

H-2-3

EB-2009-0096
Exhibit H-13-1
Attachment 1

**ATTACHMENT 1
2010-14 HYDRO ONE BUSINESS PLAN SCHEDULE**



| Date | Day | IPP Process | CF&S* Process | BP Process |
|---------|-----|--|--|---|
| mid-Nov | | | | Corporate Finance issues requests for Costing Assumptions |
| 10-Nov | Mon | IPP kick-off meeting | | |
| 4-Dec | Thu | First draft of APD submissions into HIPP (Excluding BIT) | First draft of APD submissions from CF&S into HIPP (Excluding BIT) | |
| 11-Dec | Thu | First draft of APD submissions from BIT into HIPP | First draft of APD submissions from BIT into HIPP | |
| 12-Dec | Fri | | | Updated Costing Assumptions due to Corp Finance |
| 15-Dec | Mon | APD Quality review and feedback | | |
| 9-Jan | Fri | Asset Mgmt issues rates package (fleet, labour & material surcharges) to estimators as inputs to pricing process | | Corp Finance issues Phase 1 Corporate Business Plan Instructions (Financial & Costing Assumptions) Corp Finance and Asset Mgmt to review rates package |
| 13-Jan | Tue | | Corp Finance issues Phase 2 CF&S Instructions | |
| mid-Jan | | | CF&S Risk Workshop and APD / Business Case Training to commence | |
| 15-Jan | Thu | Asset Mgmt receives final APD submissions for pricing | | |
| 16-Jan | Fri | Asset Mgmt issues rates package (material escalation) to estimators as inputs to pricing process | | |
| 19-Jan | Mon | Prioritization: Asset Need Plan | Corp Finance issues Phase 3 CF&S Instructions for cost allocation model inputs | Corp Finance reviews Asset Plan document requirements to Asset Mgmt |
| 22-Jan | Thu | High-level escalation of prioritized Asset Need Plan | Preliminary Productivity template submission by CF&S groups to Corp Finance | Corp Finance issues Phase 4 Corporate Business Plan Instructions (Strategy Summary) |
| 29-Jan | Thu | LOB review of Asset Need | | |
| 3-Feb | Tue | Management review of Asset Need (IPC) Asset Mgmt issues Minimum level Dx/Tx Projects to LOBs for pricing | Final Productivity template submission by CF&S groups to Corp Finance | |
| 5-Feb | Thu | Consideration of Financial impacts | | Corp Finance issues Phase 5 Corporate Business Plan Instructions (Subsidiaries business plan and staffing approval templates) |
| 10-Feb | Tue | Final Productivity template submission by Corp Finance to Asset Mgmt | Final Productivity template submission by Corp Finance to Asset Mgmt | |

**2010-14 HYDRO ONE BUSINESS PLAN
PHASE 1 CORPORATE INSTRUCTIONS**

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| Date | Day | IPP Process | CF&S* Process | BP Process |
|--------|-----|--|--|---|
| 17-Feb | Tue | Application of Resource Constraints | CF&S costs (including Inergi sustainment), business plan write-ups and staffing approval requests due to Corp Finance Corp Finance updates cost allocation inputs | |
| 4-Mar | Wed | Asset Plan presented to Management (IPC) Asset Mgmt issues Full Asset Plan to LOBs for pricing | CFO/Controller review/approve CF&S business plan, staffing approval requests, and Inergi Sustainment | Corp Finance issues Phase 6 Corporate Business Plan Instructions (Networks LOB / AM Direct business plans and staffing approval templates) |
| 27-Mar | Fri | Submission of CF&S cost allocation from Corp Finance to Asset Mgmt | Corporate Level Adjustments (CLA) and CF&S cost allocation submission to Asset Mgmt by Corp Finance Corp Finance issues Tx and Dx cost allocation results | |
| 7-Apr | Tue | | EC Mail Out: CF&S business plans, staffing approval requests and Inergi Sustainment | Preliminary business plans and templates of Subsidiaries due to Corp Finance (incl. staffing approval requests) |
| 9-Apr | Thu | Final "Pricing" of all Programs and Projects in Dollars of the Year – Input into HIPP | | |
| 14-Apr | Tue | | EC Review: CF&S business plans, staffing approval requests and Inergi Sustainment | |
| 15-Apr | Wed | | | Preliminary load forecast due to Corp Finance |
| 17-Apr | Fri | | | Controller / CFO review load forecast Controller / CFO review of Subsidiaries Business Plans |
| 22-Apr | Wed | | | Final load forecast due to Corp Finance |
| 28-Apr | Tue | | | Corp Finance issues final revenue results |
| 29-Apr | Wed | Asset Mgmt submits preliminary Networks financial template and Draft Asset Plan document to Corp Finance | | EC Mail Out: Subsidiary business plans (incl. staffing approval requests) Asset Mgmt submits preliminary Networks templates and Draft Asset Plan document to Corp Finance |
| 5-May | Tue | | | EC Review: Subsidiary business plans (incl. staffing approval requests) |
| 7-May | Thu | Corp Finance issues draft financials for IPP meetings | | Corp Finance issues draft financials for IPP meetings |
| 14-May | Thu | IPP Conference (Sunnybrook) Day 1 | | |
| 19-May | Tue | IPP Conference (Sunnybrook) Day 2 | | Final BP's and templates of Subsidiaries due to Corp Finance |
| 22-May | Fri | Asset Mgmt issues final BP numbers to LOBs | | Asset Mgmt issues final BP numbers to LOBs |

**2010-14 HYDRO ONE BUSINESS PLAN
PHASE 1 CORPORATE INSTRUCTIONS**

| Date | Day | IPP Process | CF&S* Process | BP Process |
|-------------|------------|---|--|---|
| 1-Jun | Mon | Final Networks financial template due to Corp Finance | | Final Networks financial template due to Corp Finance |
| 10-Jun | Wed | | | H1 Board Mail Out: 2010-2014 BP Memo and Presentation |
| 18-Jun | Thur | | | H1 Board Approval: 2010-2014 BP |
| 25-Jun | Thu | Preliminary Asset Plan document, AM direct business plan, and staffing approval request due to Corp Finance | | Preliminary Asset Plan document, AM direct business plan, and staffing approval request due to Corp Finance |
| 7-Jul | Tue | | | EC Mail Out: Asset Plan document, AM direct business plan and staffing approval request |
| 14-Jul | Tue | | | EC Review: Asset Plan document, AM direct business plan and staffing approval request |
| 30-Jul | Thu | Final Asset Plan document, AM direct business plan, and staffing approval request due to Corp Finance | | Final Asset Plan document, AM direct business plan, and staffing approval request due to Corp Finance |
| 19-Aug | Wed | | | Preliminary Networks LOB business plans due to Corp Finance (incl. staffing approval requests) |
| 21-Aug | Fri | | | Corp Finance issues budget instructions |
| 8-Sep | Tue | | | EC Mail Out: Networks LOB business plans and staffing approval requests |
| 15-Sep | Tue | | | EC Review: Networks LOB business plans and staffing approval requests Networks and Subsidiaries submit 2010B and 2011/2012 Outlook financial templates and final business plans to Corp Finance |
| 29-Sep | Tue | | | Final LOB business plans due to Corp Finance |
| 14-Oct | Wed | | | CEO review of H1 Board material |
| 4-Nov | Wed | | | H1 Board Mail Out: 2010B and 2011/2012 Outlook Memo and Presentation |
| 11-Nov | Wed | | | H1 Board Approval: 2010B and 2011/2012 Outlook |
| 4-Dec | Fri | | Corp Finance completes Budget Trending for CF&S groups | |
| 15-Dec | Tue | | | 2010 monthly budgets due to Corp Finance |
| 31-Dec | Thu | | Corp Finance issues Final CF&S Budgets | |

* Include organizational costs for BIT, Real Estate, and Cornerstone.

The urgent infrastructural requirements posed by energy policy directives and Hydro One Networks' ("Networks") aging asset base will increase rate volatility, an outcome inconsistent with customer satisfaction, shareholder expectations and the Ontario Energy Board's ("OEB") shift towards formulaic rate-setting through incentive-based regulation. Networks accordingly, needs flexibility to manage its work program expenditures and smooth out corresponding rate increases over time. This is best attained through approval of multi-year rate submissions on behalf of its Transmission and Distribution businesses.

The regulatory strategy assumes that Networks would file submissions and obtain approval of rates (and plans) for each of its businesses for five years into the future. Networks would have the flexibility to undertake new programs or projects, potentially advancing or delaying others as required, within the envelope approved by the OEB. This approach would be more effective and efficient in accomplishing the total portfolio of work over time, than that allowed by the current year-by-year or biennial approach. Generally called multi-year Cost of Service (COS), this approach enables rate smoothing, which would also be more consistent with customers', shareholder's and regulator's expectations.

Overall, Networks prefers the COS with multi-year rate orders approach, over the latest Incentive Regulatory Mechanism (IRM) model advanced by the OEB. The COS approach, which relies on comprehensive filings and rigorous testing of the evidence, will help to advance the confidence of the OEB and Intervenor in Networks' longer-term forecasting and business management practices. Ultimately, the Company envisages a migration to a multi-year performance-based regulatory model such as the one in use in the UK and Australia.

Networks has concluded that the latest IRM model, focused only on distributors' OM&A costs, does not provide the appropriate drivers for greater innovation, productivity and efficiency, and therefore has a limited role in setting Distribution rates. However, the formulaic approach supported by written hearings could arrive at approved rates relatively speedily. Interspersing the COS submissions with one-year IRM submissions would allow Networks sufficient time and resources to prepare the comprehensive multi-year COS applications. The Company also can plan for IRM submissions prior to sensitive periods and avoid extensive public review during these times.

However, the current circumstances, characterized by volatile and impactive changes, are not conducive to adopting longer periods between rate applications now. These conditions, expected throughout the Business Plan time line, require Networks to adopt a strategy using multi-year rate submissions that allows it to meet its obligations, while also making preparations for longer-term rates submissions.

Therefore, it is appropriate to begin a transition path to multi-year rates submissions. This path involves a series of rates submissions evolving to increasingly longer rates periods, on behalf of each business. This approach would allow Networks to continue to enhance and refine its internal processes and to manage the potential risks of longer rates periods, as it progresses toward five-year rates applications. Also, the transition path entails staggering the rates submissions for each of the Transmission and Distribution businesses, to minimize potential overlap.

The following summarizes the Distribution and Transmission rate strategy which will form the basis for the current business plan 2010-2014:

Distribution Rate Strategy

- File in Q2 2009 a 2-year COS submission for 2010 and 2011,
- File late in 2011 a 1-year IRM submission for 2012,
- File late in 2012 a 1-year IRM submission for 2013, and
- File in 2013 a 3-year COS submission for 2014 through 2016.

Transmission Rate Strategy

- File in late 2009 a 2-year submission for 2011 - 2012,
- File in 2011 a 3-year submission for 2013 - 2015