metering ……..…….**$425,454**

Hydro One Brampton was responsible for the installation, of new and existing residential metering installations.

VEHICLES $973,648

The capital budget was created to secure funds for the procurement of the following vehicles and equipment:

Seat replacements in various large trucks as recommended by ride concern consultations along with some bin body repairs which were scheduled for Fleet Improvements; new truck/tractor and pole trailer consultations; addition of V180, a large lift truck, which was needed in the Stores department; replacement of vans 24 and V55, which were aging and had high kilometers, with new vans; purchase of one new Hybrid Ford Escape SUV; replacement of stake trucks V58, V81 and V86 , which were aging, and had high kilometers and required bin body up fitting; overhaul of a 15-year old double bucket truck with re-conditioned boom and re-chassis with a new International chassis; purchase of two new portable generators for Lines and Stores departments; refurbishment of three trailers; purchase of a new building

compressor and pressure washer; replacement of V59, a 20-year old fleet service truck, with one new unit; replacement of V93, a 12-year old pick-up truck, with one new pick-up truck.

DEPARTMENT TOOLS & EQUIP. > $500.00 $280,637

This category was used for the purchase of tools and equipment by all departments, where the cost of such exceeds $500.00. Such purchases involved replacing aged or defective tools no longer suitable for service as well as the purchase of new tools providing improved safety, ergonomics and technology.

ADMIN. & SERVICE CENTRE $1,162,978

Roof Replacement Project

The building's roof at HOBNI's administrative facility on Sandalwood Parkway was installed in 1991 and, after 13 years, began experiencing significant leaking.

In September 2004, a Roof Condition Analysis report was completed by IRC Building Services Group on the basis of the age and condition of the roof. The completed report determined that due to rapid deterioration in the membrane, a staged replacement was required. Serious concerns about further damage and possible mould issues also contributed to the decision of immediate replacement.

ADMINISTRATIVE COMPUTER AS/400 $594,029

Of the total spent, $368,225 was for the project to replace the existing IBM mid-range computer with two new mid-range IBM I-series computers for all corporate computer applications and email and internet applications.

Other projects for 2005 included the upgrade of the existing Nortel phone system to current hardware and software levels, the introduction of a new server for secure remote access, the purchase of a new line printer and the purchase of additional personal computers for new staff.

Hydro One Brampton also purchased a user registry module for the creation of a customer portal for on-line bill viewing.

GEOGRAPHIC INFORMATION SYSTEM (GIS) $310,260

These 2005 capital funds were allocated to support the enterprise requirements in the GIS department for upgrading computer hardware, purchasing new licensed software, and providing application development for the implementation and integration of new applications at the Utility. The following significant projects were related to work done in this area:

G/Technology Licences

This project was implemented to upgrade our legacy GIS "FRAMME" environment to a new more "open" web-based system architecture. This new technology improved the way in which HOBNI managed its existing corporate records system and allowed for better integration with other proprietary systems, inspection reports and maintenance reports, existing customer information system, customer accounts and trouble reporting system in use at the Utility.

G/Technology Intergraph Code Development

This project had the Company's GIS vendor, Intergraph, write new G/Technology code for the development of new electronic field data and collection/equipment inspection forms in support of the Utilities' OEB inspections initiative.

GIS Computers, Printers and Plotters

This project was for the purchase of computers, printers, plotters, projectors and ancillary devices required in the Engineering and Operations department in support of technical requirements.

Loss Prevention Software

This project was for the purchase of an Intelex Environmental Technologies Management System. It included licences, software, installation and training. The Health, Safety and Environment department purchased this application for managing records related to various aspects of the Loss Prevention program at HOBNI.

Control Room Projection System

This project was for the purchase of new projection systems in the Control Room. Control Room display screen upgrades were required to allow for improved graphic resolution for use with the GIS SCADA/WorldView applications.

BUILDING & FIXTURES - VARIOUS $11,809

Contributing costs for this category included: sidewalk and curb replacements at the administrative facility at 175 Sandalwood Parkway W., Brampton; and the purchase of an MSAT (Satellite) Phone as part of HOBNI's Distribution Emergency Plan.

LAND AND LAND RIGHTS $16,894

This category was for costs paid to secure easements required for Hydro One Brampton facilities where public space is neither available nor suitable.

Table 1: Capital Projects Table 2005

Type	Description	1806	1808	1815	1820	1830	1835	1840	1845	1850	1855	1860	1915	1920	1925	1930	1935	1940	1950	1955	1960	1980	1995	
		Land Rights	Building & Fixtures	Transformer Station Equipment	Distribution System Equipment	Poles, Towers & Fixtures	Overhead Conductors and Devices	Underground Conduit	Underground Conductors & Devices	Line Transformers	Services	Meters	Office Furniture and Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Stores Equipment	Tools, Shop and Garage Equipment	Power Operated Equipment	Communication Equipment	Miscellaneous Equipment	System Supervisory Equipment	Contributions and Grants	Total
1	SUBSTATIONS AND P. & C.			$28,608	$160,973				$3,203															$192,785
2	SCADA EQUIPMENT													$268,800	$44,800					($2,809)		$213,156		$523,947
3	UNDERGROUND DISTRIBUTION SYSTEM	$18,000				$82,290	$410,441	$789,502	$3,468,868	$934,234	$13,757													$5,717,092
4	OVERHEAD DISTRIBUTION SYSTEM					$1,278,740	$1,434,946		$58,123	$326,012	$646				$15,000									$3,113,468
5	ROAD WIDENINGS					$2,677,358	$554,840	$1,084,112	$356,489	$19,043	$118,343													$4,810,184
7	NEW GENERAL SERVICE CUSTOMERS					$5,802	$32,942	($29,128)	$1,345,450	$793,399	($31,133)												($1,883,677)	$233,654
8	NEW RESIDENTIAL- HIGH DENSITY							$259	$50,076	$7,185	($4,066)												($9,030)	$44,425
10	NEW RESIDENTIAL- LOW DENSITY						$413	$15,120	$3,779,231	$2,739,172	$794,272												($8,601,402)	($1,273,194)
11	METERING				$184,411							$801,421												$985,832
12	VEHICLES															$835,054	$119,654	$16,244	$2,695					$973,648
13	DEPARTMENT TOOLS & EQUIP. > $500.00		($703)			$17,642												$212,931			$50,768			$280,637
17	ADMIN. & SERVICE CENTRE		$1,032,831										$47,733				$19,150				$63,264			$1,162,978
18	ADMINISTRATIVE COMPUTER AS/400												$4,249	$395,020	$65,683					$129,077				$594,029
19	G.I.S. COMPUTER EQUIP. & SOFTWARE												$61,918	$179,238	$69,104									$310,260
25	BUILDINGS & FIXTURES-VARIOUS		$7,716																	$4,093				$11,809
29	LAND AND LAND RIGHTS	$16,894																						$16,894
	Total	$34,894	$1,039,843	$28,608	$345,384	$4,061,831	$2,433,583	$1,859,864	$9,061,441	$4,819,045	$891,819	$801,421	$113,901	$843,059	$194,587	$835,054	$138,804	$229,175	$2,695	$130,361	$114,032	$213,156	($10,494,109)	$17,698,447

CAPITAL PROJECT DESCRIPTIONS 2006

Hydro One Brampton's Capital expenditures for 2006 were reported based on the following results. A summary of the expenditures by categories is detailed in **Table 1**, below.

Table 1: Capital Project Expenditures Summary 2006

Type	Description	2006 Expenditures	Contributions and Grants	Construction Work in Progress	Total
1	SUBSTATIONS AND P. & C.	647,614			647,614
2	SCADA EQUIPMENT	421,350			421,350
3	UNDERGROUND DISTRIBUTION SYSTEM	5,823,822			5,823,822
4	OVERHEAD DISTRIBUTION SYSTEM	4,572,910			4,572,910
5	ROAD WIDENINGS	2,816,334			2,816,334
7	NEW GENERAL SERVICE CUSTOMERS	2,766,707	(1,700,468)		1,066,239
8	NEW RESIDENTIAL- HIGH DENSITY	33,885	(45,559)		(11,674)
10	NEW RESIDENTIAL- LOW DENSITY	3,980,953	(2,725,229)		1,255,724
11	METERING	1,157,230			1,157,230
12	VEHICLES	734,840			734,840
13	DEPARTMENT TOOLS & EQUIP. > $500.00	166,238			166,238
15	CONSERVATION AND DEMAND MANAGE	523,233			523,233
17	ADMIN. & SERVICE CENTRE	1,183,929			1,183,929
18	ADMINISTRATIVE COMPUTER AS/400	283,457			283,457
19	G.I.S. COMPUTER EQUIP. & SOFTWARE	224,769			224,769
23	TRANSFORMER STATION			682,425	682,425
29	LAND AND LAND RIGHTS	39,859			39,859
	Total	25,377,130	(4,471,256)	682,425	21,588,299

A detailed listing of expenditures by OEB accounts is included as **Table 1** - **Capital Expenditures by OEB Account 2006**, at Exhibit 2, Tab 5, Schedule 3.1 for reference.

SUBSTATIONS AND PROTECTION & CONTROL $647,614

The Substation Maintenance department continued their capital upgrades at various substations and network transformer installations.

In 2006, end of life battery charger were upgraded at two municipal substations and the end of life T2 transformer at MS14 was replaced.

The 4160 V breaker upgrade program at MS1 continued and new SF6 28 kV switches at MS13 were installed replacing the problematic air insulated units.

The 44 kV porcelain cable terminations were replaced on several cables at MS22 to prevent failures at this location. Poorly functioning current transformers were upgraded at several SCADA controller switchgear location and upgrades of end of life network equipment at both the downtown low voltage network and at Shoppers World were continued.

SCADA $421,350

In 2006, the P&C department moved ahead with several initiatives designed to increase system reliability and improve protection/SCADA functionality.

SCADA antennas at four locations were upgraded. Five pole top SCADA installations with obsolete equipment were retrofitted. HOBNI continued the fibre expansion by installing fiber WAN to Dixie Rd. and North Park Dr., and added a Spread Spectrum Data Radio Node covering the south-central area of the City.

Telemetric Cellemetry RTUs were installed at three SCADA switches and completed the replacement of obsolete Smart Link Cellemetry RTUs with Telemetric RTUs.

Battery chargers at three remote SCADA locations were upgraded.

Obsolete protection equipment upgrading continued with installations of SEL 351R recloser controllers at MS20. The RTU equipment at MS20 was also upgraded.

UNDERGROUND DISTRIBUTION SYSTEM $5,823,822

This category represents all budgeted controllable capital distribution asset expenditures in the underground class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2006-037 Miscellaneous Underground Cable Replacements.....$293,621

This program replaced various aging primary cable segments in HOBNI's distribution system, which experienced faults during the year.

2006-039 Reactive Demand Projects - Underground.....$400,224

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating underground capital expenditures occurring within the budget year. This category was also used for smaller unallocated capital projects costing less than $25,000.

2006-082 PMH-11 Sandalwood Pkwy. E. and Conestoga Blvd.....$88,090

This project was issued to upgrade two aged oil-filled switchgear units experiencing significant corrosion problems to avoid potential oil leaks with new switchgear units.

2006-085 Feeder Cable Replacement - Williams Pkwy. E., east of Dixie Rd. $107,336

This program was designed to upgrade aging cable systems with high reliability impacts. Cables selected for replacement were based on the number of faults experienced. This work was issued to install a new 1000 kcmil 28 kV AL cable in HPDE ducts along Williams Pkwy. E. from Dixie Rd. to Mansfield St.

2006-095 Bramalea "D" Section Rehabilitation.....$1,311,133

This was a multi-year program designed to rebuild and convert the aging distribution system from 8.32 kV to 27.6 kV in the Bramalea grid area. The 2006 project installed 45 single-phase pad-mounted transformers, 12 km of primary cable and 11.4 km of secondary cable. Approximately 500 residents were involved.

2006-107 27.6 kV Feeder Tie - Chinguacousy Rd. at McLaughlin Rd. S. $41,357

This project was issued to install underground feeder cables at the intersection of Chinguacousy Rd. and McLaughlin Rd. S. to complete a feeder tie. This was required to extend the M14 east to complete a tie with an existing 27.6 kV circuit providing feeder loading relief and improved reliability.

Development Projects

2006-071 27.6 kV Feeder Egress 25M7 - Jim Yarrow TS $128,209

This project was issued to install the new 25M7 feeder egress at Jim Yarrow Transformer Station, located at the north-west corner of Steeles Ave. W. and Chinguacousy Rd. This new feeder connection was required to support load growth and to improve feeder switching capabilities between Pleasant TS and Jim Yarrow TS.

2006-075 Main St. N.: Church St. to Vodden St. $138,376

This project was issued to rebuild an existing aged distribution system along Main St. N. in conjunction with a City of Brampton downtown beatification project.

2006-078 Feeder Tie - Intermodal Dr. $109,209

This project was to install a 27.6 kV underground 1000 kcmil circuit from Gorewood Dr. to Intermodal Dr. to complete 27.6 kV tie. This was required to provide a single primary contingency for industrial development.

2006-079 74M44 Feeder Egress Bramalea TS $91,116

This project was issued to install a 44 kV 74M44 feeder egress at Bramalea TS. This was the first phase of a new feeder connection intended to provide additional 44 kV capacity to provide loading relief and improve reliability on the 44 kV distribution system.

2006-081 Underground Feeder Connection - Torbram Rd. and Hwy. 407 ..... $170,231

This project was issued to install a 44 kV cable connection under Hwy. 407 south of Torbram Rd. This was part of a project to connect the new 74M44 feeder at Bramalea TS, to provide additional 44 kV capacity and loading relief required to improve reliability on the 44 kV distribution system.

2006-084 27.6 kV Feeder Egress - Goreway TS $532,382

This project was released to install the 27.6 kV 136M52 feeder egress at Goreway TS. This was required to support continued development in the north-east quadrant of the City and to provide additional feeder contingency at Goreway TS.

2006-089 Feeder Cable and Switchgear Costs: New Subdivisions $2,026,904

This program as for the installation of new underground feeder class facilities including pad-mounted switching devices and 600 AMP feeder cable systems required to support residential load growth.

2006-104 Pleasant TS $110,577

This project was issued to extend the 27.6 kV 42M11 circuit on the west side of Chinguacousy Rd. underground from pole #9686 Chinguacousy Rd. at the CNR row, north to pole #9758 Chinguacousy. This was a result of circuit reconfigurations requiring breaker connections from the new 27.6 kV DESN at Pleasant TS.

2006-132 Steeles Ave. W. and Hurontario St. S. $111,936

This project was issued to install a 27.6 kV underground feeder circuit across Hurontario St. from pole 64 Steeles Ave. W. to pole 58 Steeles Ave. E., in order to connect the 27.6 kV 25M4 circuit from Jim Yarrow TS as part of a feeder expansion project to utilize the 25M4 breaker position.

2006-136 Feeder Cable - Driver Rd. $122,869

This project was issued to complete a 1000 kcmil 27.6 kV feeder cable installation on Driver Rd. and Pedigree Ct. to provide a single contingency back-up for this industrial load centre.

Regulatory or Joint Use

2006-101 Finch Ave. - Indian Line Campground .....$ 40,252

This project was issued to install facilities required to provide electrical service to customers formerly supplied from Enersource Hydro Mississauga to Hydro One Brampton's distribution system, to eliminate a load transfer situation

OVERHEAD DISTRIBUTION SYSTEM $4,572,910

This category represents all budgeted controllable capital distribution asset expenditures in the overhead class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2006-046 Pole Line Rebuild - Kennedy Rd. S.:

Tullamore Dr. to Clarence St. $1,075,545

This was the first phase of a project designed to replace an aging multi-circuit wood pole line with a new concrete pole line located on the opposite side of the roadway. Loads serviced from the existing 4.16 kV circuit on the aged wood line were converted to 27.6 kV. All three wire services were upgraded to 4-wire wye grounded connections.

2006-047 25M4 Circuit Addition - Steeles Ave. W.:
McLaughlin Rd. S. to MS10 ..... $145,023

This project was issued to string a 556 - 27.6 kV circuit on existing poles, to extend the 25M4 circuit east in preparation for a feeder circuit tie at Main St. This was part of a feeder expansion project to utilize the 25M4 breaker capacity at Jim Yarrow TS.

2006-049 Lightning Activity Protection -
McVean Dr. and Castlemore Rd. Area $104,109

This project was issued to address a high incidence of lightning related activity on the 136M47 feeder serving the Toronto Gore area. A total of 82 lightning arrestors were installed at key locations to mitigate the impact of lightning related events on this feeder.

2006-053 Fault Indicator Program..... $103,261

This project was released to install fault indicators at various locations in the distribution systems as recommended by the HOBNI Control Centre and the Planning Department. This project was initiated to improve system restoration and response time by providing fault indication at strategic points on the grid.

2006-056 System Switch Installations..... $226,404

This project was issued to install 8,600 AMP three-phase, gang-operated load interrupting switches at key locations in HOBNI's overhead distribution system. This was designed to improve circuit sectionalizing, load restoration capabilities, and reliability.

2006-059 Reactive Demand Projects - Overhead..... $844,054

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating overhead capital expenditures occurring within the year. This category was also used for smaller unallocated projects costing less than $25,000.

2006-067 Line Rebuild and Voltage Conversion - McMurchy Ave. S.:
Harold St. to OBRAG $197,949

This project was issued to upgrade an aged wooden pole line, extend 27.6 kV supply, and to convert loads serviced from a 4.6 kV primary supply to 27.6 kV.

Development Projects

2006-022 27.6 kV Pole Line - Wanless Dr. at Creditview Rd. E.....$31,761

This project was a continuation to construct a wood pole line supporting a single 27.6 kV circuit to complete a 27.6 kV feeder tie on Wanless Dr. between Creditview Rd. and Brisdale Dr. This was required to provide service due to residential development along Creditview Rd.

2006-030 44 kV Circuit Addition - Airport Rd.:

Intermodal Dr. to Coventry Rd. $308,008

This project was issued to construct a second 556 - 44 kV circuit along Airport Rd. for approximately 1.7 kms in order to provide supply to MS21 on Coventry Rd.

2006-032 42M14 Feeder - Pleasant TS $73,391

This project was issued to install an underground 42M14, 27.6 kV feeder out of Pleasant TS to service new residential loads east of Chinguacousy Rd.

2006-035 27.6 kV Pole Line - Castlemore Rd.

Goreway Dr. to McVean Dr. $612,108

This project was issued to upgrade an aged wooden pole line with a new concrete pole line on the opposite side of Castlemore Rd. from Goreway Dr. to McVean Dr. Concrete poles selected for this project provided extra pole height required to support an additional 27.6 kV circuit.

2006-040 27.6 kV Circuit Addition - Chinguacousy Rd.:

Williams Pkwy. W. to Sandalwood Pkwy. W.....$131,271

This project was issued to construct a third 556 - 27.6 kV circuit along Chinguacousy Rd. to service load growth in the area.

2006-048 44 kV 74M44 Feeder Addition - Torbram Rd.:

Hwy. 407 to Steeles Ave. E. $104,330

This project was issued to construct a 556 – 44 kV circuit on Torbram Road. This was part of a new feeder connection at Bramalea TS intended to provide additional 44 kV capacity and to provide loading relief and improve reliability on the 44 kV distribution system.

2006-051 44 kV 74M44 Feeder Addition - Utility Corridor:

Bramalea Rd. to Torbram Rd.....$124,349

This work order was issued to construct a new pole line along the utility corridor from Bramalea Rd. to Torbram Rd. to support a new 44 kV circuit. This was part of a new feeder connection at

Bramalea TS intended to provide additional 44 kV capacity and to provide loading relief and improve reliability on the 44 kV distribution system.

2006-066 27.6 kV Pole Line - Torbram Rd.....$164,289

This project was issued to construct new pole line facilities to extend a 27.6 kV circuit north on Countryside Dr. to service residential subdivision development.

2006-188 44 kV LIS - Bovaird Dr. .....$ 36,025

This project was issued to recover in-line switch 44-276 and install a 44 kV three-phase, gang-operated load interrupter switch. This was required to improve circuit sectionalizing, load restoration capabilities, and improved reliability.

2006-189 44 kV LIS - Bovaird Dr. $35,003

This project was issued to recover in-line switch 44-324 and install a 44 kV three-phase, gang-operated load interrupter switch. This was required to improve circuit sectionalizing, load restoration capabilities, and improved reliability.

Regulatory or Joint Use

2006-031 CN Rail - Main St. to Kennedy Rd. S. $256,030

This project was issued for the relocation of poles located within the CN Rail corridor to accommodate CN's twin tracking and bridge widening project.

ROAD WIDENINGS $2,816,334

The total cost to relocate Hydro One Brampton facilities due to road widening projects by The City of Brampton, Ministry of Transportation and The Region of Peel was $2,816,334. These projects were outside of Hydro One Brampton's control. Hydro One Brampton typically recovers 50% Labour and Equipment costs associated with the City of Brampton and Region of Peel projects. MTO cost sharing is governed by the MTO Corridor Control and Permit procedures manual.

NEW GENERAL SERVICE CUSTOMERS $1,066,239

Hydro One Brampton Portion $2,766,707

Contributed Capital.....($1,700,468)

This work was driven by customer planning and construction cycles. A total of 189 industrial and commercial services totaling 84.1 MVA of transformation were connected during the year. Hydro One Brampton's portion of costs were $2,766,707; the customers funded ($1,700,468) as contributed capital.

NEW RESIDENTIAL - HIGH DENSITY ($11,674)

Hydro One Brampton Portion $33,885

Contributed Capital..... ($45,559)

This segment of work was driven by customer planning and market conditions. Hydro One Brampton's portion was $33,885; the customers funded ($45,559) as contributed capital.

NEW RESIDENTIAL - LOW DENSITY $1,255,724

Hydro One Brampton portion.....$3,980,953

Contributed Capital.....($2,725,229)

These projects included the cost of reviewing proposed designs and the installation of electrical underground distribution for new developments within the City of Brampton. Hydro One Brampton's portion of these costs was $3,980,953; Developers funded ($2,725,229) as contributed capital. Subdivision developments reaching 90% service connection were entitled to possible rebates. Connection at 90% also triggered upstream component, which were deducted from the Developer rebate amounts. In 2006, upstream costs for projects reaching 90% completion were capitalized. There were 3989 service connections in 2006.

METERING $1,157,230

The metering expenditures consisted of projects supporting new commercial, industrial and residential customers along with costs associated with wholesale metering upgrades. Additional funds were spent on various regulatory requirements. These projects were defined as follows:

Wholesale Metering Installations and Upgrades ……..……**$477,068**

Hydro One Brampton was responsible to ensure that all wholesale metering installations used for settlements associated with the IESO-administered market were registered with the IESO as per the IESO Market Rules Chapter 6, section 3.2. In addition, this metering had to be compliant with Measurement Canada's Electricity & Gas Inspection Act. This required that all meters and associated equipment such as instrument transformers had to be approved by Measurement Canada. If any of the instrument transformers were not approved by Measurement Canada, the non-compliant units had to be replaced or approved at the earliest seal expiry date.

As per the above requirement, Hydro One Brampton had to perform full upgrades to the T1 and T2 bus metering at Bramalea TS. The two legacy metering points were relocated to four feeder poles outside the station. These were metering for the M43, M44, M47 and M48.

Industrial and Commercial Meter Installations and Upgrades ……..……**$437,975**

Hydro One Brampton was responsible for the installation, testing, and commissioning of new and existing simple and complex metering installations.

New Residential Metering ……..……**$242,187**

Hydro One Brampton was responsible for the installation of new and existing residential metering installations.

VEHICLES $734,840

This capital budget was created to secure funds for the procurement of the following vehicles and equipment:

Completion of the building compressor project; continuation of the tractor and pole trailer project; three new stake truck bin bodies for vehicles V23, V28 and V38, and one bin body replacement for V59 service truck; completion of re-chassis/overhaul of bucket truck V67; replacement of one aging, high mileage van with a new van; purchase of leased cars V07, V08, V11, V15 and V22 with low kilometers; purchase of two new hybrid SUVs; re-chassis V66 with a new International chassis and refurbish boom due to age, high kilometers and high engine and PTO hours.

DEPARTMENT TOOLS & EQUIP. > $500.00 $166,238

This category was used for the purchase of tools and equipment by all departments, where the cost of such exceeds $500.00. Such purchases involved replacing aged or defective tools no longer suitable for service as well as the purchase of new tools providing improved safety, ergonomics and technology.

CONSERVATION AND DEMAND MANAGEMEENT $523,233

There was only one capital project for 2006. This project focused on the installation of interval meters for customers with a demand above 200 kW. This project was delivered by both internal resources and external contractor. The project included labour, meters, instrument transformers and communication equipment.

ADMIN. & SERVICE CENTRE $1,183,929

Roof Replacement Project

This project was a continuation from the project initiated in 2005 in order to address the structural, health and safety concerns associated with the deterioration of the roof membrane and leaks. Staged replacement continued.

ADMINISTRATIVE COMPUTER AS/400 $283,457

Of the total spent, $143,000 was allocated to replace existing printers with new Lexmark multi-functioning printers. This provided all staff the ability to scan, copy, email and print from any location in the building.

Hydro One Brampton purchased and implemented a customer portal for on-line bill viewing.

Other projects included the upgrade of existing hardware/software throughout the enterprise to current hardware and software levels.

GEOGRAPHIC INFORMATION SYSTEM (GIS) $224,769

Capital funds were allocated to support the enterprise requirements in the GIS department to upgrade computer hardware, purchase new licensed software, and provide application development for the implementation and integration of new applications at the Utility. The following significant projects were related to those types of projects:

G/Technology Intergraph Code Development

This project had the Company's GIS vendor, Intergraph, write new G/Technology code for customizing the G/Electric Designer application. Development work improved the way in which HOBNI managed its existing corporate records system and provided improved integration with other proprietary systems, inspection reports and maintenance reports, existing customer information system, customer accounts, and trouble reporting system in use at the Utility. It also provided a more timely automated solution of providing more accurate and real time data to staff and field crews.

GIS Upgrades – Purchase additional G/Designer Licence

New G/Designer licences were purchased to permit additional staff access in order to assist in the maintenance of the GIS records.

GIS Computers, Printers and Plotters

This project was for the purchase of computers, printers, plotters, projectors and ancillary devices required in the Engineering and Operations department in support of technical requirements.

TRANSFORMER STATION $682,425

This project represented the capital contributions paid by Hydro One Brampton to Hydro One Networks Inc. for the construction of a new 27.6 kV DESN at the Goreway Transformer Station. Payments were made in accordance with a Connection and Cost Recovery Agreement entered into by both parties.

LAND AND LAND RIGHTS $39,859

This category was for costs paid to secure easements required for Hydro One Brampton facilities where public space was neither available nor suitable.

Table 1: Capital Projects Table 2006

Type	Description	1806	1808	1815	1820	1830	1835	1840	1845	1850	1855	1860	1915	1920	1925	1930	1935	1940	1955	1960	1980	1995	2055	Total
		Land Rights	Building & Fixtures	Transformer Station Equipment	Distribution Station Equipment	Poles, Towers and Fixtures	Overhead Conductors and Devices	Underground Conduit	Underground Conductors and Devices	Line Transformers	Services	Meters	Office Furniture and Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Stores Equipment	Tools, Shop and Garage Equipment	Communication Equipment	Miscellaneous Equipment	System Supervisory Equipment	Contributions and Grants	Construction Work in Progress	
1	SUBSTATIONS AND P. & C.			3,474	593,159				50,981															647,614
2	SCADA EQUIPMENT				49,250									59,018	115,200				2,086		195,795			421,350
3	UNDERGROUND DISTRIBUTION SYSTEM	600				98,576	286,029	1,455,638	3,479,308	434,352	69,319													5,823,822
4	OVERHEAD DISTRIBUTION SYSTEM	18,000				2,882,839	1,157,528	79,311	59,733	363,956	11,542													4,572,910
5	ROAD WIDENINGS					2,709,671	288,206	580,764	($802,946)	30,982	9,658											($66,462)		2,749,872
7	NEW GENERAL SERVICE CUSTOMERS					33	57,359	121,009	1,585,802	973,755	28,749											($1,634,006)		1,132,701
8	NEW RESIDENTIAL- HIGH DENSITY								32,583	550	752											($45,559)		($11,674)
10	NEW RESIDENTIAL- LOW DENSITY					12,592	22,165	47,845	1,947,220	1,356,430	594,702											($2,725,229)		1,255,724
11	METERING				($2,628)	99,472	380,224					680,162												1,157,230
12	VEHICLES															714,607	19,150	1,083						734,840
13	DEPARTMENT TOOLS & EQUIP. > $500.00					($728)								15,069				151,896						166,238
15	CONSERVATION AND DEMAND MANAGE											490,225							33,008					523,233
17	ADMIN. & SERVICE CENTRE		1,123,351										44,553							16,025				1,183,929
18	ADMINISTRATIVE COMPUTER AS/400												2,784	154,438	111,183				15,053					283,457
19	G.I.S. COMPUTER EQUIP. & SOFTWARE													224,769										224,769
23	TRANSFORMER STATION																						682,425	682,425
29	LAND AND LAND RIGHTS	39,858																						39,859
	Total	58,458	1,123,351	3,474	639,781	5,802,455	2,191,510	2,284,568	6,352,682	3,160,025	714,723	1,170,387	47,337	453,294	226,383	714,607	19,150	152,979	50,146	16,025	195,795	($4,471,257)	682,425	21,588,299

CAPITAL PROJECTS DESCRIPTIONS 2007

Hydro One Brampton's Capital expenditures for 2007 were reported based on the following results. A summary of the expenditures by categories is detailed in **Table 1**, below.

Table 1: Capital Project Expenditures Summary

Type	Description	2007 Expenditures	Contributions and Grants	Construction Work in Progress	Total
1	SUBSTATIONS AND P. & C.	289,701			289,701
2	SCADA EQUIPMENT	779,891			779,891
3	UNDERGROUND DISTRIBUTION SYSTEM	5,349,666			5,349,666
4	OVERHEAD DISTRIBUTION SYSTEM	5,187,536			5,187,536
5	ROAD WIDENINGS	2,735,883			2,735,883
7	NEW GENERAL SERVICE CUSTOMERS	8,927,762	(8,229,832)		697,930
8	NEW RESIDENTIAL- HIGH DENSITY	253,680	(95,501)		158,179
10	NEW RESIDENTIAL- LOW DENSITY	13,797,160	(10,202,878)		3,594,282
11	METERING	6,003,752		307,000	6,310,752
12	VEHICLES	1,388,282			1,388,282
13	DEPARTMENT TOOLS & EQUIP. > $500.00	102,264			102,264
15	CONSERVATION AND DEMAND MANAGE	871,195			871,195
17	ADMIN. & SERVICE CENTRE	1,248,442			1,248,442
18	ADMINISTRATIVE COMPUTER AS/400	271,160			271,160
19	G.I.S. COMPUTER EQUIP. & SOFTWARE	215,179			215,179
23	TRANSFORMER STATION	(1)		1,657,208	1,657,208
26	HEALTH SAFETY & ENVIRONMENT	4,332			4,332
29	LAND AND LAND RIGHTS	7,561			7,561
	Total	47,433,444	(18,528,211)	1,964,208	30,869,441

A detailed listing of expenditures by OEB accounts is included as **Table 1 - Capital Expenditures by OEB Account 2007** at Exhibit 2, Tab 5, Schedule 4.1 for reference.

SUBSTATIONS AND PROTECTION & CONTROL $289,701

In 2007, the Protection & Control (P&C) department moved ahead with several initiatives designed to increase system reliability and improve protection/SCADA functionality.

SCADA antennas at five locations were upgraded to teflon-coated units, and obsolete equipment at four pole-top SCADA installations was retrofitted. Fibere WAN to MS19 was expanded.

Telemetric upgrades/expansion continued. Telemetric Cellemetry RTUs at several locations were installed, and new STC Scout RTU's at MS1 and MS21 replaced problematic XPPQ RTU equipment.

The VCOM two way radio system went through a software upgrade on mobile/portable equipment in 2007.

SCADA $779,891

The Substation Maintenance department continued their capital upgrades at various substations and switchgear installations.

4160 V breaker retrofit program continued at MS1 and MS3. Switchgear current transformer upgrades at multiple SCADA switchgear installations also continued.

Pad-mounted switchgear at MS13 was replaced as the existing units were prone to flash over and were past their end of life. Porcelain terminations replacement program on our 44 kV feeds to our municipal substations continued.

A safety railing was installed in the transformer yard at JYTS, addressing a safety concern brought forward by our HSE department, and several new pieces of test equipment were purchased replacing obsolete/damaged units.

UNDERGROUND DISTRIBUTION SYSTEM $5,349,666

This category represents all budgeted controllable capital distribution asset expenditures in the underground class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2007-037 Miscellaneous Underground Cable Replacements.....$187,385

This program replaced various aging primary cable segments in HOBNI's distribution system, which experienced faults during the year.

2007-039 Reactive Demand Projects - Underground.....$705,838

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating underground capital expenditures occurring within the budget year. This category was also used for smaller unallocated projects costing less than $25,000.

2006-085 Feeder Cable Replacement - Williams Pkwy. $77,428

This program carried over from 2006 and was designed to upgrade aging cable systems with high reliability impacts. Cables selected for upgrade were based on the number of faults experienced. Approximately 1 km of 1000 kcmil 28 kV cable and one switchgear was installed under this project.

2006-095 Bramalea 'D' Section Rehabilitation $728,330

This was a multi-year program designed to rebuild and convert the aging distribution system in the Bramalea grid area from 8.32 kV to 27.6 kV. The 2007, project installed 50 single phase pad-mounted transformers, 12 km of primary cable and 11.5 km of secondary cable. Approximately 500 residents were affected.

2006-098 Install Joslyn Porcelain Terminators.....$91,490

This proactive reliability project was issued to rebuild aged riser poles assemblies and to install porcelain terminations with non-fragmenting polymer products.

2007-116 44 kV Station Class Power Transformer Upgrades $271,860

This proactive reliability project was issued to upgrade aged HOBNI-owned substation transformers located at customer-owned stations.

2007-136 27.6 kV Feeder Cable Installation - Driver Rd. $267,849

This project was issued to install additional feeder cable on Driver Road and Pedigree Ct. to improve reliability by providing a single contingency supply. This was completed in response to increased industrial/commercial load growth in this area.

2007-197 Upgrades - Melanie Dr., Stage 2..... $225,914

The older 27.6 kV distribution system on Melanie Dr. had experienced multiple cable faults and equipment flash-overs initiating a program to upgrade the distribution system and to modernize the transformer vaults. In 2007, civil works were completed to install a new underground duct system. Certain primary cable segments were installed to a point where customer outages were

not required with plans to complete the program with systematic customer outages in the following year.

2007-198 Feeder Cable Upgrades - Bramalea "K" Section $28,709

This program was designed to replace the 13.8 kV underground feeder cable and three switchgears along North Park Dr. from Bramalea Rd. to Torbram Rd. The amount shown for 2007 reflects costs for design consultant fees.

Development Projects

2006-081 Torbram Rd. and Hwy. 407 .....$216,397

This project was carried over from the previous year. It was designed to reinforce the 44 kV distribution system and to improve 44 kV system reliability by adding additional feeder capacity. This project involved constructing a concrete encased duct structure and installing ducts under Hwy. 407 at Torbam Rd. using directional drilling technology. Approximately 2 kilometres of 1000 kcmil 44 kV cable was installed and connected.

2006-084 Feeder Egress - Goreway TS.....$98,841

This project was issued to install the 136M52 27.6 kV feeder egress at Goreway TS to support load growth and improve system reliability. Approximately 6 kilometres of 1000 kcmil 28 kV was installed.

2007-089 Feeder Cable and Switchgear Costs: New Subdivisions $1,097,669

This program was for the installation of new underground feeder class facilities including pad-mounted switching devices and 600 AMP feeder cable systems required to support residential load growth.

2007-112 Pleasant TS - Chinguacousy Rd. and Williams Pkwy. W. $175,628

This project was issued to install new underground structures at Pleasant TS to facilitate future cable installations from the new 27.6 kV DESN.

2007-115 Feeder Cable - Goreway TS $66,262

This project was designed to install a duct system under a watercourse crossing Humberwest Pkwy. south of Castlemore Rd. for future feeder cable installations. Ducts were installed using directional drilling technology.

2007-124 Glidden Rd. at Heart Lake Rd. S.....$91,452

This project was designed for the installation of underground 44 kV feeder cables crossing under Hwy. 410 at Glidden Rd. and Heart Lake Rd. to complete a tie between two 44 kV circuits.

2007-132 Steeles Ave. W. and Hurontario St. S. $71,757

This project was issued to complete 1000 kcmil feeder cable terminations required to energize a new 27.6 kV circuit (25M4) installed along Steeles Ave. W. near Hurontario St. S.

2007-133 Queen St. E. and Central Park Dr. $113,007

This project was issued to provide dual 200 AMP 27.6 kV supply to the new Region of Peel building at the south west corner of Queen St. E. and Central Park Dr. This involved the installation of two PMH9 switchgears and splicing into existing 1000 kcmil 28 kV cable in two manholes.

2007-140 Hwy 407. and Mavis Rd.....$305,626

This project was issued to install ducts under Hwy. 407 at Mavis Rd. with 1000kcmil 28 kV AL cable to complete a 27.6 kV feeder tie.

2007-141 Heart Lake Rd. to Trinity Common Mall.....$296,360

This project was designed to install a 27.6 kV feeder tie at Trinity Common Mall and Hwy. 410 to provide a single contingency supply for a new development west of Heart Lake Rd. Work involved the installation of ducts under Hwy. 410 with 1000 kcmil 28 kV AL feeder cable and two pad-mounted switchgears.

Regulatory or Joint Use

2007-101 Finch Ave. - Indian Line Campgrounds $231,864

This project was designed to install facilities required to provide electrical service to customers formerly supplied from Enersource Hydro Mississauga to Hydro One Brampton's distribution system, to eliminate a load transfer situation.

OVERHEAD DISTRIBUTION SYSTEM $5,187,536

This category represents all budgeted controllable capital distribution asset expenditures in the overhead class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2006-046 Service Conversions - Kennedy Rd. S.:

Clarence St. to Tullamore Rd. $51,151

This project was issued to complete the construction of a new pole line on Kennedy Rd. S. from Clarence St. to Tullamore Rd. issued in the previous year.

2007-054 Overloaded Overhead Transformers Replacement $58,362

This program involved replacing various transformers due to failure and upgrading transformers with loads exceeding defined thresholds.

2006-056 Overhead LIS Replacements $101,113

This project was issued to upgrade and automate old-style load interrupter switches to improve system reliability. Work included the installation of a 44 kV, 600 AMP LIS, a motorized SCADA control unit on an existing 44 kV integer-style LIS, and existing in-line switches were replaced with a 27.6 kV LIS switch.

2007-059 Reactive Demand Overhead Projects $576,658

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating overhead capital expenditures occurring within the year. This category was also used for smaller unallocated projects costing less than $25,000.

2007-071 27.6 kV Pole Line Rebuild - OBRAG Line $248,907

This project was issued to rebuild an aged twin circuit 27.6 kV pole line located within the OBR Railway Line from Chinguacousy Rd. west to the Utility Corridor.

2007-078 Conversion - Victoria Cres. $90,222

This project was issued to convert the 8.32 kV line on Victoria Cres. to 27.6 kV to facilitate the decommissioning of two aging substations: MS17 and MS18.

2007-100 SCADA Control Installation 44-318 .....$33,948

This project was released to install a SCADA control and motor drive assembly at existing 44 kV LIS 44-318 located on pole #1520 Bovaird Dr. E., east of Dixie Rd.

2007-101 Install 44 kV LIS - Torbram Rd south of Bovaird Dr. E. $71,284

This project was issued to install a new 44 kV LIS on Torbram Rd. to improve feeder load balancing and to improve response time to 44 kV system events.

2007-103 Install 27.6 kV LIS - Heart Lake Rd. N., south of Sandalwood Pkwy. E.....$36,790

This project was released to install a new 27.6 kV LIS on Heart Lake Rd. N., south of Sandalwood Pkwy. E., to improve feeder load balancing and to improve response time to 27.6 kV system events.

2007-104 LIS Upgrade - 20-1230.....$29,442

This project was designed to replace existing in-line switch 20-1230 located on pole 10340 Airport Rd., north of Sandalwood Pkwy. E., with a 27.6 kV to improve feeder load balancing and to improve response time to 27.6 kV system events.

2007-105 LIS - Summerlea Blvd. north of Walker Dr. $59,216

This project was issued to upgrade the 44-38 MVAC switch on Summerlea Blvd. two spans north of Walker Dr. with a 44 kV motorized integer style LIS. The original 44 kV vacuum switch was unreliable and impacted large user customer reliability.

2007-106 LIS - Clark Blvd. east of Torbram Rd. $59,048

This project was issued to upgrade the 44-33 MVAC switch located on Clark Blvd. two spans east of Torbram Rd. with a 44 kV motorized integer style LIS. The original 44 kV vacuum switch was unreliable and impacted large user customer reliability.

2007-107 LIS - UTC/Hurontario St. $28,476

This project was designed to replace existing in-line switch 20-997 located at UTC/Hurontario St. with a 27.6 kV to improve feeder load balancing and to improve response time to 27.6 kV system events.

2007-108 27.6 kV LIS Utility Corridor west of Hurontario St. S. $23,202

This project was issued to install a new 27.6 kV LIS within the utility corridor west of Hurontario St. S. to improve feeder load balancing and to improve response time to 27.6 kV system events.

2007-153 Porcelain Insulator Upgrades.....$462,527

This project was issued to upgrade old-style porcelain insulators on the 44 kV and 27.6 kV circuits located along the south side of Bovaird Dr. E. between Bramalea Rd. and Torbram Rd. to improve system reliability.

2007-156 Pole Line Rebuild - CNR: McLaughlin Rd. N. to Joseph St. $294,858

This project was released to complete the reconstruction of an aged wooden pole line located within the CN Railway right-of-way, from McLaughlin Rd. N. to Joseph St. The pole line reconstruction included additional pole height to support the addition of a 27.6 kV circuit to support load growth.

Development Projects

2006-031 CNR Pole Line Rebuild and Circuit Addition.....$1,033,804

This project was carried over from the previous year in response to a request from the Canadian National Railway to relocate existing HOBNI poles located within the rail right-of-way from Kennedy Rd. to Union St., to accommodate a track expansion project. This project involved line construction for approximately 1.2 kms.

2006-035 Pole Line Rebuild - Castlemore Rd.: Goreway Dr. to McVean Dr..... $81,390

This project was a continuation from the previous year in order replace an aged wooden pole line with taller concrete poles in order to support an additional 27.6 kV circuit.

2006-048 Torbram Rd. Circuit Extension - Hwy. 407 to Steeles Ave. E. $121,700

This project was designed to install a new 44 kV feeder circuit, 74M44, on Torbram Rd. from Hwy. 407 north to Steeles Ave. E. This was part of a new feeder connection at Bramalea TS intended to provide additional 44 kV capacity and to provide loading relief and improve reliability on the 44 kV distribution system.

2006-051 Twin Circuit Pole Line - Utility Corridor:
Bramalea TS to Hwy. 407..... $264,328

This project was designed to install a new 44 kV feeder circuit, 74M44, within the utility corridor from Bramalea TS to Hwy. 407.This was part of a new feeder connection at Bramalea TS intended to provide additional 44 kV capacity and to provide loading relief and improve reliability on the 44 kV distribution system.

2006-066 Pole Line - Torbram Rd.: Australia Dr. to Countryside Dr. $279,090

This project was released to construct new pole line facilities necessary to extend an existing 27.6 kV circuit north along Torbram Rd. to Countryside Dr. to provide a 27.6 kV supply to the Willow Creek Subdivision.

2007-074 Pole Line - Beckett Sproule Pumping Station..... $250,664

This project was issued to rebuild an existing pole line in order to provide a new 44 kV circuit along Heart Lake Rd. S. to service the Beckett Sproule Pumping Station.

2007-075 Pole Line - Mavis Rd. to McLaughlin Rd. S. $348,068

This project was issued to construct a 27.6 kV pole line within the ORC utility corridor from Mavis Rd. to McLaughlin Rd. S. This was part of a feeder expansion project designed to provide a feeder tie between Pleasant TS and Bramalea TS.

2007-081 Pole Line Rebuild Support 3-27.6 kV $165,162

This project was issued to rebuild an existing Hydro One Brampton pole line located within Pleasant TS, to accommodate new feeder cable terminations for new circuit connections from a recently added 27.6kV DESN at this station.

2007-084 Pole Line - Mavis Rd.: Hwy. 407 to Ray Lawson Blvd..... $245,782

This project was issued to construct 27.6 kV pole line along Mavis Rd. from Hwy. 407 to Ray Lawson Blvd. This was part of a feeder expansion project designed to provide a feeder tie between Pleasant TS and Bramalea TS.

2007-095 M9 and M11 Circuit Reconfiguration at Pleasant TS $101,125

This project was designed to reconfigure existing poles carrying circuits 42M9 and 42M11 at Pleasant TS from the station structure, Area 2, to the pole line along the CN railway. This was required to facilitate the connection of new circuits from a recently added 27.6 kV DESN at this station.

2007-097 44 kV D6M16 Circuit Extension and Switch Installation..... $45,654

This project was released to reconfigure circuits on an existing pole line along Queen St. between Torbram Rd. and Bramalea Rd. to extend the 44 kV D6M16 circuit to Bramalea Rd. This was required to complete a 44 kV feeder tie to utilize 44 kV capacity from the D6M16 and improve reliability on the 44 kV distribution system in this area.

ROAD WIDENINGS $2,735,883

The total cost to relocate Hydro One Brampton facilities due to road widening projects by The City of Brampton, Ministry of Transportation, and The Region of Peel was $2,722,979. These projects were outside of Hydro One Brampton's control. Hydro One Brampton typically recovers 50% Labour and Equipment costs associated with the City of Brampton and Region of Peel projects. MTO cost sharing is governed by the MTO Corridor Control and Permit procedures manual.

NEW GENERAL SERVICE CUSTOMERS $697,930

Hydro One Brampton portion.....$8,927,762

Contributed Capital.....($8,229,832)

HOBNI connected a total of 226 industrial and commercial services combined. Hydro One Brampton's portion of costs were $8,927,762; the customers funded ($8,229,832) as contributed capital. There was growth in the Commercial sector, though it did not meet forecast. Projects continued to be delayed for the foreseeable future. All projects that were ready for electrical supply were connected within the prescribed time frames. Industrial customer connections are driven by customer planning and construction cycles; the economic downturn caused this area to slow down dramatically. Large projects with load guarantees that required HOBNI to carry total project costs and to evaluate load guarantees over the first five years of connection were established.

NEW RESIDENTIAL - HIGH DENSITY $158,179

Hydro One Brampton portion.....$253,680

Contributed Capital..... ($95,501)

This segment of work was driven by customer planning and market conditions. Hydro One Brampton portion was $253,680; the customers funded ($95,501) as contributed capital. The buildings that had been forecast were constructed, though connection costs were slightly below forecast.

NEW RESIDENTIAL - LOW DENSITY $3,594,282

Hydro One Brampton portion.....$13,797,160

Contributed Capital.....($10,202,878)

These projects included the cost of reviewing proposed designs and the installation of electrical underground distribution for new developments within the City of Brampton. Hydro One Brampton's portion of these costs was $13,797,160; Developers funded ($10,202,878) as contributed capital. Subdivision developments reaching 90% service connection were entitled to possible rebates. Connection at 90% also triggered upstream component, which was deducted from the Developer's rebate amount. In 2007, a small percentage of subdivisions reached 90%, and upstream component was low. There were 5,426 service connections that year which is considered a high number.

METERING $6,310,752

The metering expenditures consisted of projects supporting new commercial, industrial and residential customers along with costs associated with wholesale metering upgrades. Additional funds were spent on various regulatory requirements. These projects were defined as follows:

Wholesale Metering Installations and Upgrades ……..……..**$53,181**

Hydro One Brampton was responsible to ensure that all wholesale metering installations used for settlements associated with the IESO-administered market were registered with the IESO as per the IESO Market Rules Chapter 6, section 3.2. In addition, this metering had to be compliant with Measurement Canada's Electricity & Gas Inspection Act. This required that all meters and associated equipment such as instrument transformers had to be approved by Measurement Canada. If any of the instrument transformers were not approved by Measurement Canada, the non-compliant units had to be replaced or approved at the earliest seal expiry date. In addition to the above projects, Hydro One Brampton initiated its Smart Meter program and began to install Smart Meters for residential customers.

As per the above requirement, Hydro One Brampton had continued to perform meter upgrades to the M44, M45, M47 and M48 at Bramalea TS. Most of this work was completed in the previous year.

Industrial and Commercial Meter Installations and Upgrades …….……**$307,023**

Hydro One Brampton was responsible for the installation, testing, and commissioning of new and existing simple and complex metering installations.

Residential Smart Metering Program ….…….……..**$5,950,547**

Hydro One Brampton began to roll out its Smart Metering program during this year. All costs associated with this expenditure were associated with residential customers.

VEHICLES $1,388,282

This capital budget was created to secure funds for the procurement of the following vehicles and equipment:

Replacement of a V39, A 15-year-old step van, with one new step van; the acquisition of an 83 ft. double bucket aerial truck required for Lines' work; the acquisition of two overhead cable pullers required for Lines' projects; the completion of V67 overhaul; the purchase of V7708, a new tractor for utilization and operation of the new pole trailer V18708, which replaced V166, a 34-year old pole trailer with structural damage..

DEPARTMENT TOOLS & EQUIP. > $500.00 $102,264

This category was used for the purchase of tools and equipment by all departments, where the cost of such exceeded $500.00. Such purchases involved replacing aged or defective tools no longer suitable for service as well as the purchase of new tools providing improved safety, ergonomics and technology.

CONSERVATION & DEMAND MANAGEMENT $871,195

Internal and external resources were used to install the meters, instrument transformers and communication equipment in order to continue meter installations from the previous year.

A lighting project for the installation of an energy efficient retrofit lighting system for HOBNI's administrative facility was initiated.

Renewable energy systems that included one 20 kW and one 1.5 kW photo voltaic generator system and a 1.5 kW micro turbine system roof-mounted wind project were installed at HOBNI's administrative facilities.

ADMIN. & SERVICE CENTRE $1,248,442

HVAC Project

By 2005, approximately 140 HVAC units at the 175 Sandalwood Pkwy. W. facility were showing signs of being at the end of useful life. In January 2006, a Mechanical Evaluation by McGregor Allsop Ltd. Consulting Engineers was conducted in order to outline a course of action to address the aging units, which concluded that the system required modification. In 2007, HOBNI began implementing the recommended partial modifications to the HVAC system.

ADMINISTRATIVE COMPUTER AS/400 $271,160

Capital projects for 2007 included the purchase of an IBM I-series Model 515 as part of the requirement an audit report requiring a separate testing and development environment for the computer systems and programming.

Other projects for 2007 included the purchase and installation of an automated voice system that allows HOBNI to contact groups of customers for notifications and an upgrade to the existing Nortel Phone Switch.

The Company also purchased an additional 20 personal computers for new staff and to replace aging equipment.

GEOGRAPHIC INFORMATION SYSTEM (GIS) $215,179

Capital funds were allocated to support the enterprise requirements in the GIS department for upgrading computer hardware, purchasing new licensed software, and to provide application development for the implementation and integration of new applications at the Utility. The following significant projects were related to work done in this area:

G/Technology Licence

This project was for the purchase of additional G/Designer licence to permit additional staff to have the assist in the maintenance of our GIS records.

GIS Computers, Printers and Plotters

This project was for the purchase of computers, printers, plotters, projectors and ancillary devices required in the Engineering and Operations department in support of technical requirements.

TRANSFORMER STATION $1,657,208

This project represented the capital contributions paid by Hydro One Brampton to Hydro One Networks Inc. for the construction of a new 27.6 kV DESN at the Pleasant Transformer Station. Payments were made in accordance with a Connection and Cost Recovery Agreement entered into by both parties.

HEALTH SAFETY & ENVIRONMENT $4,332

This was for the purchase of twoTC4400 compact portable computers for use in the field by HSE for auditing.

LAND AND LAND RIGHTS $7,561

This category was for costs paid to secure easements required for the location of Hydro One Brampton facilities where public space was neither available nor suitable.

Table 1: Capital Projects Table 2007

	Type	Description	1806	1808	1815	1820	1830	1835	1840	1845	1850	1855	1860	1915	1920	1925	1930	1940	1955	1960	1980	1995	2055	Total
			Land Rights	Building & Fixtures	Transformer Station Equipment	Distribution Station Equipment	Poles, Towers and Fixtures	Overhead Conductors and Devices	Underground Conduit	Underground Conductors and Devices	Line Transformers	Services	Meters	Office Furniture and Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Tools, Shop and Garage Equipment	Communication Equipment	Miscellaneous Equipment	System Supervisory Equipment	Contributions and Grants	Construction Work in Progress	
1		SUBSTATIONS AND P. & C.			12,600	178,455				98,646														289,701
2		SCADA EQUIPMENT													100,493	434,944			35,899		208,555			779,891
3		UNDERGROUND DISTRIBUTION SYSTEM	1,501				(8,516)	238,854	2,117,513	2,193,049	788,202	19,065												5,349,666
4		OVERHEAD DISTRIBUTION SYSTEM	3,000				3,351,144	1,484,838	7,599	3,970	318,819	18,166												5,187,536
5		ROAD WIDENINGS	7,109				2,412,876	93,652	(281,324)	385,825	103,615	14,129										(12,904)		2,722,979
7		NEW GENERAL SERVICE CUSTOMERS					20,684	118,921	220,278	8,490,413	64,028	13,438										(8,216,928)		710,834
8		NEW RESIDENTIAL- HIGH DENSITY								224,348	29,928	(596)										(95,501)		158,179
10		NEW RESIDENTIAL- LOW DENSITY					299	5,729	38,599	12,049,115	974,082	729,335										(10,202,878)		3,594,282
11		METERING				13,578	(1,714)	41,317					5,950,571										307,000	6,310,752
12		VEHICLES															1,355,126	33,156						1,388,282
13		DEPARTMENT TOOLS & EQUIP. > $500.00					2,714							2,259				97,291						102,264
15		CONSERVATION AND DEMAND MANAGE		626,687									206,614		12,703			9,364		15,827				871,195
17		ADMIN. & SERVICE CENTRE		1,003,972										84,267				147,726	12,684	(207)				1,248,442
18		ADMINISTRATIVE COMPUTER AS/400													147,575	70,140			53,445					271,160
19		G.I.S. COMPUTER EQUIP. & SOFTWARE													211,356	3,822								215,179
23		TRANSFORMER STATION																					1,657,208	1,657,208
26		HEALTH SAFETY & ENVIRONMENT													4,332									4,332
29		LAND AND LAND RIGHTS	7,561																					7,561
		Total	19,170	1,630,659	12,600	192,033	5,777,486	1,983,311	2,102,665	23,445,365	2,278,674	793,538	6,157,185	86,526	476,458	508,907	1,355,127	287,536	102,028	15,620	208,555	(18,528,211)	1,964,208	30,869,441

CAPITAL PROJECTS DESCRIPTIONS 2008

Hydro One Brampton's Capital expenditures for 2008 were reported based on the following results. A summary of the expenditures by categories is detailed in **Table 1**, below.

Table 1: Capital Projects Expenditures Summary 2008

Type	Description	2008 Expenditures	Contributions and Grants	Construction Work in Progress	TOTAL
1	SUBSTATIONS AND P. & C.	213,592			213,592
2	SCADA EQUIPMENT	195,559			195,559
3	UNDERGROUND DISTRIBUTION SYSTEM	5,465,027			5,465,027
4	OVERHEAD DISTRIBUTION SYSTEM	4,875,263			4,875,263
5	ROAD WIDENINGS	3,269,001			3,269,001
7	NEW GENERAL SERVICE CUSTOMERS	6,994,905	(6,108,438)		886,467
8	NEW RESIDENTIAL- HIGH DENSITY	187,765	(214,800)		(27,035)
10	NEW RESIDENTIAL- LOW DENSITY	9,656,705	(9,759,562)		(102,857)
11	METERING	7,032,624		180,918	7,213,542
12	VEHICLES	92,608		760,969	853,577
13	DEPARTMENT TOOLS & EQUIP. > $500.00	81,109			81,109
15	CONSERVATION AND DEMAND MANAGE	(69,715)			(69,715)
17	ADMIN. & SERVICE CENTRE	1,523,876			1,523,876
18	ADMINISTRATIVE COMPUTER AS/400	236,983			236,983
19	G.I.S. COMPUTER EQUIP. & SOFTWARE	81,864			81,864
23	TRANSFORMER STATION	3,175,682		(2,339,633)	836,049
29	LAND AND LAND RIGHTS	7,069			7,069
32	COMPONENTS AND SPARES	3,554,454			3,554,454
	Total	46,574,370	(16,082,800)	(1,397,746)	29,093,824

A detailed listing of expenditures by OEB accounts is included as **Table 1** at Exhibit 2, Tab 5, Schedule 5.1 for reference.

SUBSTATIONS AND PROTECTION & CONTROL $213,592

In 2008, the Protection & Control Department (P&C) moved ahead with several initiatives designed to increase system reliability and improve protection/SCADA functionality.

Telemetric upgrades/expansion continued by installing Telemetric Cellemetry RTU's at several locations. Digital radios at several existing Telemetric locations were installed to replace obsolete analog units.

An obsolete DATRAC RTU at MS12 was upgraded with a standard STC RTU product. HOBNI purchased ten STC Trapper RTU's as legacy spares. The obsolete 44 kV protection equipment was replaced with microprocessor based units. Fiber WAN was expanded to MS22.

SCADA $195,559

In 2008, the Substations department installed new solid dielectric re-closers at MS20. This pilot project was designed to determine what equipment would be installed at future locations on the 13.8 kV system.

Obsolete equipment at five pole top SCADA installations was retrofitted.

Software add-on modules for upgrading the Outage Management System were purchased.

Funds were used to purchase additional system modules to allow for interface with future Mobile Workforce Management software as part of the Company's continuing OMS implementation.

UNDERGROUND DISTRIBUTION SYSTEM $5,465,027

This category represents all budgeted controllable capital distribution asset expenditures in the underground class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint use classifications.

Sustainment Projects

2008-059 Reactive Demand Projects - Underground.....$833,519

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating underground capital expenditures occurring within the year. This category was also used for smaller unallocated capital projects costing less than $25,000.

2008-193 Bramalea City Center $458,087

This project involved the upgrade of aged distribution facilities with to single contingency 13.8 kV feeder cable and SF6 gear installation to provide supply to three vaults at the Bramalea City Centre, one of Brampton's largest shopping malls. In 2008, multiple runs of 1000 kcmil feeder cable in new duct banks were installed. The work was completed in conjunction with the mall reconstruction project.

2008-196 Feeder Cables - Williams Pkwy. E.:
Mansfield St. to Bramalea Rd. $550,276
This project was established to upgrade aged feeder cables and install two model 9 28 kV switchgears along the north side of Williams Pkwy. E. from Mansfield Rd. to Bramalea Rd.

2008-197 Melanie Dr.....$579,813
This project involved the installation of new 1/0 28 kV distribution facilities designed to replace aged plant, servicing commercial customers on Melanie Dr. This area had experienced multiple fault situations impacting customer reliability.

2008-198 Feeder Cables - North Park Dr.: Bramalea Rd. to Torbram Rd. $733,903
This project was released to upgrade the failing 13.8 kV underground feeder cables along North Park Dr. from Bramalea Rd. to Torbram Rd. This cable run was selected for upgrade due to a high fault incidence and the reliability impact on customers in the area. 1000 kcmil feeder cables and three pad-mounted switchgears were installed.

Development Projects

2008-089 Exchange Dr. and Sun Pac Blvd. $217,548
This program was for the installation of new underground feeder class facilities including pad-mounted switching devices and 600 AMP feeder cable systems required to support residential load growth.

2008-114 Feeder Egress - Pleasant TS:
Chinguacousy Rd. and Williams Pkwy. W.....$81,875
This project was designed to install new underground structures for future feeder egress at a new 27.6 kV DESN constructed at Pleasant TS.

2008-140 Feeder Tie - Hwy. 407 and Mavis Rd. $209,043
This project was issued to install eight 100mm HDPE ducts by directional bore under the Hwy. 407/Mavis Rd. interchange, including the installation of 1000 kcmil 28 kV AL cables. The objective was to complete a 27.6 kV feeder tie to support load growth in this area and to improve contingency load shifting.

2008-169 Feeder Installation - Pleasant TS $238,892

This project was issued to install 3 new underground feeder circuits, from station breakers 42M66, 42M67 and 42M68 at the new DESN at Pleasant TS yard 4. This was designed to provide relief to existing heavily loaded feeder circuits in the area to improve contingency load shifting capabilities.

2008-192 Feeder Installation - Goreway TS $625,309

This project was released to install the 136M44 feeder circuit from Goreway TS west towards Humberwest Pkwy., and on Humberwest Pkwy. from Williams Pkwy. E. north to Castlemore Rd. The objective of this project was to provide additional capacity and contingency load shifting capabilities to the distribution system in the "Toronto Gore" area. Approximately seven kilometres of 1000 kcmil 28 kV AL cable and one pad-mounted switchgear was installed under this project.

2008-194 Underground Ducts - Creditview Rd. to Ozner Ct.....$74,116

This project was designed to construct underground ducts along Ozner Ct. crossing Bovaird Dr. W. and ending at Creditview Rd. These ducts were required to facilitate the installation of future underground feeder circuits, 42M61 and 42M71, to provide capacity for load growth in the Mount Pleasant area.

2008-195 Underground Ducts - Pleasant TS to Switch 20-1112 .....$144,701

This project was released to construct underground ducts along the north side of the CNR from Pleasant TS to approximately 360 m east of Chinguacousy Rd. These ducts were required to facilitate the installation of future underground feeder circuits, 42M69 and 42M70, from Pleasant TS to provide capacity for load growth in the downtown core area.

Regulatory or Joint Use

2008-190 Goreway Dr. at Kenview Blvd. S. $43,573

This project involved the installation of facilities required to provide electrical service to a customer formerly supplied from a neighbouring LDC, to eliminate a load transfer situation.

Inventory Adjustments $674,372

Hydro One Brampton maintains materials and supplies inventory located in its warehouse. All items are classified into inventory account 1330. At the end of each month, a manual entry is done to move spare transformers, meters and switches from inventory to fixed assets in line with Article 510 of the OEB's Accounting Procedures Handbook (APH). This figure represents the value for 2008.

OVERHEAD DISTRIBUTION SYSTEM $4,875,263

This category represents all budgeted controllable capital distribution asset expenditures in the overhead class. Reporting of these projects is broken down into subcategories specific to Sustainment, Development and Regulatory or Joint Use.

Sustainment Projects

2008-59 Reactive Demand Projects - Overhead.....$834,489

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating overhead capital expenditures occurring within the budget year. This category was also used for smaller, unallocated projects costing less than $25,000.

2008-156 CN Rail: McLaughlin Rd. N. to Joseph St.....$641,902

This project was released to rebuild an aged wooden pole line located within the CN Railway right-of-way, from McLaughlin Rd. N. to Joseph St. The pole line reconstruction included additional pole height to support the addition of a 27.6 kV circuit to support load growth.

2008-157 CN Rail: West St. to George St. N. $537,835

This project was released to rebuild an aged wooden pole line located parallel to the CNR railway along Railroad St. from West St. to George St. N. The pole line reconstruction included additional pole height to support the addition of a 27.6 kV circuit to support load growth.

2008-158 CN Rail: George St. N. to Main St. N. $176,284

This project was designed to rebuild an aged wooden pole line located along the north side of the CN Railway from east of Main St. N. to the GO Transit station and across the CN Railway to Railroad St. at George St. N. The pole line reconstruction included additional pole height to support the addition of a 27.6 kV circuit to support load growth.

2008-178 Upgrade Conductors - Chinguacousy Rd. $108,663

This project was designed to replace 3/0 ACSR neutral conductor within 1.6 km of Pleasant TS with 336.4 kcmil ACSR conductor. This was completed to improve fault detection and breaker response capabilities.

2008-184 Motor and SCADA Installation - Bovaird Dr. E., east of Dixie Rd.....$32,666

This project was designed to install a SCADA control and motor drive assembly at existing 44 kV LIS 44-193 on pole #1520 Bovaird Dr. E., east of Dixie Road. The objective was to improve outage response time by introducing switch automation.

2008-185 LIS - Steeles Ave. E., east of Dixie Rd. $80,383

This project was released to install a new pole and a manual 44 kV 600 AMP LIS to replace an unreliable switch and aged pole on Steeles Ave. E., east of Dixie Rd.

2008-186 LIS - Chinguacousy Rd. and Queen St. W. $40,012

This project was issued to install a new 27.6 kV LIS on Chinguacousy Rd., nine poles south of Queen St. W., to improve feeder load shifting and outage response.

2008-187 LIS - Williams Pkwy. E., east of Torbram Rd. $48,108

This project was issued to upgrade the 44-267 MVAC switch on pole #2521 Williams Pkwy. E., one span east of Torbram Rd., with a modern 44 kV manual LIS. The original 44 kV vacuum switch was unreliable and impacted large user customer reliability.

2008-188 LIS - Walker Dr. and Clark Blvd. $116,363

This project was designed to install a new motorized 44 kV LIS on Walker Dr. south of Clark Blvd. to provide a feeder tie between the 74M27 and 74M44 circuits. The objective was to provide remote load shifting and switching capabilities between these circuits to enhance customer reliability.

2008-189 SCADA Control - Clark Blvd. And Airport Rd. $85,628

This project was issued to install a SCADA control and motor drive assembly at existing 44 kV LIS 44-370 on pole 1812 Clark Blvd., east of Walker Dr. The objective was to improve outage response time by introducing switch automation.

2008-205 Downtown Brampton Network $730,233

This program was designed to modernize the aging downtown network system to a standard single contingency primary distribution system. This phase of the program involved replacing

two network transformers with vault type units and replacing approximately three kilometres of aging primary cable.

Regulatory or Joint Use

2008-170 Hwy. 50 and Countryside Dr. $125,597

This project was to install facilities required to provide electrical service to customers formerly supplied from Powerstream to Hydro One Brampton's distribution system, to eliminate a load transfer situation.

2008-174 Hwy. 50, 16 spans north of Coleraine Dr. $234,019

This project was issued to construct a new pole line along Hwy. 50 for 16 spans north of Coleraine Dr. to connect customers formerly supplied from Powerstream to Hydro One Brampton's distribution system, to eliminate a load transfer situation.

2008-206 Winston Churchill Blvd. and Wanless Dr. $51,072

This project was issued to construct a single phase pole line on the east side of Winston Churchill Blvd. between Wanless Dr. and Mayfield Rd. to connect former Halton Hills Hydro customers to Hydro One Brampton's distribution system, to eliminate a load transfer situation.

Development Projects

2008-159 Feeder Bypass - Countryside Dr. and Goreway Dr. $258,268

This project was designed to improve the 136M47 circuit coverage by installing a feeder by-pass at Countryside Dr. and Goreway Dr., and installing automated SCADA mate switches at two locations.

2008-160 Under-Build Circuit - Williams Pkwy. E.:

Edvac Dr. to Airport Rd. $147,132

This project was designed to string a new 27.6 kV 556 kcmil ASC three-phase under-build circuit on existing poles along the south side of Williams Pkwy. E., from Sunpac Blvd. to west of Airport Rd. This was completed in preparation for a new 27.6 kV feeder egress and breaker connection at Goreway TS.

2008-163 Under-Build Curcuit - Williams Pkwy.: Airport Rd. to Torbram Rd. $103,611

This work order has been issued to string a new 27.6kV, 556kcmil ASC three-phase under-build circuit on existing poles along the south side of Williams Pkwy., from Airport Rd. to Torbram Rd.

This was completed in preparation for a new 27.6 kV feeder egress and breaker connection at Goreway TS.

2008-168 27.6 kV - Chinguacousy Rd.: Sandalwood Pkwy. W. to Wanless Dr. $113,065

This project was issued to extend the 42M11 27.6 kV circuit on Chinguacousy Rd. from Sandalwood Pkwy. W. to Wanless Dr. This circuit extension was designed to service new load being driven by residential development in the Chinguacousy Rd. and Wanless Dr. area.

2008-182 27.6 kV - CNR: Williams Pkwy. W. to Bovaird Dr. W. $171,662

This was to install a new 27.6 kV pole line within an easement along the CNR from Williams Pkwy. W. to Bovaird Dr. W. to extend feeder circuits north-west in order to service load growth driven by residential development in this grid area.

2008-183 44 kV - Bramalea Rd.: Queen St. E. to East Dr. $238,272

This project was completed in preparation for the dismantling of an old wooden pole line by adding a new 44 kV circuit to a concrete pole line constructed previously on the opposite side of the road. This allowed for the removal of the 44 kV circuit from the wooden line with minimal customer outage requirements.

ROAD WIDENING $3,269,001

The total cost to relocate Hydro One Brampton facilities due to road widening projects by The City of Brampton, Ministry of Transportation, and The Region of Peel was $3,268,713. These projects were outside of Hydro One Brampton's control. Hydro One Brampton typically recovers 50% Labour and Equipment costs associated with the City of Brampton and Region of Peel projects. MTO cost sharing is governed by the MTO Corridor Control and Permit procedures manual.

NEW GENERAL SERVICE CUSTOMERS $886,467

Hydro One Brampton portion.....$6,994,905

Contributed Capital.....($6,108,438)

This work was driven by customer planning and construction cycles. A total of 210 industrial and commercial services were connected. Hydro One Brampton's portion of the costs were $6,994,905; the customers funded ($6,108,438) as contributed capital. There were unexpected large projects with load guarantees that required HOBNI to carry total project costs, and to evaluate load guarantees over the first five years of connection. The construction slow down continued in 2008. Projects were delayed for the foreseeable future.

NEW RESIDENTIAL - HIGH DENSITY ($27,035)

Hydro One Brampton portion.....$187,765

Contributed Capital..... ($214,800)

This segment of our work was driven by customer planning and market conditions. Hydro One Brampton's portion was $187,765; the customers funded ($214,800) as contributed capital.

NEW RESIDENTIAL - LOW DENSITY ($102,857)

Hydro One Brampton portion.....$9,656,705

Contributed Capital.....($9,759,562)

These projects included the cost of reviewing proposed designs and the installation of electrical underground distribution for new developments within the City of Brampton. Hydro One Brampton's portion of these costs was $9,656,705; Developers funded ($9,759,562) as contributed capital. Subdivision developments reaching 90% service connection were entitled to possible rebates. Connection at 90% also triggered upstream component, which was deducted from the Developer rebate amount. A high percentage of developments reached 90%, upstream components were realized, and service connects down from 2007. There were 3,371 connections made.

METERING $7,213,542

Metering

The metering expenditures consisted of projects supporting new commercial, industrial and residential customers along with costs associated with wholesale metering upgrades. Additional funds were spent on various regulatory requirements. These projects were defined as follows:

Wholesale Metering Installations and Upgrades ……..**$627,614**

Hydro One Brampton was responsible to ensure that all wholesale metering installations used for settlements associated with the IESO-administered market were registered with the IESO as per the IESO Market Rules Chapter 6, section 3.2. In addition, this metering had to be compliant with Measurement Canada's Electricity & Gas Inspection Act. This required that all meters and associated equipment, such as instrument transformers, had to be approved by Measurement Canada. If any of the Instrument transformers were not approved by Measurement Canada, the non-compliant units had to be replaced or approved at the earliest seal expiry date. In addition to the above projects, Hydro One Brampton initiated its Smart Meter program and began to install smart meters for residential customers.

As per the above requirement, Hydro One Brampton had to accommodate new wholesale metering at a new 27.6 kV yard that was added to Pleasant TS to accommodate load growth. Also, due to meter seal expiry, full upgrades were performed to the B and Y bus metering at Bramalea TS. The two legacy metering points were relocated to six feeder poles outside the station.

Industrial and Commercial Meter Installations and Upgrades ……**$510,512**

Hydro One Brampton was responsible for the installation, testing, and commissioning of new and existing simple and complex metering installations.

Residential Smart Metering Program ……..……$6,075,416

Hydro One Brampton continued to roll out its Smart Metering program. All costs associated with this expenditure were associated with residential customers.

VEHICLES $853,577

This capital budget was created to secure funds for the procurement of the following vehicles and equipment:

Finishing costs for tractor 7708 and pole trailer 18708; completion of 7808, an 83 ft. double bucket aerial device; completion of two new overhead cable pullers, V19207 and V19307; finishing details of the re-chassis project of bucket truck V2706; one 51' single bucket truck for the Lines department replaced aging V71 which had high mileage; purchase of one vacuum truck for the Lines; purchase of one SUV for Smart Metering.

DEPARTMENT TOOLS & EQUIPMENT > $500.00 $81,109

This category was used for the purchase of tools and equipment by all departments, where the cost of such exceeded $500.00. Such purchases involved replacing aged or defective tools no longer suitable for service as well as the purchase of new tools providing improved safety, ergonomics and technology.

CONSERVATION AND DEMAND MANAGEMENT ($69,715)

Hydro One Brampton applied for and received a tax credit for having a technology demonstration project in 2007 which came through in 2008.

ADMIN. & SERVICE CENTRE $1,523,876

In 2008, HOBNI continued work on the HVAC system at the administrative facilities at 175 Sandalwood Parkway W. in Brampton. Phase two of the project was initiated to perform a complete overhaul of the HVAC system for repair and upgrades.

ADMINISTRATIVE COMPUTER AS/400 $236,983

Capital projects for 2008 included the upgrade purchase of a new IBM I-series partitioned Model M25 to replace the model 520 and model 550 machines.

Other projects for 2008 included the purchase of trading partner software for the transmission and exchange of data with the provincial meter data management repository, the purchase and installation of an automated voice system that allows the Company to contact groups of customers for notifications, and an upgrade to the existing Nortel Phone Switch.

HOBNI also purchased ten Thin Clients to replace I-series terminals, and 20 personal computers and laptops for new personnel and to replace existing aging computers.

GEOGRAPHIC INFORMATION SYSTEM (GIS) $81,864

These 2008 capital funds were allocated to support the enterprise requirements in the GIS department for upgrading computer hardware, purchasing new licensed software, and providing application development for the implementation and integration of new applications at the utility. The following significant projects were related to work done in this area:

G/Technology Supporting Licenses

This project was for the purchase of various licensed software to assist with the maintenance of the GIS records.

GIS Computers, Printers and Plotters

This project was for the purchase of computers, printers, plotters, projectors and ancillary devices required in the Engineering and Operations department in support of technical requirements throughout the year.

TRANSFORMER STATION $836,049

This project represented the capital contributions paid by Hydro One Brampton to Hydro One Networks for the construction of a new 27.6 kV DESN at the Pleasant Transformer Station. Payments were made in accordance with a Connection and Cost Recovery Agreement entered into by both parties.

LAND AND LAND RIGHTS $7,069

This category was for costs paid to secure easements required for the installation of Hydro One Brampton facilities where public space was neither available nor suitable.

MAJOR SPARE PARTS $3,554,454

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3031, Inventories, with reclassification of comparative prior period amounts. This new section required that certain major spare parts and standby equipment be reclassified from inventory to fixed assets.

The Company had was already including certain major standby equipment as in-service fixed assets and depreciated these assets over their useful lives in compliance with Article 510 of the OEB's Accounting Procedures Handbook. Upon adoption of the new section, the Company reclassified $3,554,454 in asset components and equipment previously classified as materials and supplies inventory to fixed assets.

Table 1: Capital Projects Table 2008

Type	Project	Description	1806	1808	1815	1820	1830	1835	1840	1845	1850	1855	1860	1915	1920	1925	1930	1940	1955	1960	1980	1995	2040	2055	Total
			Land Rights	Buildings and Fixtures	Transformer Station Equipment	Distribution Station Equipment	Poles, Towers and Fixtures	Overhead Conductors and Devices	Underground Conduit	Underground Conductors and Devices	Line Transformers	Services	Meters	Office Furniture and Equipment	Computer Equipment - Hardware	Computer Software	Transportation Equipment	Tools, Shop and Garage Equipment	Communication Equipment	Miscellaneous Equipment	System Supervisory Equipment	Contributions and Grants	Electric Plant Held for Future Use	Construction Work in Progress	
1		SUBSTATIONS AND P. & C.			(428,479)	576,642			0												65,429				213,592
2		SCADA EQUIPMENT				21,706									74,208	(36,083)			56,350		79,377				195,559
3		UNDERGROUND DISTRIBUTION SYSTEM					65,418	338,020	1,510,886	2,873,052	667,737	9,914													5,465,027
4		OVERHEAD DISTRIBUTION SYSTEM					2,338,512	1,428,084	168,225	784,593	155,848														4,875,263
5		ROAD WIDENINGS					1,873,394	236,354	273,394	957,389	(71,957)	427										(288)			3,268,713
7		NEW GENERAL SERVICE CUSTOMERS					110,107	64,781	(76,594)	4,290,975	2,591,142	14,494										(6,108,150)			886,755
8		NEW RESIDENTIAL- HIGH DENSITY								68,721	119,044											(214,800)			(27,035)
10		NEW RESIDENTIAL- LOW DENSITY					749	6,316	44,531	7,169,087	1,916,313	519,708										(9,759,562)			(102,857)
11		METERING			1,056,093	(428,478)			6,343	1,054			6,392,693		4,919									180,918	7,213,542
12		VEHICLES															90,483	2,125						760,969	853,577
13		DEPARTMENT TOOLS & EQUIP. > $500.00															0	68,398		12,711					81,109
15		CONSERVATION AND DEMAND MANAGE		(69,715)																					(69,715)
17		ADMIN. & SERVICE CENTRE		1,353,272										84,367				86,238							1,523,876
18		ADMINISTRATIVE COMPUTER AS/400													170,239	44,337			22,407						236,983
19		G.I.S. COMPUTER EQUIP. & SOFTWARE													(93,913)	175,777									81,864
23		TRANSFORMER STATION			3,175,683																			(2,339,633)	836,049
29		LAND AND LAND RIGHTS	7,069																						7,069
32		COMPONENTS AND SPARES																					3,554,454		3,554,454
		Total	7,069	1,283,556	3,803,296	169,870	4,388,180	2,073,555	1,926,785	16,144,870	5,378,128	544,543	6,392,693	84,367	155,453	184,032	90,483	156,761	78,757	12,711	144,806	(16,082,800)	3,554,454	(1,397,746)	29,093,824

CAPITAL PROJECTS DESCRIPTIONS 2009

Hydro One Brampton's Capital expenditures for 2009 were reported based on the following results. A summary of the expenditures by categories is detailed in **Table 1**, below.

A detailed listing of expenditures by OEB accounts is included in **Table 1** at Exhibit 2, Tab 5, Schedule 6.1 for reference.

Table 1: Capital Projects Expenditures Summary 2009

Type	Description	Expenditures	Contributions and Grants	Construction Work in Progress	Total
1	SUBSTATIONS AND P. & C.	306,234			306,234
2	SCADA EQUIPMENT	122,829			122,829
3	UNDERGROUND DISTRIBUTION SYSTEM	5,924,719	(3,451)		5,921,268
4	OVERHEAD DISTRIBUTION SYSTEM	4,176,619	(113,433)		4,063,186
5	ROAD WIDENINGS	10,186,630	(4,183,669)		6,002,962
7	NEW GENERAL SERVICE CUSTOMERS	3,468,451	(3,102,973)		365,478
8	NEW RESIDENTIAL- HIGH DENSITY	124,132	(124,011)		121
10	NEW RESIDENTIAL- LOW DENSITY	4,660,226	(5,176,900)		(516,674)
11	METERING	9,763,805			9,763,805
12	VEHICLES	215,003		798,274	1,013,277
13	DEPARTMENT TOOLS & EQUIP. > $500.00	160,223			160,223
17	ADMIN. & SERVICE CENTRE	609,186			609,186
18	ADMINISTRATIVE COMPUTER AS/400	173,735			173,735
19	G.I.S. COMPUTER EQUIP. & SOFTWARE	26,313			26,313
23	TRANSFORMER STATION	5,006,248			5,006,248
29	LAND AND LAND RIGHTS	17,729			17,729
31	COMPONENTS & SPARES	258,332			258,332
	Total	45,200,413	(12,704,437)	798,274	33,294,250

SUBSTATIONS AND PROTECTION & CONTROL $306,234

In 2009, the Protection & Control department (P&C) moved ahead with several initiatives designed to increase system reliability and improve protection/SCADA functionality.

In 2009, P&C retrofitted obsolete equipment at six pole top SCADA installations. Fibre WAN was expanded into MS10.

HOBNI continued the Telemetric RTU upgrades/expansion by installing Telemetric Cellemetry RTUs at several locations.

SCADA $122,829

In 2009, the Substations department installed new solid dielectric reclosers at MS21. Substations initiated a 13.8 kV breaker retrofit/upgrade program by replacing two breakers at MS10 and two breakers at MS14 with ABB VM1 units.

Station batteries were upgraded at MS10, MS14 and MS19 while security cameras were installed at MS22, MS21 and MS10, as well as at several pole top locations replacing end of life battery equipment. HOBNI also began work on upgrading legacy pole-top RTU equipment with more modern DNP based systems.

Several new pieces of test equipment were purchased replacing end of life equipment.

UNDERGROUND DISTRIBUTION SYSTEM $5,921,268

This category represents all budgeted controllable capital distribution asset expenditures in the underground class. Reporting of these projects is broken down into sub categories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2009-037 Miscellaneous Underground Cable Replacement.....$134,453

This program replaced various aging primary cable segments in HOBNI's distribution system which experienced faults during the year.

2009-039 Reactive Demand Projects - Underground $933,618

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating underground capital expenditures occurring within the year. This category was also used for smaller un-allocated projects costing less than 25,000.

2009-250 Feeder Cable Replacement - Bramalea City Centre, Part 2 .....$94,595

This project involved the replacement of aged distribution facilities with new single contingency 13.8 kV feeder cable and SF6 gear installation to provide supply to three vaults at Bramalea City Centre, one of Brampton's largest shopping malls. This work was completed in conjunction with the mall reconstruction project.

2009-251 Conversion Phase 4 of 6 - George St., south of Queen St. $232,760

The aging downtown network system was being modernized to a standard single contingency primary distribution system. This phase of the program involved the installation of a three-phase padmount transformer, a pad-mounted oil filled sectionalizer, and primary and secondary cable runs.

2009-259 Feeder Cable Upgrade -Williams Pkwy. E.:

Bramalea Rd. to Torbram Rd. $676,604

This program was designed to upgrade aging cable systems with high reliability impacts. Cables selected for upgrade were based on the number of faults experienced. Approximately 5 km of 1000 kcmil 28 kV cable and four switchgears were installed under this project.

2009-260 Feeder Cable Upgrade - North Park Dr. - Bramalea Rd. to Dixie Rd $632,321

This was part of a feeder cable upgrade program designed to upgrade aging cable systems with high reliability impacts. Cables selected for upgrade were based on the number of faults experienced. Approximately 5 km of 1000 kcmil 28 kV cable and three switchgears were installed under this project.

Development Projects

2008-192 Feeder Installation - Goreway TS to Humberwest Pkwy. $40,516

This was a TS feeder addition project carried over from 2008 in order to support load growth in the north-west city grid. 1000 kcmil 28 kV cables were installed at a pad-mounted switchgear location.

2009-089 Feeder Cable and Switchgear Costs - New Subdivisions $886,610

This program was for the installation of new underground feeder-class facilities including pad-mounted switching devices and 600 AMP feeder cable systems required to support residential load growth.

2009-252 Duct Structure Tie - Pleasant TS $72,774

This project was completed to provide the duct structures required for future feeder cable egresses from the new DESN at Pleasant TS.

2009-253 M70 Feeder Cable - Pleasant Breaker to Pole 892 .....$118,168

This project involved the installation of the new 42M70 feeder cable egress to supply load growth and improve the ability to transfer load between feeders in the distribution system.

2009-254 Goreway TS Duct Egress from new DESN $975,972

This project constructed approximated 1.5 km of concrete encased duct structure egresses at the new 27.6 kV DESN at Goreway TS to facilitate future cable installations.

2009-255 27.6 kV Feeder Egress - Jim Yarrow TS and Steeles Ave. W. area.....$125,767

This project involved the installation of a new 25M12 feeder cable egress to supply load growth and improve the ability to transfer load between feeders in the distribution system

2009-257 Feeder/Switchgear - Torbram Rd.:

Williams Pkwy. E. to Corporation Dr.....$499,675

This new feeder cable and switchgear system was installed to convert an overhead 13.8 kV circuit to an underground circuit in order to provide pole space for a new 27.6 kV circuit required for system loading.

Regulatory or Joint Use

2009-258 On-grade Transformer Upgrades.....$120,482

This program was completed to upgrade 11 on-grade transformers having PCB oil concentrations exceeding the CEPA-PCB “End of Use” Regulations.

2009-261 Load Transfer - Goreway Dr. south of Kenview Blvd. $26,138

This project was the completion of the installation of facilities required to provide electrical service to a customer formerly supplied from a neighbouring LDC, to eliminate a load transfer situation.

2009-074 Inventory Adjustments $350,815

Hydro One Brampton kept materials and supplies inventory located in the warehouse. All items were classified into inventory account 1330. At the end of each month, a manual entry was done to move spare transformers, meters and switches from inventory to fixed assets in line with Article 510 of the OEB’s Accounting Procedures Handbook (APH). This amount represents the charge in emergency spares during the year.

OVERHEAD DISTRIBUTION SYSTEM $4,063,186

This category represents all budgeted controllable capital distribution asset expenditures in the overhead class. Reporting of these projects is broken down into sub categories specific to Sustainment, Development and Regulatory or Joint Use classifications.

Sustainment Projects

2009-054 Overhead Transformer Replacement $83,660

This program involved replacing various transformers due to failure, as well as replacing transformers with loads exceeding defined thresholds.

2009-059 Reactive Demand Projects - Overhead $917,712

This was an annual pool allocated to respond to various equipment failures and customer demand projects generating overhead capital expenditures occurring within the year. This category was also used for smaller un-allocated projects costing less than 25,000.

2009-201 Reframe Pole Line - Bramalea TS $89,786

This project was completed to provide a contingency connection to a single-ended feeder at Bramalea TS.

2009-207 LIS - Bramalea Rd. near Cathcart Cres. $150,396

This project involved preparatory work to facilitate the dismantling of an aged wood pole line by introducing a 44 kV load interrupter switch for isolation and load transfer capabilities.

2009-208 44 kV Upgrade - Bramalea Rd.: Balmoral Dr. to East Dr. $157,274

This project involved stringing approximately 1.4 km of 3x556 line to transfer an existing 44 kV circuit in preparation for dismantling the aged wood pole line.

2009-209 Install 27.6 kV Transformer Bank at T6424 .....$51,971

This project involved the conversion of an overhead 3-phase transformer bank from 8 kV to 27.6 kV to facilitate decommissioning of two aging substations: MS17 and MS18.

2009-210 Transformer Vault Conversion $55,119

This project involved the conversion of an on-grade, 3-phase transformer vault from 8 kV to 27.6 kV to facilitate decommissioning of two aging substations: MS17 and MS18.

2009-211 Convert 3-phase Transformer Bank T3845.....$37,353

This project involved the conversion of an overhead 3-phase transformer bank from 8 kV to 27.6 kV to facilitate decommissioning of two aging substations: MS17 and MS18.

2009-212 Convert 3-phase Transformer Bank T10061.....$84,958

This project involved the conversion of an overhead 3-phase transformer bank from 8 kV to 27.6 kV to facilitate decommissioning of two aging substations: MS17 and MS18.

2009-213 Convert 3-phase Transformer Bank T3795.....$64,213

This project involved the conversion of an overhead 3-phase transformer bank from 8 kV to 27.6 kV to facilitate decommissioning of two aging substations: MS17 and MS18.

The following seven projects involved replacing in-line solid blade switches with load interrupter switches to improve switching reliability, response time to system events, and load transfer capabilities:

2009-220 44-276 LIS: Bovaird Dr. E. at Hwy. 410 .....$65,795
2009-221 44-320 LIS: Queen St. E. at West Dr. $59,045
2009-222 44-324 LIS: Bovaird Dr. E. at Hwy.410 .....$52,779
2009-223 20-1086 LIS: Eastern Ave. west of Hansen Rd. $68,728
2009-224 44-352 LIS: Hurontario St. N., north of Wanless Dr. $62,586
2009-225 44-13 LIS: Bovaird Dr. E., east of Bramalea Rd. $74,100
2009-226 20-1467 LIS: Bovaird Dr. E., west of Bramalea Rd. $42,461
2009-227 Install New Motor Units at Switches 44-236 and 44-236 - East Dr.....$46,755

This project was completed to replace aged motor units at two 44 kV LIS switch locations to improve switch operating reliability.

Regulatory or Joint Use

2009-206 Elimination of Load Transfers on Old Pine Crest Rd.....$218,933

This project required rebuilding an existing pole line along Old Pine Crest Rd. in order to accommodate the addition of a 4800 V circuit to service customers previously serviced by Halton Hills Hydro.

2009-217 Elimination of Load Transfers on Winston Churchill Blvd.....$307,363

This project required rebuilding an existing pole line along Winston Churchill Blvd. in order to accommodate the addition of a 4800 V circuit to service customers previously serviced by Halton Hills Hydro.

Development Projects

2009-203 Circuit Conversion - Torbram Rd.: Williams Pkwy. E. to Queen St. E. $721,218

This project involved converting an existing aerial 13.8 kV circuit to 27.6 kV along the east side of Torbram Rd. from Williams Pkwy. E. to Queen St. E. for future feeder capacity from Goreway TS.

2009-204 Circuit Reconfiguration - Williams Pkwy. E.:
Sunpac Blvd. to Humberwest Pkwy. $48,276

This was the first of two phases for reconfiguring existing pole line facilities to support new feeder circuits emanating from Goreway TS.

2009-218 27.6 kV 25M12 - Steeles Ave. W.:
Jim Yarrow TS to Creditview Rd. $178,324

This project involved adding three 556 conductors to an existing pole line along Steeles Ave. W. for approximately 1 km. This was completed to utilize the new 25M12 feeder capacity from JYTS and off- load older feeder circuits near Steeles Ave. W. and Mississauga Rd.

2009-219 Extend 42M67 - Wanless Dr.:
McLaughlin Rd. N. to Colonel Bertram Rd. $424,381

This project involved adding three 556 on existing poles on Wanless Dr. from McLaughlin Rd. N. to Colonel Bertram Rd. in order to extend the 42M67 feeder further east to off-load the existing 27.6 kV feeder servicing this area.

ROAD WIDENINGS $6,002,962

Hydro One Brampton portion.....$10,186,631
Contributed Capital.....($4,183,669)

The total cost to relocate Hydro One Brampton facilities due to road widening projects by The City of Brampton, Ministry of Transportation and The Region of Peel was $6,002,962. These projects were outside of Hydro One Brampton's control. Hydro One Brampton typically recovers

50% Labour and Equipment costs associated with the City of Brampton and Region of Peel projects. MTO cost sharing is governed by the MTO Corridor Control and Permit procedures manual. In 2009 The City of Brampton introduced Accelerride (Züm) projects which were initiated as part of the Government Stimulus funding. Projects requiring significant relocation of underground Hydro infrastructure were initiated to accommodate the Accelerride (Züm) component.

NEW GENERAL SERVICE CUSTOMERS $365,478

Hydro One Brampton portion.....$3,468,451

Contributed Capital .....($3,102,973)

This work was driven by customer planning and construction cycles. A total of 146 industrial and commercial services were connected during the year. Hydro One Brampton's portion of costs were $3,468,451; the customers funded ($3,102,973) as contributed capital. The economic downturn caused this area to slow down dramatically. HOBNI connected large projects with load guarantees that required the Company to carry total project costs, and to evaluate load guarantees over the first five years of connection. HOBNI connected all projects that were ready for electrical supply.

NEW RESIDENTIAL - HIGH DENSITY $121

Hydro One Brampton portion.....$124,132

Contributed Capital..... ($124,011)

This segment of our work was driven by customer planning and market conditions. Hydro One Brampton portion was $124,132; the customers funded ($124,011) as contributed capital.

NEW RESIDENTIAL - LOW DENSITY ($516,674)

Hydro One Brampton portion.....$4,660,226

Contributed Capital.....($5,176,900)

These projects included the cost of reviewing proposed designs and the installation of electrical underground distribution for new developments within the City of Brampton. Hydro One Brampton's portion of these costs was $4,660,226; Developers funded ($5,176,900) as contributed capital. Subdivision developments reaching 90% service connection were entitled to possible rebates. Connection at 90% also triggered the upstream component, which was

deducted from the Developer rebate amount. A high percentage of developments reached 90%, with upstream component realized, and the number of connects was 1,297.

METERING $9,763,805

The metering expenditures consisted of projects supporting new commercial, industrial and residential customers along with costs associated with wholesale metering upgrades. Additional funds were spent on various regulatory requirements. These projects were defined as follows:

Wholesale Metering Installations and Upgrades …….……**$311,087**

Hydro One Brampton was responsible to ensure that all wholesale metering installations used for settlements associated with the IESO-administered market were registered with the IESO as per the IESO Market Rules Chapter 6, section 3.2. In addition, this metering had to be compliant with Measurement Canada's Electricity & Gas Inspection Act. This required that all meters and associated equipment such as instrument transformers had to be approved by Measurement Canada. If any of the Instrument Transformers were not approved by Measurement Canada, the non-compliant units had to be replaced or approved at the earliest seal expiry date. In addition to the above projects, Hydro One Brampton initiated its Smart Meter program and began to install Smart Meters for residential customers.

As per the above requirement, Hydro One Brampton had to replace the wholesale meters at the M36 44 kV feeder out of Goreway TS. This triggered a complete metering point upgrade due to non-compliant current transformers that were in use in the station. Meter point was relocated to a pole on Williams Pkwy. E. Also, an impending seal expiry triggered a complete metering point upgrade for the M16 44 kV feeder out of Woodbridge TS. This meter point was relocated to a pole inside Hydro One Brampton's service territory.

Industrial and Commercial Meter Installations and Upgrades …….……**$733,758**

Hydro One Brampton is responsible for the installation, testing, and commissioning of new and existing simple and complex metering installations.

Residential Smart Metering Program …….……..**$8,718,961**

Hydro One Brampton continued to roll out its Smart Metering program. All costs associated with this expenditure were associated with residential and commercial customers.

VEHICLES $1,013,277

This capital budget was created to secure funds for the procurement of the following vehicles and equipment:

The balance of the vacuum truck V8009 was paid for; internal labour required to finish SUV V1309 was completed and placed into service; replacement of one bin body for single bucket truck V7109; V76, a 17-year old bucket truck with high mileage was replaced by the purchase of one 51' single bucket truck; aging V63 cube van with body corrosion was replaced by the purchase of one 16' utility box cube van for Substations' use; aging V02 SUV was replaced with the purchase of one SUV for ; One dump trailer was purchased to replace V115, a 1995 dump trailer which is corroded and not certifiable; three vans were purchased - one for Survey and Inspections to replace V21 with high mileage, and two vans for Metering which replaced aging vans V62 and V65; two pick-up trucks were purchased for the Lines department.

DEPARTMENT TOOLS & EQUIP. > $500.00 $160,223

This category was used for the purchase of tools and equipment by all departments, where the cost of such exceeded $500.00. Such purchases involved replacing aged or defective tools no longer suitable for service as well as the purchase of new tools providing improved safety, ergonomics and technology.

ADMIN. & SERVICE CENTRE $609,186

The outside parking garage canopy roof required complete replacement due to degradation, safety issues with ice build-up, and potential for damage on equipment stored in this area.

ADMINISTRATIVE COMPUTER AS/400 $173,735

Major capital projects for 2009 were delayed due to external issues and therefore items to be completed in 2009 had to be deferred to 2010.

Projects for 2009 that were completed included the replacement of several printers and the final payment for Microsoft Office/2007 and several other pieces of software.

A new PC Soft Console was also purchased for the main switchboard.

GEOGRAPHIC INFORMATION SYSTEM (GIS) $26,313

These 2009 capital funds were allocated to support the enterprise requirements in the GIS department for upgrading computer hardware and replacing redundant equipment used for the maintenance of the GIS records.

The following significant projects were related to work done in this area:

GIS Computers, Printers and Plotters

This project was for the purchase of computers, printers, and ancillary devices required in the Engineering and Operations department in support of technical requirements.

TRANSFORMER STATION $5,006,248

This project represented the capital contributions paid by Hydro One Brampton to Hydro One Networks Inc. for the construction of a new 27.6 kV DESN at the Goreway Transformer Station. Payments were made in accordance with a Connection and Cost Recovery Agreement entered into by both parties.

LAND AND LAND RIGHTS $17,729

This category was for costs paid to secure easements required for the location of Hydro One Brampton facilities where public space was neither available nor suitable.

MAJOR SPARE PARTS $258,332

This category was for costs incurred to reclassify the spare parts inventory held for critical system devices as fixed assets.

Table 1: Capital Projects Table 2009

Description	1610	1806	1808	1815	1820	1830	1835	1840	1845	1850	1855	1860	1915	1920	1930	1940	1955	1960	1980	1995	2040	2055	Total
	Miscellaneous Intangible Plant	Land Rights	Buildings and Fixtures	Transformer Station Equipment	Distribution Station Equipment	Poles, Towers and Fixtures	Overhead Conductors and Devices	Underground Conduit	Underground Conductors and Devices	Line Transformers	Services	Meters	Office Furniture and Equipment	Computer Equipment - Hardware	Transportation Equipment	Tools, Shop and Garage Equipment	Communication Equipment	Miscellaneous Equipment	System Supervisory Equipment	Contributions and Grants	Electric Plant Held for Future Use	Construction Work in Progress	
SUBSTATIONS AND P. & C.			16,982		279,295												9,956						306,234
SCADA EQUIPMENT																	74,163		48,667				122,829
UNDERGROUND DISTRIBUTION SYSTEM						1,024	52,220	2,168,501	2,947,759	677,018	78,197									(3,451)			5,921,268
OVERHEAD DISTRIBUTION SYSTEM	19,800	424		21		1,240,060	1,799,372	62,883	63,425	943,479	47,156									(113,433)			4,063,186
ROAD WIDENINGS		5,072				5,825,724	272,063	2,330,361	1,497,461	24,798	214,839								16,312	(4,183,669)			6,002,962
NEW GENERAL SERVICE CUSTOMERS						7,618	38,786	80,796	270,654	3,070,166	431									(3,102,973)			365,478
NEW RESIDENTIAL- HIGH DENSITY									242	123,890										(124,011)			121
NEW RESIDENTIAL- LOW DENSITY						20,317	14,932	28,942	2,954,312	1,368,882	272,842									(5,176,900)			(516,674)
METERING	16,089			239,898		34,348	36,769	(6,343)	(2,108)		71	9,445,080										(0)	9,763,805
VEHICLES															215,003							798,274	1,013,277
DEPARTMENT TOOLS & EQUIP. > $500.00															(0)	159,036	(0)	1,187					160,223
CONSERVATION AND DEMAND MANAGE			(0)																				
ADMIN. & SERVICE CENTRE			585,490										2,570				13,758	7,368					609,186
ADMINISTRATIVE COMPUTER AS/400	383,714													(229,420)			19,441						173,735
G.I.S. COMPUTER EQUIP. & SOFTWARE	(273,760)													300,073									26,313
MAINTENANCE & ANALYSIS ITEMS																							
TRANSFORMER STATION	4,988,214			18,034																			5,006,248
HEALTH SAFETY & ENVIRONMENT																							
LAND AND LAND RIGHTS		17,729																					17,729
PREVENTATIVE MTC. (W. SCHAEFER)																							
COMPONENTS AND SPARES				0	(0)																258,332		258,332
Total	5,134,057	23,226	602,472	257,953	279,295	7,129,091	2,214,142	4,665,139	7,731,744	6,208,233	613,536	9,445,080	2,570	70,653	215,003	159,036	117,318	8,554	64,979	(12,704,438)	258,332	798,274	33,294,250