Appendix AG

2009 Business Plan Approved
June 5

Hydro One Brampton Networks Inc.

Business Plan

and

Financial Summary

2009-2013

<u>Approved by the Board June 5, 2008</u>

STRATEGY

Hydro One Brampton is a premier electricity delivery company in Ontario. Our Mission is to improve shareholder value by achieving the regulated return while supplying safe and reliable distribution of electricity to our customers and continuing to accommodate the rapid growth within our franchise area. Our strategy is to continue to improve our operations with reliability and employee safety in mind. The current plan continues our focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies such as Outage Management System (OMS), Automated Meter Reading (AMR) and Smart Metering (SM). We expect in the future as in the past that as we continue to grow, efficiencies will be realized and our average cost of servicing customers will remain relatively constant over the planning period. We will continue to invest capital to accommodate growth and maintain current high standards of reliability of existing plant.

The 2009 Business Plan incorporates the continued robust growth that Brampton has experienced in the past several years, but within the municipal cap on development announced in 2005, which we expect will remain in effect through the planning period. The draft report card outlining our proposed key performance measures and targets are attached as Appendix "C".

The 2009 Business Plan provides for the continued implementation of Smart Metering to all residential, small commercial and industrial customers by the end of 2010. This will add $5.7M in 2008 and an additional $16.6M to capital expenditures over the years 2009 to 2010. There will also be additional OM&A costs associated with reading and processing the data from these meters partially offset by savings from avoided costs. All costs associated with Smart Metering will be recovered through incremental rates over the planning period and additions to the rate base in 2010.

We will continue with the implementation of our Outage Management System (OMS) to reduce the time and cost of identifying the source of outages. In 2009 we will be evaluating the Mobile Workforce Management module within the P&C Department. This module will allow simplified issuing and tracking of work and the crews assigned to complete tasks. If this is successful this program will be expanded to the Trouble Department.

Rates for the 2009 year will be determined using the existing Incentive Rate Mechanism (IRM). Based on a December 2006, OEB ruling, the deemed debt/equity ratio for 2008 was revised to 57.5% debt and 42.5% equity and a further change to 60% debt and 40% equity in 2009. The next rate application involving rebasing will be submitted in 2009 for rates to be in effect in 2010.

The company received a rate adjustment approval from the OEB in March 2008 for changes effective May 1, 2008. This plan incorporates full regulated returns throughout the planning period.

This plan is consistent with the Hydro One strategic objectives. While Hydro One Brampton has one of the industry's best safety records, we will continue to focus on reducing the number of incidents and medical aids while searching for new innovative approaches to keep safety in the forefront. We will also celebrate the success achieved in our safety program. We will continue to improve customer relations and increase customer contacts by senior management. We completed a customer survey in 2006 which confirmed positive customer opinions of service levels at Hydro One Brampton, Another customer survey is planned for 2009. We are committed to maintaining and improving customer service levels going forward. We will continue to measure our reliability results against other LDCs in the industry. Focus on staff development and training will continue throughout the planning period. We are planning on a number of apprentices in trades to support the work program and these individuals will require a significant amount of training and development. Hydro One Brampton is also committed to continual Health & Safety Training and skills upgrade for all of its employees.

We support employees in their involvement in community activities and encourage them to be ambassadors of Hydro One Brampton through participation in the School Electrical Safety Education Program, United Way, various other charities and the Brampton Board of Trade.

While frequent changes in the industry are still occurring, we expect a more stable regulatory environment over the planning period. Revenues will continue to improve as a result of ongoing customer load growth and residential development. Hydro One Networks is building a new transformer station in eastern Brampton with an expected in-service date of 2010. This station will require capital contributions and metering expenses of $9.8M which have been included over 2009 and 2010. The delay in the TS in-service date means that we will experience ongoing switching restrictions when operating our plant, which we are dealing with through our work scheduling efforts, at no additional cost. In heavy load situations, such as in the summer, we may approach Limited Time Rating (LTR) values, which will limit our ability to switch feeders.

We will continue to develop solid working relationships with our customers through improved communications and web access to customer information. After fully leveraging our current resources and infrastructure, we will increase staffing numbers only as required to meet the needs of the growing Brampton customer base.

We will continue to plan for growth and face the challenges of customer expectations while focusing on improvement in reliability. We will accommodate new customer connections and will support customers' embedded generation initiatives by being ready to connect these units to our system at the customers' request.

We will continue to work closely with the OEB and support the government's initiatives on industry issues. We will continue to be cost competitive with other LDCs and will confirm this by monitoring our performance through ongoing benchmarking of key indicators.

OM&A will increase at a fairly constant rate, driven mainly by labour costs and anticipated economic adjustments to materials and supplies largely due to increased commodity prices. The drivers for the increase in 2009 are a 3% increase in wage rates, the addition of five staff, as well as increased costs associated with OEB mandated inspections, PCB remediation and preparation of our 2010 rate application. We are currently one of the lowest cost utility in the province. We achieve this by limiting overtime, contracting out when there is an economic benefit to be derived and by negotiating collective agreements over a number of years. Enhanced management reporting and monitoring of productivity have been put in place in order to achieve better cost control.

Capital expenditures in 2009 will increase to address the growth expected to continue into the future. The primary drivers for the increase in 2009 over last year's plan reflect the following:

1. Contributed capital for the new Hydro One T.S. ($4.7), which is required to handle growing load requirement to support the continued growth in the City of Brampton
2. Smart Meters increase for small commercial customers in 2009 ($2.4), which were not included in the 2008 plan, as the specifications were not defined for these customers by the legislation. As a result, we were unable to estimate our expected cost.

The current projection for 2008 is reflected in the business plan. We anticipate OM&A and capital to be on plan.

<u>PLAN HIGHLIGHTS</u>

Growth

Residential development within the City of Brampton continues to expand at a significant rate. This business plan includes a 2009 customer growth rate of 4.2%, which represents 5,500 new residential customers as per the annual cap on development announced by the City of Brampton. The expected energy sales relative to the customer growth rate reflect primarily residential customer growth and relatively little commercial and industrial customer growth consistent with the municipal plan.

Commitments to the City of Brampton

[redacted]

- [redacted]

- [redacted]
- [redacted]
- [redacted]

[redacted]

[redacted]

Labour Agreements

The current labour agreements extend through to March 31, 2011. Included in the plan is a labour escalation of 3% excluding staff additions.

Rebuild Costs

We will continue to monitor the age and reliability of all our plant to optimize the existing in-service life of our system and determine the priority of future rehabilitation projects. We are proceeding with 13.8 kV "backbone feeder" cable replacements in 2008. The areas included in this year's program are Williams Pkwy from Mansfield Rd to Bramalea Rd (J3 grid) and North Park Dr from Bramalea Rd to Torbram Rd (K3 grid).

The feeder cables are being replaced in advance of local distribution cables as they have a much greater impact on customer outages and our reliability indices.

The balance of cable replacements in these two grid areas involves replacing local distribution cables. Due the scope of work involved, these projects will be phased over a number of years to limit the financial expenditures required in any given year.

Operations and Reliability

We have completed the implementation of the pilot project for an Outage Management System (OMS) and full implementation is under way. Key Process modifications and workflows have been identified and changes are being implemented.

We also plan on integrating the IVR system (Interactive Voice Response) and AMR (Automated Meter Reading) with the OMS system. The IVR system will allow customers an automated process to input outage information directly into the OMS system, freeing up our Operators to work with the outage without interruption. Upon loss of power, the AMR system will provide one last burst of information to the OMS system identifying outage locations. Both of these interfaces will allow the OMS system to process hundreds of inputs per minute streamlining the restoration process.

This system will reduce the time and cost of identifying the source of outages and calculating the number of customers affected, as well as maintaining logs and records of these events for regulatory purposes. It will also assist us in meeting our regulatory reliability and System Quality Indices (SQI's).

Through faster fault location, isolation, and service restoration, a fully implemented outage management system helps minimize the impact of disruptions, reducing their length and the number of customers they affect. Improving service quality also lowers risks for customers who depend on reliable electric power for critical processes and provides greater personnel safety throughout the utility's service area.

Smart Metering

Hydro One Brampton's Smart Metering Plan is consistent with Hydro One Network's and is intended to meet the requirements of the Ministry of Energy. The government's directive requires the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide time-of-use billing or other possible pricing plans. To meet this directive, significant commitments will be made not only to the installation of meters but also to the communications and information technology systems to collect and process the data.

A work plan commenced in June 2006. A request for proposal for the purchase of smart metering solutions was issued by a group of large distributors in the province and Hydro One Networks went through its own competitive process in 2005. Hydro One Brampton is leveraging much of the work that has already taken place in the industry to date. We have installed over 37,000 meters as at December 31, 2007 and expect to install an additional 35,000 by the end of 2008.

The current cost estimates are preliminary and subject to change. The Ministry of Energy has appointed the IESO as the Smart Metering Entity (SME). The SME will be responsible to develop the plans and rules associated with management and warehousing of smart metering data. These costs cannot be estimated at this time and are not included in the plan.

For more detailed information on Hydro One Brampton's Smart Metering Plan and implementation schedule, please refer to Appendix "A".

PLANNED RESULTS

			2008	**2009**	**2010**	**2011**	[redacted]	[redacted]
Net Income	**(M$)**	2009 Plan	11.3	10.8	11.8	12.5	[redacted]	[redacted]
		2008 Plan	11.3	10.9	11.3	11.4	[redacted]	[redacted]
	Difference		0	(0.1)	0.5	1.1	[redacted]	[redacted]
Regulatory ROE (%)		2009 Plan	9.30	9.00	9.35	9.50	[redacted]	[redacted]
		2008 Plan	9.00	9.00	9.00	9.00	[redacted]	[redacted]
	Difference		0.30	0.00	0.35	0.50	[redacted]	[redacted]
Capital Expenditures	**(M$)**	2009 Plan	26.9	34.8	37.5	22.8	[redacted]	[redacted]
		2008 Plan	26.9	27.6	27.7	23.0	[redacted]	[redacted]
	Difference		0.0	7.2	9.8	(0.2)	[redacted]	[redacted]
OM&A *	**(M$)**	2009 Plan	18.3	19.5	19.8	20.2	[redacted]	[redacted]
		2008 Plan	18.3	19.3	19.6	19.9	[redacted]	[redacted]
	Difference		0.0	0.2	0.2	0.3	[redacted]	[redacted]

**** Excludes capital tax***

Material Variance Analysis

Planned net income for 2009 reflects continuing cost control and revisions to tariff revenues resulting from most recent historical growth factors, including more customers and increased consumption. The plan over plan difference in 2009 results from more tariff revenues due to growth, offset by increased OM&A as described below and increased income taxes due to the impact of regulatory recoveries on effective tax rates.

ROE is based on current interest rates forecast and growth assumptions. The current business plan for the 2009 year uses a 4.2% customer and 3.5% tariff revenue growth rates. If customer growth is negatively impacted by 1%, depending on the customer mix involved, this will cause the tariff revenue growth rate to decrease to a range of 2.3% to 2.7% and decrease ROE to a range of 8.61% to 8.75%. This sensitivity analysis assumes no other changes in the rest of the 2009 business plan.

The plan over plan variances for Capital expenditures are primarily related to changes in the build and fund strategy for new additional Smart Meter expenditures for small General Service customers ($2.4M) and Transformer Stations ($4.7M).

OM&A changes are mainly related to changes in work force requirements and transformer testing for PCB contaminants.

LABOUR STRATEGY AND STAFF LEVELS

Staff levels will increase in 2009. Continued customer growth will require additional staff in Metering, Customer Service, and internal support staff. These additions to staff will address the pressures to meet service quality expectations and maintain acceptable levels of reliability. In addition, smart metering will cause an increase in staffing levels, the cost of which will offset metering services being currently contracted out. Throughout the planning period, we expect a number of retirements and this will present an opportunity for continued activity in apprenticeship programs. We had great success with these programs in the past and expect to increase the number of apprentices on staff. We will also design and put in place a staff development plan to proactively address succession needs.

In a typical year we can expect about eight terminations, resignations or retirements and we would expect this trend to continue in future years.

		Projected 2008	2009	2010	2011	[redacted]	[redacted]
Regular staff headcount:							
Beginning Year Staff		196	209	214	219	[redacted]	[redacted]
Vacant positions carried forward		4					
Annual Regular Staff Attrition		(8)	(8)	(8)	(8)	[redacted]	[redacted]
Annual New Hires –	**Replacements**	8	8	8	8	[redacted]	[redacted]
	New positions	9	5	5	3	[redacted]	[redacted]
	Total (Year End Staff)	209	214	219	222	[redacted]	[redacted]
Regular Staff	2009 Plan	209	214	219	222	[redacted]	[redacted]
(headcount)	2008 Plan	207	212	217	220	[redacted]	[redacted]
	Difference	2	2	2	2	[redacted]	[redacted]

SIGNIFICANT ASSUMPTIONS AND INTERDEPENDENCIES

The regulated ROE was reduced to 9% in 2006 due to a reduction in the 30-year rate for bonds. Rate riders for recovery of other regulatory assets ended with the implementation of the May 2008 rates. ROE over the planning period is based on interest forecasts for those years.

This plan incorporates the costing assumptions as outlined in the Corporate guidance as applicable to the Company.

(see Smart Metering assumptions "A")

RISKS TO PLAN AND MITIGATION STRATEGIES

Regulatory/Political Change

There are several considerations with respect to the regulatory and political environment. The following risks may impact this plan:

- In April of 2006, the OEB issued a notice to all LDCs advising that the OEB will proceed with a multi-year Electricity Distribution Rate Setting Plan involving a Cost of Capital and Second Generation Incentive Regulation Mechanism. The purpose of this plan is to provide greater regulatory certainty to distributors during 2007 to 2010 and to begin to drive efficiency improvements in the distribution sector and to lay a foundation for the third generation incentive regulation mechanism. This could have an impact on revenues generated to cover OM&A costs. This plan has been prepared based on correspondence from the OEB that the rates will be rebased in 2010.

- A "memo" account was established by the OEB to track and record variances that result from the difference between the Board approved PILs amount and the actual billings that relate to the recovery of PILs for the years 2001 to 2006. The OEB also provided a mechanism to make annual adjustments for variances between estimated liabilities resulting from the Board approved PILs methodology and actual tax liabilities.

  The OEB has indicated that the accounting for these differences has been inconsistent and further analysis of these amounts is required prior to any disposition decision, which is expected before our 2010 rate application is filed. With interest, this amount will increase to approximately $8.3M by April 2010. [redacted]

- With the added focus on conservation and demand management, LDCs could experience a decrease in usage, which could lead to reduction in revenues. The current plan provides for an estimate for reduction in usage. Future rate adjustments will be based on a forward test year, which will provide for changes associated with CDM impacts.

- Smart metering and the timelines to have these meters in place, continues to present business risks in current and future years. Currently the OEB has not formally addressed how Smart Metering stranded costs are to be recovered. Disposition of these costs will be determined in a future proceeding of the OEB. Until then, these costs are being left in the balance sheet and amortized over the original remaining useful life.

- Further rationalization of the distribution sector could have positive or negative impacts on the future operating results. The government lifted the moratorium on the purchase and sale of assets by Hydro One and also suspended the transfer tax on the sale of electricity assets between publicly owned utilities in Ontario until October 2008.

- Generally Accepted Accounting Principles (GAAP) are currently used in Canada to determine the appropriate accounting and financial reporting required for the preparation of financial statements. Outside of Canada (excluding the United States), the equivalent to GAAP is International Financial Reporting Standards, otherwise known as IFRS. Canadian standard setters and regulators have decided that we should adopt IFRS in Canada in place of GAAP. This is a huge change for all Publicly Accountable Enterprises including HOBNI. This transition from Canadian GAAP to IFRS will occur over the next three years. The official adoption date is January 1, 2011; however, we will have to apply IFRS fully to the 2010 financial statements because of the requirement to present two-year comparative information. We will have to review all of our accounting policies and procedures across the Company. As a result, there may be substantive changes required to systems and processes. The impact of this change is not quantified in this Business Plan. An impact assessment and transition plan will be completed in 2008.

Operational Risks

- Hydro One Brampton has a risk related to in-service PCB contaminated oil filled equipment. Due to continuing conversion projects over the last number of years a large number of contaminated units have been removed from service. Hydro One Brampton has determined the locations of remaining in-service units and is in the process of developing a remedial phase-out plan consistent with current and possible proposed legislative changes.

- A key factor in this plan is the assumed 4.2% customer and 3.5% tariff revenue growth rates. If there are any substantive downward trends in economic conditions, such as reduced GDP growth or increased inflation and interest rates, our customer growth rate will be unfavorably impacted. For instance, decreased economic activity would likely have a dampening effect on the residential housing market and slow down subdivision development and new customer growth rates. The high growth rate is currently managed using contractors. We have the ability to adjust our workforce for changes in workload.

- Our employee demographics are similar to the rest of Hydro One. Approximately 30% of staff are 50 years old or over and may be eligible to retire in the next five years. The average age of all employees is in the mid 40's. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. We have developed a succession plan for key positions in the organization.

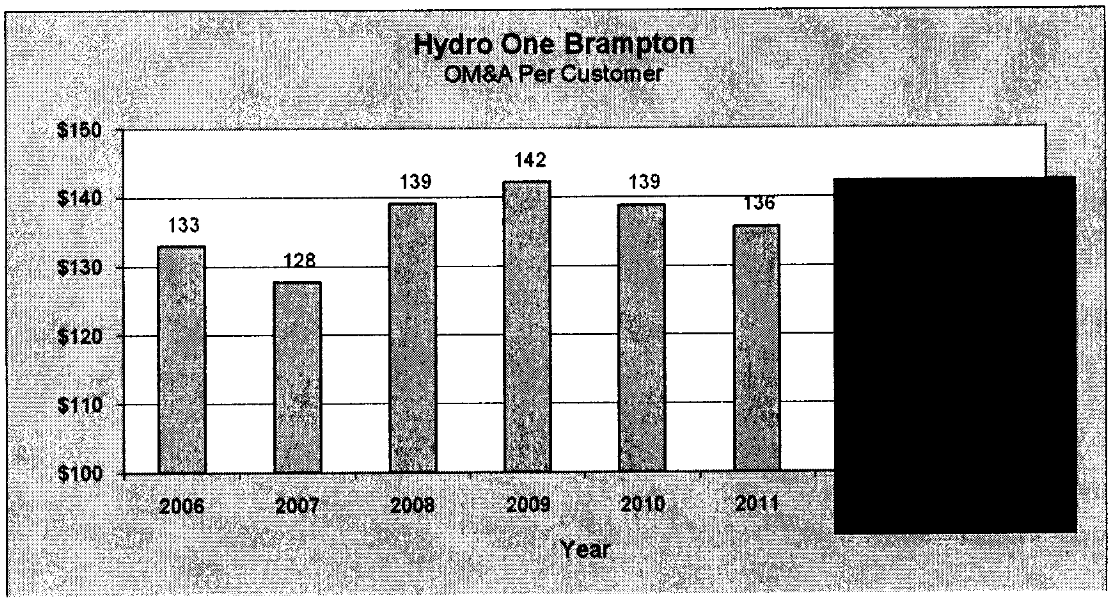
- A risk continues with respect to the collection of Late Payment Charges that may result in the refunding of several millions of dollars. A Supreme Court Ruling against Enbridge Consumers Gas in favour of Garland could be indicative of a potential ruling against Ontario electrical distribution companies in a similar suit filed against all LDCs. Hydro One Brampton has limited further potential exposure by being one of the first LDCs in Ontario to reduce the late payment charge to 1.5% per month in advance of OEB recommendations to do so. The OEB has approved the recovery of these amounts from current customers.

- Changes in weather contribute significantly to reliability, OM&A and revenues. While the plan provides for a normal level of storm activity and our system is designed to standards that meet a high level of reliability, abnormal storm activity could materially affect restoration of the distribution system. We have existing mutual aid agreements with several utilities which could be activated in a timely manner.

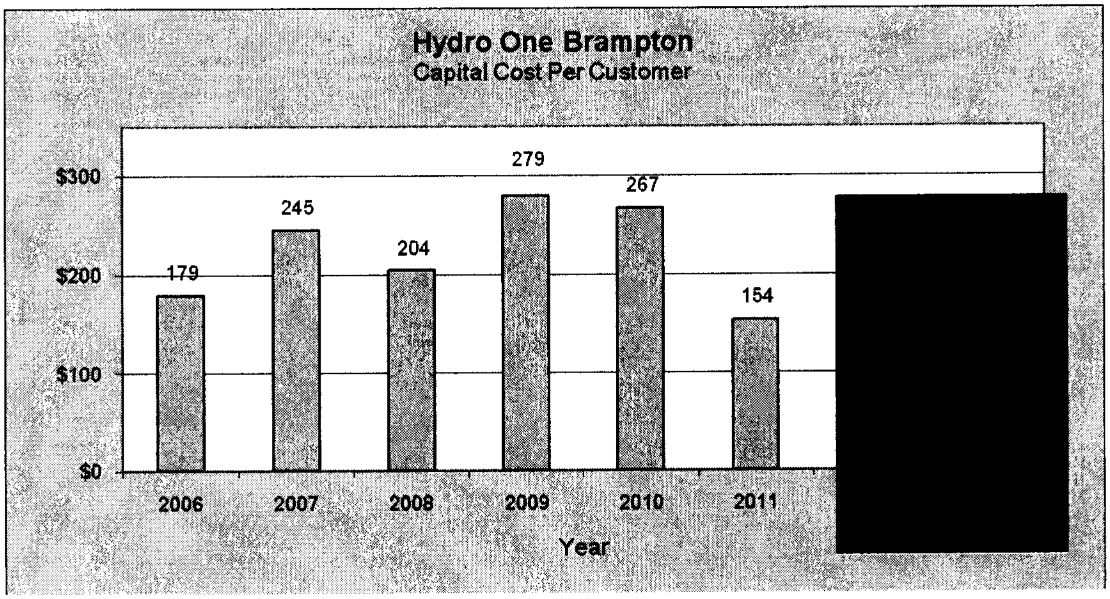
- Our ability to execute our capital plans during the summer months due to feeder restrictions may be affected by delays to the proposed late spring 2008 in-service dates for the new Pleasant TS, the spring 2009 in-service date for the new 230kV feeders from Hurontario Switching Station to Jim Yarrow TS or the proposed fall 2009/spring 2010 in-service dates for the new Goreway TS. Maintenance activities may also face the same switching restrictions during the summer months. Additionally our loading may be at a point that we encroach on existing LTR values, limiting our ability to switch feeders (as mentioned above) and possibly affecting the speed of our response to system outages. We are developing plans to mitigate operational and capital impacts.

<u>Key Supplementary Data</u>

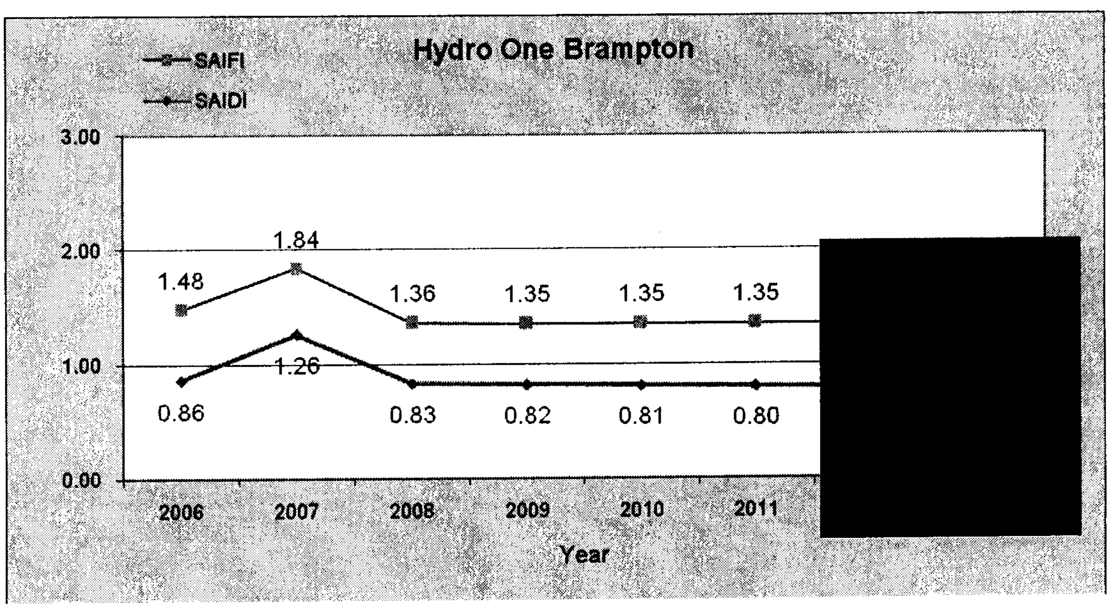
The following graph depicts controllable cost per customer. OM&A will increase at a fairly constant rate, driven mainly by labour costs and anticipated economic adjustments to materials and supplies, while continued customer growth will reduce OM&A per customer over the planning period. OM&A per customer is higher in 2009 due to PCB contaminant testing.



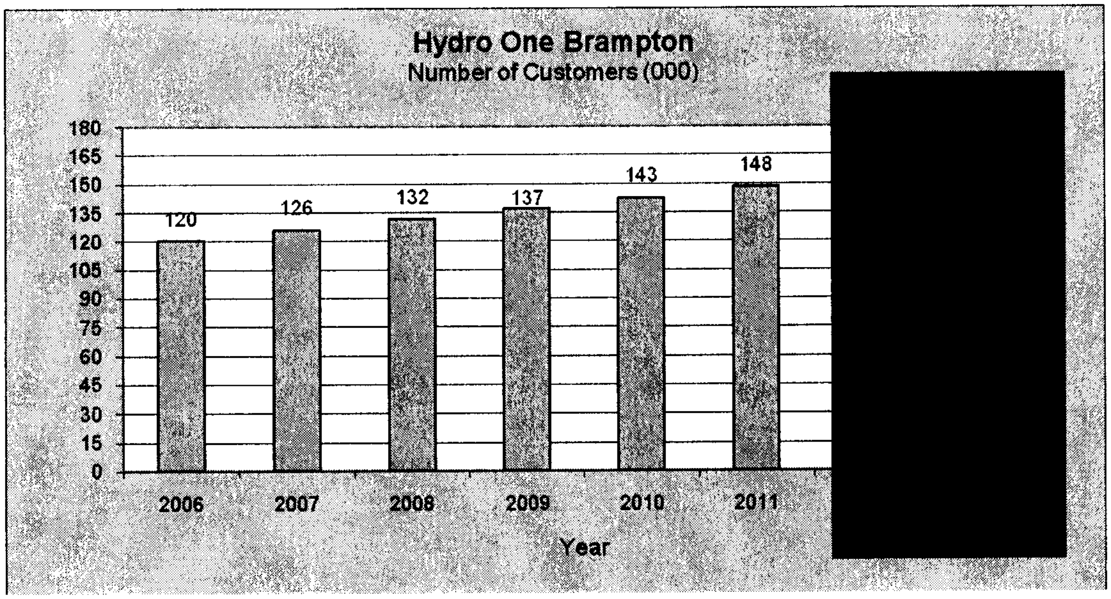
For the years 2008 through 2010 inclusive, Hydro One Brampton will incur higher than normal levels of capital expenditures mainly due to Smart Metering, capital contributions towards the construction of new T.S.'s and IESO requirement for wholesale metering upgrades.

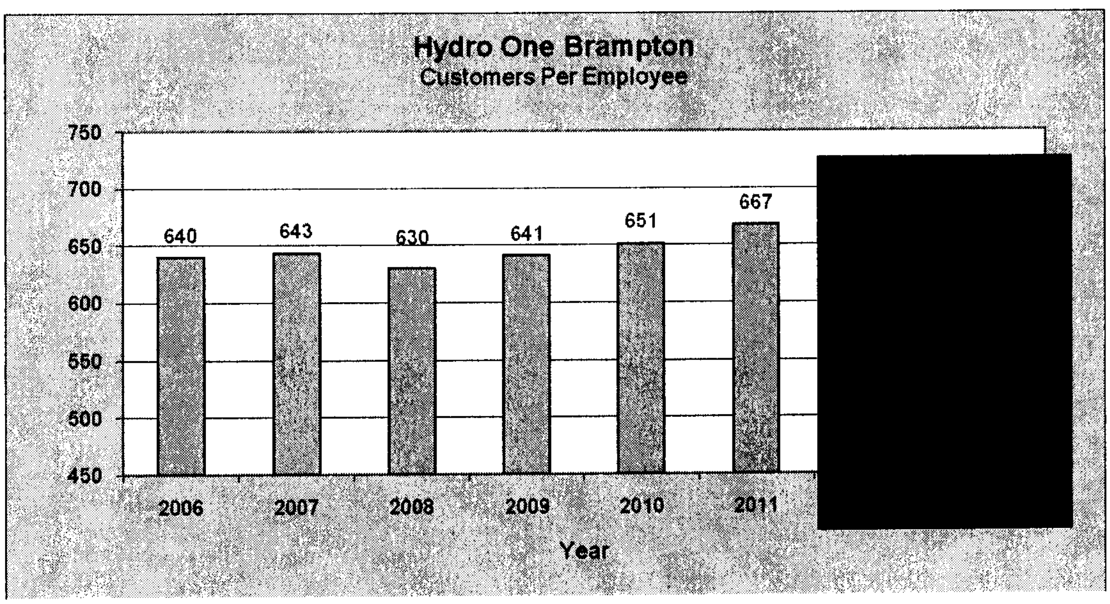


The System Average Interruption Frequency Index (SAIFI) and the System Average Interruption Duration Index (SAIDI) are graphically depicted below. In view of the significant growth in Brampton, we will be concentrating on maintaining our high level of reliability in future years. Expenditures to accommodate customer and load growth will limit our ability to spend capital specifically to reduce the number of outages (SAIFI) and it will be our goal to maintain this index at 2008 levels during the life of the business plan. Our efforts will be focused on reducing the length of outages (thereby improving SAIDI) by introducing procedures and monitoring equipment and with the implementation of our Outage Management System.



While the number of customers continues to climb, the number of employees will increase at a lower rate. Continued growth will increase workloads resulting in staffing pressures and accordingly moderate increases in staff are planned.





APPENDIX A

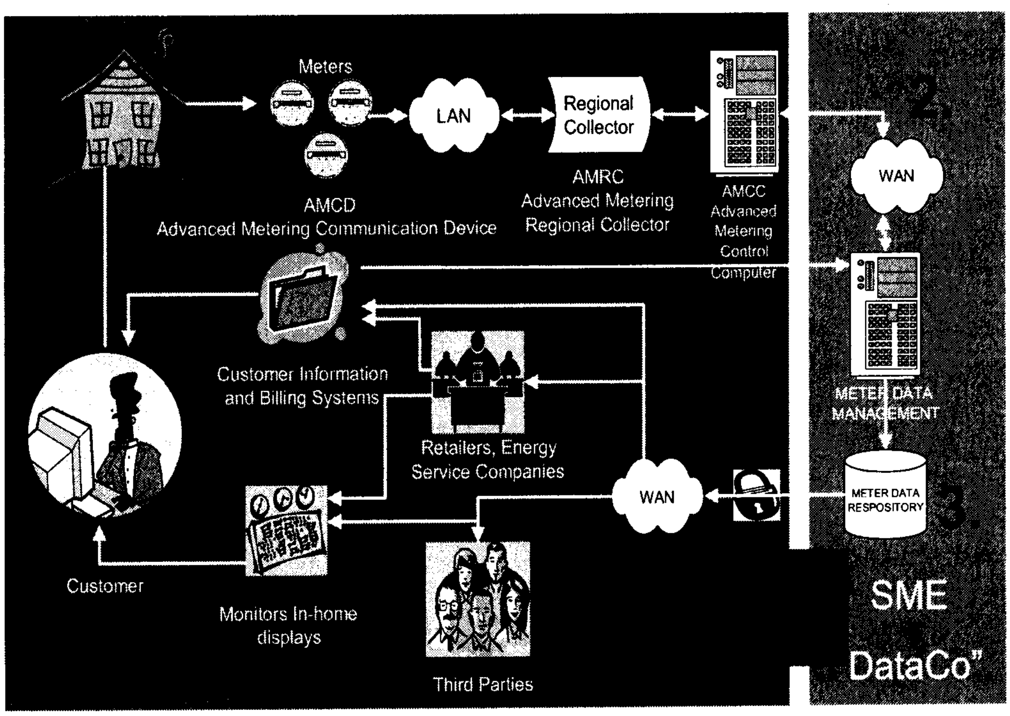
2009 HYDRO ONE BRAMPTON BUSINESS PLAN – SMART METERS

1.0 Smart Meter Strategy

Vision – to deploy a Smart Metering solution that meets MOE requirements at the lowest possible cost and is an enabler for other business processes and transformations:

- The government's smart meter directive requires the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide the delineation required for time of use billing or other possible pricing plans.
- To meet the directive a new infrastructure of both communications and information technology is required to collect and process transactions in a timely manner.

The following picture is taken from the Ministry of Energy and outlines the roles of various parties.



As illustrated Hydro One Brampton will have an accountability to own and install the smart meters, collect the data via a computer application (AMCC) pass the data to a central third party(s) data warehouse, and receive the data back for customer billing. To realize the strategy, an assessment and test of available technologies and architectures was undertaken by Hydro One Networks.

Smart Metering Installations

Given the geographic terrain and dense residential population, Hydro One Brampton is utilizing a smart metering system that employs a mesh network to communicate with a regional collector. Data from this regional collector will be backhauled to Hydro One Brampton's offices for processing via existing cellular technology. This process is referred to as Stage 1 Implementation. This initial network is also capable of supporting in-home CDM devices and multi-utility functions. It is expected that the level of funding to support Stage 1 Implementation form the basis of the OEB plan for smart metering.

Hydro One Brampton is working together with Hydro One Networks to maximize efficiencies and replace this cellular technology with fibre and/or Wimax communications. This will help to reduce the maintenance costs associated with meter reads while allowing the company to implement other functional services at a later date. This process is referred to below as Stage 2 Implementation.

These services could include the following:

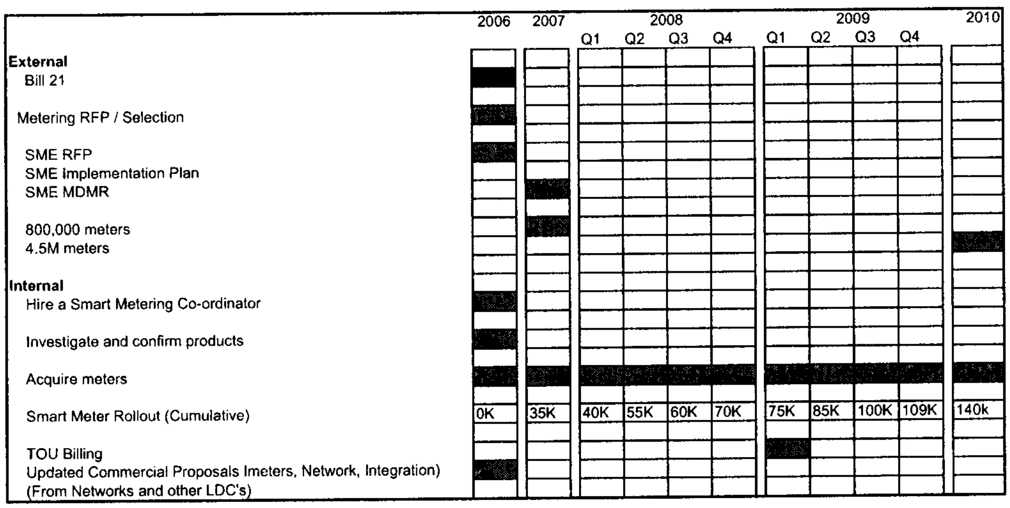
- Power Quality
- Feeder Analysis
- Mobile Dispatch
- Mobile Time Reporting
- Mobile Accomplishment Reporting
- Mobile Asset condition & Defect Reporting
- Safety Monitoring
- Fleet Management
- Asset Security
- Cellular – Paging – Email
- Optimized dispatch
- Automated Map Updates

Hydro One Networks developed a proof of concept site and pilot applications to test feasibility. The results allowed Hydro One Brampton to confirm the preferred network architecture and allow this initiative to move to implementation.

Stage 2 Implementation will require an evaluation, selection and implementation of a communication network that will facilitate the above mentioned services. This network can be built after the meters are installed and can displace the cellular backhaul. This strategy will mitigate early technology risk while still enabling the future development of a Smart Network.

2.0 *Overall Plan Highlights*

- A work plan is under development that will allow the focus of the project to migrate from strategy and selection of the end state infrastructure design (Smart Network) to implementation of the infrastructure required to support Smart Meters.
- The following table outlines the external and internal milestones as they are currently understood.



A number of external milestones have the potential to impact on the current project timelines:

- A RFP has been developed by the large distributors in the province for use by all LDCs. Hydro One Networks went through its own competitive process and is seeking confirmation that we can use it to acquire Advanced Metering Infrastructure ("AMI").
- The IESO has been identified as the smart meter entity (SME is the data warehouse that is inserted in the middle of the meter to bill process). The SME will develop plans that will allow Hydro One Brampton to facilitate TOU billing capability.

3.0 Plan Highlights – Smart Meter

The Smart Meter initiative is designed to meet the Minister's directive to provide customers with time differentiated consumption information. Further, the underlying infrastructure to support this initiative (i.e. supporting telecommunications, back-office meter data management, Customer Information System (CIS) upgrades and other support IT) can be leveraged to support other productivity initiatives within the company. It is expected that the total estimated cost for Hydro One Brampton's Smart Metering project will be $27.4M.

	2008	2009	2010
Smart Meter installations (000)	35	39	31
Revenues/Recoveries ($M)	1.7	2.5	1.3
Capital Expenditures ($M)	5.7	8.4	8.2
OM&A impacts ($M)	0.3	0.3	0.3
Depreciation new mtrs (15 yr life) ($M)	0.5	1.1	1.6
Staff - Full Time Equivalents	4	4	4

There are a number of major assumptions that affect the cost of this initiative:

- The costs above include all IT related enhancements including integration of AMR systems to the SME, billing (CIS integration and open market systems).
- All residential customers get a smart meter.
- An allotment has been made for changes to customer's services where there are safety concerns;
- A base assumption has been made for installations costs.

Opportunity

This initiative provides the basis for meeting the smart meter objectives as announced by the Minister. It provides hourly meter reads and the ability to communicate to customers by the next business day. It also provides business benefits in the areas of meter reading (automates), customer communications (lower bill estimating), rudimentary outage detection, and other IT enhancements to support meter data management and meter deployment processes.

Customers must be able to understand consumption patterns that align with various pricing structures being contemplated by the OEB. The Minister's directive contemplates replacement of all Hydro One Brampton meters by the end of 2010. Daily reads of meters are also required by the Minister's directive to support this objective.

By 2010 customers will have access to consumption information time differentiated in accordance with currently contemplated (Regulated Price Plan (RPP) / Critical Peak Pricing (CPP)) rate structures. This information will be available to customers by next business day and will also be capable of being used for billing purposes. Information Technology that supports these new requirements will be updated as necessary and is included in this business plan.

Scope:

- The installation of 132K Hydro One Brampton Meters by 2010
- Acquire, upgrade, replace IT Systems (AMR, iTron's MV90, CIS SerViewCom)
- Build out telecommunication platform to support AMR and CDM

It is assumed that the Regulator will allow full recovery of the total costs net of benefits. However, there is the possibility that the Regulator will allow rate recovery on the total cost and provide some gain sharing opportunity for benefits derived from productivity gains.

4.0 Plan Highlights – Smart Network

The Smart Network initiative seeks to leverage the investment in the required telecommunication platform to provide advanced functionality in addition to the Smart Metering initiative. The technology being evaluated provides a high bandwidth wireless network that would support numerous core applications and would have sufficient capacity for additional third party revenue generation.

Funding for Smart Network implementation has not been included in this plan however, Hydro One Brampton has reviewed the results of its initial project and will be proceeding with this current plan based on our experiences to date.

5.0 Risks and Mitigation

There are a number of potential risks related to the smart meter and smart network initiative.

Smart Meters are a relatively new technology without any significant deployment to date. The communication technology in the meters as well as the software applications to poll for data and manage meter transactions and exceptions is far from mature.

The smart meter implementation plan, procurement process and the specific roles and responsibilities in many cases remain at a high level. Hydro One Brampton is leveraging Hydro One Networks 2005 RFP process in order to procure its own wide area network. The functional requirements of the SME is critical information required before the Hydro One Brampton plan can be further developed.

The following table outlines risks and mitigation strategies being employed at this time.

Regulatory	• Maintaining watch on MOE developments (specs, accountabilities, timelines), requested written direction from MOE on Hydro One Brampton approach • Minimal expenditures prior to cost certainty • CDM funding in place for initial steps
Financial	• Staged deployment to reduce technology risk • Competitive procurement process for product and services
Reputation	• Maintaining plans to meet provincial timeline • Resources for IT development and business process design are scarce. Installation resources are also scarce and outsourcing will be used when possible
Business Efficiency and Effectiveness	• Applications and telecommunications have been architected as enabling platforms

APPENDIX "B"

Synergies and Cost Containment Initiatives

Item	Description of change	Impact of change	Savings
Synergies with Hydro One	Take advantage of synergies as a result of being owned by Hydro One	- Lower cost of borrowing - Use of available Hydro One resources - HR - Legal - Regulatory - Internal audit - Finance	- Cost sharing with Hydro One - No duplication of efforts - Vast pool of expertise available
Improved Environmental and Health & Safety systems	Although the 5-star program served us well, we have converted to a combined environmental and Health & Safety system (ISO 14001 and OHSAS 18001)	Will put us in line with industry standards and will allow for better benchmarking	Continued savings due to 1 zero loss-time injuries and low (no) environmental infractions in 2007.
Load Optimization program	Purchased a new program to optimize system for minimum losses.	The 44kV and 27.6kV systems have now been optimized	Reduction in system losses as much as possible in view of Transformer Station limitations.
Serving more than double the customers and higher growth with same staff levels than in 1987.	In 1987, we had 55,226 customers, added 3,300 customers/year and had 188 employees (294 cust/emp).	In 2007, we had 126,000 customers (added 5,700 customers) and 196 employees (643 cust/emp)	Our staff complement is virtually at 1987 levels with more than double the customer base.
Improvements to Control Room equipment	Installed new Control Room automated map board in 2004 using the SCADA WorldView software	Old board not expandable for new growth. New board offers more flexibility, improved efficiency and better record keeping.	Reliability and efficiency improvements
Radio Frequency program (meter reading)	Difficult to get access to inside meters resulted in many estimated bills and necessary adjustments	Installed Radio Frequency meters so that they can be read from outside the house	Eliminated the need for appointments to read, for customer read cards and for most adjustments due to estimating
More efficient use of building	In view of our current space requirments, we had some vacant spaces in the building	Have leased most of the empty space	Total annual revenue from leases > $100K
Improved purchasing policy where more purchases are tendered	Modified our purchasing policy to require more tendering of purchases	All major purchases must be tendered.	- Better prices for purchased equipment, materials and labour - Savings > $100K's

Legend: Items outlined in yellow have been done but continual review and improvement is ongoing
Items outlined in green have been done, policies or procedures changed and implemented

Item	Description of change	Impact of change	Savings
Changed insurance carriers	Changed from Maritime Life to Manulife	Provide same coverage as before	Savings of $150K - $200K per year
Improved Management Reporting	Made better tools available to Management staff to schedule work and to track actual costs versus budget	More accountability for expenditures	- Improved cost tracking - Better cost control
Addition of fault indicators on feeder risers	The fault indicators will give crews a quick indication of where an underground fault may be	- Reduces outage times in subdivisions - Less switching required to find a fault	- Reduced fault-finding costs due to less switching - Improved reliability
Cold shrink technology is now used for all terminations and splices	Instead of modular or hand-made splices and terminations, one-piece silicone cold-shrink devices are used	- Easier to install with less chance of human error - Better electrical qualities (silicone) - No need for torches especially in trenches where gas may be present	- Reduced installation costs offset the additional equipment costs - Improved reliability due to better electrical qualities - Safer and faster installation
Use of SCADA MATE switches	Have started using vacuum-break SCADA MATE switches instead of unreliable air-break switches	- No freeze-up of switches in the winter due to ice buildup - Less wear and tear on switches during operations - Allows visible break for isolation purposes	- Reduced maintenance on switches (offset by higher prices for switch) - Improved reliability - Less susceptible to salt contamination
Concrete poles	Have adopted concrete poles as standard whenever possible	- Eliminates pole fires - Reduces labour costs (pre-drilled holes for hardware) - Better aesthetics	- Improved reliability - Longer pole life - Reduced maintenance costs
Dry ice switchgear cleaning	Instead of hand cleaning de-energized equipment, a dry ice blasting method is used on energized equipment	- No outage or de-energizing required - No cleaning solutions required (environmentally friendly) - Better cleaning qualities especially in tight areas	- Reduced costs by eliminating switching to de-energize - More thorough cleaning - Improved reliability - Longer period between cleanings
Process changes for the repair of underground secondary faults	It used to take 5-7 visits to find, repair and restore secondary faults in house.	It now takes 1 visit to identify a fault and 1 visit to repair and restore the fault by contractor	Repair costs reduced by approximately 48%

Item	Description of change	Impact of change	Savings
Oversized insulation program	Have standardized on 46kV silicone insulators for both 44kV and 27.7kV	Results in: - Better reliability - More flexibility - Lower stock levels - Lower installation costs - At slightly higher price	- Reduced inventory - Increased reliability - Reduced labour costs
Installation of fault indicators	Installed both in-field and remotely accessible fault indicators to improve fault-finding and restoration of power.	Most feeders sectionalized in quarters to allow quick (less than 5 minutes) restoration of 50% of feeder loads after a fault.	Improvement in reliability and reduction in loss of energy sales due to faults.
Conversion of Low Voltage to 27.6kV	Converting 4.16kV and 8.32kV systems to 27.6kV. Elimination of 4.16kV and 8.32kV distribution stations.	Ultimate goal is to eliminate 4.16kV and 8.32kV systems and distribution stations (long-term plan).	- Reduction of losses - Reduction of O&M costs - Reduction of inventory levels
Streamlined subdivision agreements	Went from 4 or 5 options for developing a subdivision to just 2 options	Streamlined the process to 2 choices: Developer does everything or HOB does everything	- Reduced requirement for additional staff - Simplified billing process
Corporate VISA cards	Assigned corporate VISA cards to staff who require frequent small purchases	Reduced the need to issue Purchase Orders for small purchases	- Reduced the need for purchasing staff - Reduced paperwork
Reduced inventory	Reduced the total inventory by reducing items in stock, by standardizing materials and through partnership agreements with suppliers	- Standard voltage and type of insulators - Use of dual-voltage transformers - Use of off-the-shelf CSA cable - Partnerships with suppliers for equipment, poles and transformers which reduce lead time resulting in less inventory	- Reduction of inventory - Reduction of material costs - Reduction of equipment maintenance costs
Lighting Retrofit Program	As part of the CDM program the existing lighting system for the building was changed to more energy efficient system.	The new lighting system achieved approximately 8% energy reduction and 11% demand reduction	- The savings were approximately 234 MWh - The dollar savings were approximately $23,000.00

APPENDIX "C"

2009 Proposed DRAFT Report Card

		Performance Measures	Target
Financial	Increase Shareholder Value	Net Income after Tax ($M)	$10.8
		Controllable Cost Index (O,M&A $_{actual}$ / O,M&A $_{budget}$)	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Index (# of measures meeting targets)	6 of 7 indicators met
		Reliability Index (meet both SAIDI & SAIFI targets)	SAIDI ≤ 0.82 SAIFI ≤ 1.35
Business Excellence	Achieve Operational Excellence	Work Program Achievement (% of projects under the control of HOB completed within the total budget)	≥90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety (Lost-time injuries)	0

2009 Business Plan Submitted
July 29

2009-2013 HYDRO ONE BUSINESS PLAN

	Brampton											
	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
BUSINESS UNIT DATA												
		Please do not overwrite cells containing formulas (shown in blue)										
Revenues ($M)												
Rural retail customers	[redacted]	364.6	353.6	364.2	372.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Remote customers	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Transmission tariff (from IMO)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Facility charge	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Rural rate assistance (from IMO)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Remotes subsidy (from IMO)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other IMO related	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other external	[redacted]	3.2	3.2	3.3	3.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inter-BU revenues												
Other fee-for-service	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Costs ($M)												
Gross OM&A	[redacted]	18.3	19.5	19.8	20.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unidentified cost contingency/(reduction)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of power												
Retail cost of power (commodity/Tx/IMO)	[redacted]	302.6	289.5	298.2	307.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel (Remotes)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other cost of goods sold	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation												
Depreciation on fixed assets	[redacted]	16.9	17.6	18.9	19.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Losses / (gains) on fixed asset disposal	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Asset removal costs	[redacted]	0.0	0.1	0.1		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Amortization of OPEB regulatory asset	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Amortization of other regulatory assets	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Amortization of goodwill	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other amortization	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest												
Interest on HO debt	[redacted]	10.5	11.0	11.7	12.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest on external debt	[redacted]	0.4	0.4	0.8	0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Treasury admin costs	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Amortization of deferred debt costs	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Interest capitalized	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Interest improvement	[redacted]	(0.0)	(0.2)	(0.6)	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted].0
Capital tax ($M)	[redacted]	0.9	0.9	0.3	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PRE-TAX INCOME		18.1	17.5	17.1	16.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax (excl. tax associated with write-offs)	[redacted]	6.9	6.8	5.3	4.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EFFECTIVE TAX RATE		37.9%	38.5%	31.0%	24.8%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Write-offs (before tax impact)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax associated with write-offs	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
INCOME AFTER TAX		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other comprehensive income	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Preferred dividends	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common dividends	[redacted]	10.0	10.0	5.0	8.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Assets ($M)												
Fixed assets												
Fixed assets in service	433.2	462.8	492.4	535.0	557.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated depreciation (NE PSL for OH)	199.2	216.1	235.2	255.1	275.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction in progress	2.6	0.0	5.2	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current assets												
Cash and short-term investments	(3.1)	8.8	15.0	14.3	22.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts receivable - external	60.9	58.9	63.2	65.1	67.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts receivable - internal	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel for electric generation	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials and supplies	5.2	5.0	5.2	5.2	5.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other current assets	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	Brampton											
	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other assets												
OPEB regulatory asset	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental regulatory asset	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other regulatory assets	(6.3)	(10.0)	(11.1)	(9.4)	(5.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred pension asset	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Investments	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Goodwill	60.1	60.1	60.1	60.1	60.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred OPEB receivable	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts receiveable & other assets	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Liabilities & Equity ($M)												
Debt												
External debt	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized debt costs	(0.6)	[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized premium/discount on bonds	0.0	[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current liabilities												
Accounts payable & accrued charges	55.9	53.5	59.4	62.4	64.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax payable	3.2	1.0	1.0	1.0	1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends payable	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued interest	0.8	[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt payable within one year	0.0	[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other liabilities												
Other post-employment benefits	5.3	5.0	6.1	6.5	7.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Regulatory liabilities	0.5	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental liability	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts payable & accrued charges	(0.0)	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity												
Preferred equity	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common equity	111.6	111.6	111.6	111.6	111.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained earnings	33.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated other comprehensive income	0.0	[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital Expenditures ($M)												
Capital expenditures	[redacted]	26.9	34.8	37.5	22.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
In-service additions	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Staff												
Regular - excl. surplus (year-end)	[redacted]	207.0	212.0	217.0	220.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Surplus (year-end)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-regular (FTEs)	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OM&A details - incl in OM&A above ($M)												
Surplus staff costs	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Grants-in-lieu	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Property tax adjustment	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Tax details - incl. in tax above ($M)												
Capital tax paid outside Ontario	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax paid outside Ontario	[redacted]	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

	Brampton											
	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
STATEMENT OF FINANCIAL POSITION ($M)												
Assets												
Fixed assets												
Fixed assets in service	433.2	462.8	492.4	535.0	557.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Accumulated depreciation	199.2	216.1	235.2	255.1	275.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	234.0	246.7	257.2	280.0	281.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction in progress	2.6	0.0	5.2	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	236.6	246.7	262.4	280.0	281.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current assets												
Cash and short-term investments	(1.1)	8.8	15.0	14.3	22.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts receivable	60.9	58.9	63.2	65.1	67.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel for electric generation	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials and supplies	5.2	5.0	5.2	5.2	5.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other current assets	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	65.0	72.8	83.4	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other assets												
OPEB regulatory asset	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other regulatory assets	(6.4)	(10.0)	(11.1)	(9.4)	(5.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred pension asset	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Goodwill	60.1	60.1	60.1	60.1	60.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts receivable & other assets	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	53.7	50.0	48.9	50.7	54.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Assets	353.3	369.5	394.7	415.3	430.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Liabilities & Equity												
Long-term debt												
Long-term debt	143.0	163.0	180.0	190.0	198.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized debt costs	(0.6)	(0.7)	(0.8)	(0.8)	(0.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Payable within one year	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	142.4	162.3	179.2	189.2	197.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current liabilities												
Accounts payable and accrued charges	55.9	53.4	59.4	62.4	63.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax payable	3.3	1.0	1.0	1.0	1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends payable	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued interest	0.8	1.4	1.9	2.2	2.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt payable within one year	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	60.0	55.8	62.3	65.6	67.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other liabilities												
Other post-employment benefits	5.3	5.0	6.1	6.5	7.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Regulatory liabilities	0.5	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental liability	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts payable & accrued charges	(0.0)	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	5.8	5.0	6.1	6.5	7.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity												
Preferred equity	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common equity	111.6	111.6	111.6	111.6	111.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained earnings	33.5	34.8	35.5	42.1	46.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated other comprehensive income	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	145.1	146.4	147.1	153.7	158.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Liabilities & Equity	353.3	369.5	394.7	415.3	430.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

	Brampton											
	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OPERATING STATEMENT ($M)												
Revenues												
External		367.8	356.7	367.5	376.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inter-BU		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		367.8	356.7	367.5	376.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Costs												
OM&A		18.3	19.5	19.9	20.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost contingency / (reduction)		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of power		302.8	289.5	298.2	307.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation		16.9	17.7	19.0	19.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest		11.0	11.6	13.1	12.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital tax		0.9	0.9	0.3	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		349.8	339.2	350.4	359.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Before Income Tax		18.1	17.5	17.1	16.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax		6.9	6.8	5.3	4.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Before Write-offs		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Write-offs (before income tax)		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax on write-offs		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net write-offs		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other comprehensive income		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Comprehensive Income		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less:												
Preferred dividends		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common dividends		10.0	10.0	5.0	8.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		10.0	10.0	5.0	8.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change in Retained Earnings		1.3	0.8	6.8	4.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
CASH FLOW STATEMENT ($M)												
Cash Flow from Operations												
Net income (before write-offs)		11.3	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation (net of asset removal costs)		16.9	17.6	18.9	19.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change in working capital		(2.0)	2.0	1.4	0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		26.1	30.3	32.1	32.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less:												
Capital expenditures		26.9	34.8	37.6	22.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Changes in other assets & liabilities		(2.7)	(3.7)	0.4	2.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends		10.0	10.0	5.0	8.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		34.2	41.1	42.9	32.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Flow		(8.1)	(10.8)	(10.7)	(0.3)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OTHER KEY RESULTS												
Financial Statistics												
Debt ratio (%)	50.[illegible]%	51.2%	52.7%	53.2%	52.5%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Return on common equity (%)		7.7%	7.3%	7.8%	8.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT ($M)		29.1	29.2	30.2	29.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital expenditures ($M)		26.9	34.8	37.5	22.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	Brampton											
	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OPTIONAL CALCULATIONS (Red inputs)												
Dividends / Equity Injection ($M)												
Target capital structure (% equity)		42.5%	40.0%	40.0%	40.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net assets		299.8	311.3	328.8	333.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity adjustment needed to achieve target		(29.0)	(32.6)	(27.4)	(33.0)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity injection flag (1 = yes)		0	0	0	0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity injection		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common equity		111.6	111.6	111.6	111.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Negative dividend flag (1 = yes)		0	0	0	0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends incurred in current year (unconstrained)		29.0	32.6	27.4	33.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Negative retained earnings flag (1 = unconstrained)		0	0	0	0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends incurred in current year (constrained)		29.0	32.6	27.4	33.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Percentage of current year dividends paid in current year		100%	100%	100%	100%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Portion of current year dividends paid in current year		29.0	32.6	27.4	33.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Portion of current year dividends paid in following y	0.0	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends paid in current year		29.0	32.6	27.4	33.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Debt ratio after adjusting for outstanding dividends		51.2%	52.7%	53.2%	52.5%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash and Short-Term Investments ($M)												
NEW DEBT		20.0	17.0	10.0	8.0		[redacted]	[redacted]			[redacted]	
Use cash / interco demand facility as plug (1 = yes)		1	1	1	1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Hydro One long-term debt	143.0	163.0	180.0	190.0	198.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net assets		299.8	311.3	328.8	333.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Input cash level		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash and short-term investments		8.5	15.0	14.3	22.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Brampton

	2007	2008	2009	2010	2011	[redacted]
OPTIONAL CALCULATIONS (Pink Inputs)						
Details of new borrowing						
New borrowing -term (% of total borrowing)						
5-year		0%	0%	0%	0%	[redacted]
10-year		50%	50%	50%	50%	[redacted]
30-year		50%	50%	50%	50%	[redacted]
New borrowing - interest rate (%)						
5-year		4.08%	4.38%	5.48%	5.68%	[redacted]
10-year		4.77%	5.07%	6.17%	6.37%	[redacted]
30-year		5.47%	5.77%	6.87%	7.07%	[redacted]
New borrowing ($M)						
5-year		0.0	0.0	0.0	0.0	[redacted]
10-year		10.0	8.5	5.0	4.0	[redacted]
30-year		10.0	8.5	5.0	4.0	[redacted]
		20.0	17.0	10.0	8.0	[redacted]
Debt ($M)						
Debt outstanding						
Provincial debt	0.0	0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt	0.0	0.0	0.0	0.0	0.0	[redacted]
External debt	0.0	0.0	0.0	0.0	0.0	[redacted]
Other long-term debt	143.0	163.0	180.0	190.0	198.0	[redacted]
Short-term debt / cash	3.1	(8.8)	(15.0)	(14.3)	(22.0)	[redacted]
	148.1	154.2	165.0	175.7	176.0	[redacted]
[illegible]						
Provincial debt	0.0	0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt	0.0	0.0	0.0	0.0	0.0	[redacted]
External debt	0.0	0.0	0.0	0.0	0.0	[redacted]
Other long-term debt	0.0	0.0	0.0	0.0	0.0	[redacted]
Short-term debt / cash	0.0	0.0	0.0	0.0	0.0	[redacted]
	0.0	0.0	0.0	0.0	0.0	[redacted]
Interest ($M)						
Interest rates (%)						
90-day Banker's Acceptance		3.72%	4.22%	4.50%	5.12%	[redacted]
Adjustment to 90-day BA - borrow from Treasury		0.15%	0.15%	0.15%	0.15%	[redacted]
Adjustment to 90-day BA - lend to Treasury		-0.02%	-0.02%	-0.02%	-0.02%	[redacted]
Average cost of long-term debt		5.71%	5.79%	5.71%	5.67%	[redacted]
[illegible]						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		10.5	11.5	12.3	13.0	[redacted]
Short-term debt / cash		(0.1)	(0.5)	(0.7)	(0.9)	[redacted]
		10.4	11.0	11.7	12.0	[redacted]
[illegible]						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		1.4	1.9	2.2	2.5	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]
		1.4	1.9	2.2	2.5	[redacted]
Deferred debt costs ($M)						
[illegible]						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]
		0.0	0.0	0.0	0.0	[redacted]
[illegible]						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		0.7	0.8	0.8	0.9	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]
		0.7	0.8	0.8	0.9	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

Brampton

	2007	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Premium/discount on bonds ($M)												
[illegible]												
Provincial debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[illegible]												
Provincial debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Hedge gain/loss ($M)												
[illegible]												
Provincial debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[illegible]												
Provincial debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

2009 Business Plan Revised

2009-2013 HYDRO ONE BUSINESS PLAN

2.00%
3.00%

					Brampton
	2008	FC 2009	2010	2011	[redacted]
BUSINESS UNIT DATA					

Please do not overwrite cells containing formulas (shown in blue)

	2008	FC 2009	2010	2011	
Revenues ($M)					
External revenues					
Net distribution tariff revenue	[redacted]	59.3	[illegible]	[illegible]	[redacted]
SM Rev requirement	[redacted]	[illegible]	3.1	0.7	[redacted]
Rural retail customers	[redacted]	344.6	373.3	386.2	[redacted]
Remote customers	[redacted]	0.0	0.0	0.0	[redacted]
Transmission tariff (from IMO)	[redacted]	0.0	0.0	0.0	[redacted]
Facility charge	[redacted]	0.0	0.0	0.0	[redacted]
Rural rate assistance (from IMO)	[redacted]	0.0	0.0	0.0	[redacted]
Remotes subsidy (from IMO)	[redacted]	0.0	0.0	0.0	[redacted]
Other IMO related	[redacted]	0.0	0.0	0.0	[redacted]
Other external	[redacted]	3.5	3.8	3.4	[redacted]
Inter-BU revenues					
Other fee-for-service	[redacted]	0.0	0.0	0.0	[redacted]
Costs ($M)					
Gross OM&A	[redacted]	19.7	19.9	20.9	[redacted]
				5.1%	[redacted] %
Unidentified cost contingency/(reduction)	[redacted]	0.0	0.0	0.0	[redacted]
Cost of power					
Retail cost of power (commodity/Tx/IMO)	[redacted]	282.7	310.1	319.4	[redacted]
Fuel (Remotes)	[redacted]	0.0	0.0	0.0	[redacted]
Other cost of goods sold	[redacted]	0.0	0.0	0.0	[redacted]
Depreciation					
Depreciation on fixed assets	[redacted]	18.0	18.4	19.3	[redacted]
Losses / (gains) on fixed asset disposal	[redacted]	0.0	0.0	0.0	[redacted]
Asset removal costs	[redacted]	0.0	0.0	0.0	[redacted]
Amortization of OPEB regulatory asset	[redacted]	0.0	0.0	0.0	[redacted]
Amortization of other regulatory assets	[redacted]	0.0	0.0	0.0	[redacted]
Amortization of goodwill	[redacted]	0.0	0.0	0.0	[redacted]
Other amortization	[redacted]	0.0	0.0	0.0	[redacted]
Interest					
Interest on HO debt	[redacted]	[illegible]	[illegible]	[illegible]	[redacted]
Interest on external debt	[redacted]	0.1	(0.1)	0.6	[redacted]
Treasury admin costs	[redacted]	0.0	0.0	0.0	[redacted]
Amortization of deferred debt costs	[redacted]	[illegible]	[illegible]	[illegible]	[redacted]
Less: Interest capitalized	[redacted]	0.0	0.0	0.0	[redacted]
Less: Interest improvement	[redacted]	(0.2)	0.0	0.0	[redacted] 0
Capital tax ($M)	[redacted]	0.6	0.2	0.0	[redacted]
PRE-TAX INCOME		16.6	[illegible]	[illegible]	[redacted]
Current income tax expense (excl. tax associated with	[redacted]	6.1	5.0	4.0	[redacted]
Future income tax expense	[redacted]	0.3	0.6	1.1	[redacted]
EFFECTIVE TAX RATE		[illegible]	[illegible]	[illegible]	[redacted]
Write-offs (before tax impact)	[redacted]	0.0	0.0	0.0	[redacted]
NET INCOME		[illegible]	11.6	12.5	[redacted]
Income tax associated with write-offs	[redacted]	0.0	0.0	0.0	[redacted]
Other comprehensive income	[redacted]	[illegible]	[illegible]	[illegible]	[redacted]
Preferred dividends	[redacted]	0.0	0.0	0.0	[redacted]
Common dividends	[redacted]	0.0	11.0	11.9	[redacted]
Assets ($M)					
Fixed assets					
Fixed assets in service	456.9	487.8	529.6	551.5	[redacted]
Components & Spares	3.1	3.6	3.5	3.5	[redacted]
Accumulated depreciation	214.0	231.4	250.6	270.9	[redacted]
Construction in progress	1.2	5.2	0.0	0.0	[redacted]
Current assets					
Cash and short-term investments	(5.4)	(8.9)	(19.6)	(21.9)	[redacted]
Accounts receivable - external	54.2	63.2	61.4	63.2	[redacted]
Accounts receivable - internal	0.0	0.0	0.0	0.0	[redacted]
Fuel for electric generation	0.0	0.0	0.0	0.0	[redacted]
Materials and supplies	1.2	1.2	1.2	1.2	[redacted]
Future Income Taxes - current	0.0	0.5	0.5	0.5	[redacted]
Other current assets	0.0	0.0	0.0	0.0	[redacted]
Other assets					
OPEB regulatory asset	0.0	0.0	0.0	0.0	[redacted]
Environmental regulatory asset	1.6	0.0	1.1	0.6	[redacted]
Other regulatory assets	1.5	2.0	1.6	1.2	[redacted]
Deferred pension asset	0.0	0.0	0.0	0.0	[redacted]

2.00% / 3.00%		FC			Brampton							
	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Investments	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future Income Taxes - long term	0.0	25.0	24.7	23.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Goodwill	60.1	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred OPEB receivable	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts receiveable & other assets	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Liabilities & Equity ($M)												
Debt												
External debt	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized debt costs	(0.6)	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized premium/discount on bonds	0.0	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current liabilities												
Accounts payable & accrued charges	52.5	59.4	53.6	54.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax payable	(0.8)	1.0	1.0	1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends payable	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued interest	0.8	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future Tax Regulatory offset	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt payable within one year	0.0	[illegible]	[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other liabilities												
Other post-employment benefits	5.6	6.1	6.0	6.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Regulatory liabilities	11.8	13.1	12.5	9.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental liability	1.0	0.0	1.1	0.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future Tax Regulatory offset	0.0	10.8	11.1	11.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts payable & accrued charges	1.1	1.1	1.1	1.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity												
Preferred equity	(0.0)	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common equity	111.6	51.5	51.5	51.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained earnings	34.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated other comprehensive income	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital Expenditures ($M)												
Capital expenditures	[redacted]	34.8	36.7	21.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
In-service additions	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Staff												
Regular - excl. surplus (year-end)	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Surplus (year-end)	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-regular (FTEs)	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OM&A details - incl in OM&A above ($M)												
Surplus staff costs	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Grants-in-lieu	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Property tax adjustment	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Tax details - incl. in tax above ($M)												
Capital tax paid outside Ontario	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax paid outside Ontario	[redacted]	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

STATEMENT OF FINANCIAL POSITION ($M)

Assets												
Fixed assets												
Fixed assets in service	456.9	487.8	529.6	551.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Accumulated depreciation	214.0	231.4	250.6	270.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	242.9	256.4	279.0	280.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction in progress	1.2	5.2	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Components and Spares	3.1	3.6	3.5	3.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	247.2	265.1	282.5	284.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current assets												
Cash and short-term investments	(5.4)	(8.9)	(19.6)	(21.9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts receivable	54.2	63.2	61.4	63.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fuel for electric generation	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Materials and supplies	1.2	1.2	1.2	1.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future income tax asset	0.0	0.5	0.5	0.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other current assets	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	50.0	56.0	43.4	43.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other assets												
OPEB regulatory asset	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other regulatory assets	3.1	2.0	2.7	1.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Deferred pension asset	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Goodwill	60.1	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future income tax asset	0.0	25.0	24.7	23.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

2.00%	Brampton											
3.00%		FC										
	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts receivable & other assets	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	63.1	27.0	27.4	25.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Assets	360.4	348.2	353.3	352.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Liabilities & Equity												
Long-term debt												
Long-term debt	143.0	143.0	153.0	153.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamortized debt costs	(0.6)	(1.3)	(1.3)	(1.2)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less: Payable within one year	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	142.4	141.7	151.7	151.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current liabilities												
Accounts payable and accrued charges	52.5	59.4	53.6	54.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax payable	(0.0)	1.0	1.0	1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividends payable	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued interest	0.8	1.5	1.5	1.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future income tax liability	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt payable within one year	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	52.5	61.9	56.1	57.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other liabilities												
Other post-employment benefits	5.8	6.1	6.0	6.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Regulatory liabilities	11.8	13.1	12.5	9.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Environmental liability	1.0	0.0	1.1	0.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future income tax liability	0.0	10.5	10.5	10.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term accounts payable & accrued charges	1.1	1.1	1.1	1.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	19.7	30.9	31.2	28.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Equity												
Preferred equity	(0.0)	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common equity	111.6	51.5	51.5	51.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained earnings	34.5	62.1	62.7	64.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated other comprehensive income	0.0	0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	146.1	113.6	114.2	115.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Liabilities & Equity	360.4	348.2	353.3	352.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

OPERATING STATEMENT ($M)

	2008	2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Revenues												
External		348.1	377.2	389.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inter-BU		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		348.1	377.2	389.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Costs												
OM&A		19.7	19.9	20.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost contingency / (reduction)		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of power		282.7	310.1	319.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation		18.0	18.4	19.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest		10.5	11.3	12.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital tax		0.6	0.2	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		331.5	360.0	372.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Before Income Tax		16.612	17.2	17.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current income tax		6.1	5.0	4.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future income tax		0.3	0.6	1.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total income tax		6.4	5.6	5.1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income Before Write-offs		10.2	11.6	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Write-offs (before income tax)		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income tax on write-offs		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net write-offs		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income		10.2	11.6	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other comprehensive income		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Comprehensive Income		10.2	11.6	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income		10.2	11.6	12.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Less:												
Preferred dividends		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Common dividends		0.0	11.0	11.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	11.0	11.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change in Retained Earnings		10.2	0.6	1.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

2.00%	Brampton				
3.00%		FC			
	2008	2009	2010	2011	[redacted]

CASH FLOW STATEMENT ($M)

Cash Flow from Operations	2008	2009	2010	2011	[redacted]
Net income (before write-offs)		10.2	11.6	12.5	[redacted]
Depreciation (net of asset removal costs)		18.0	18.4	19.3	[redacted]
Change in working capital		(0.1)	(3.9)	(0.8)	[redacted]
		28.1	26.1	31.0	[redacted]
Less:					
Capital expenditures		34.8	36.7	21.9	[redacted]
Changes in other assets & liabilities		(3.2)	(0.8)	0.3	[redacted]
Dividends		0.0	11.0	11.0	[redacted]
		31.6	46.8	33.3	[redacted]
Net Cash Flow		(3.4)	(20.8)	(2.3)	[redacted]

OTHER KEY RESULTS

Financial Statistics	2008	2009	2010	2011	[redacted]
Debt ratio (%)	63.2%	57.0%	60.0%	60.0%	[redacted]
Return on common equity (%)		**10.2%**	**10.2%**	**10.9%**	[redacted]
EBIT ($M)		27.1	28.5	30.0	[redacted]
Capital expenditures ($M)		34.8	36.7	21.9	[redacted]

OPTIONAL CALCULATIONS (Red inputs)

Dividends / Equity Injection ($M)	2008	2009	2010	2011	[redacted]
Target capital structure (% equity)		40%	40%	40%	[redacted]
Net assets		264.2	285.6	289.4	[redacted]
Equity adjustment needed to achieve target		9.5	(11.0)	(11.5)	[redacted]
Equity injection flag (1 = yes)		0	0.0	0.0	[redacted]
Equity injection		0.0	0.0	0.0	[redacted]
Common equity		51.5	51.5	51.5	[redacted]
Negative dividend flag (1 = yes)		0	0.0	0.0	[redacted]
Dividends incurred in current year (unconstrained)		0.0	11.0	11.0	[redacted]
Negative retained earnings flag (1 = unconstrained)		0	0.0	0.0	[redacted]
Dividends incurred in current year (constrained)		0.0	11.0	11.0	[redacted]
Percentage of current year dividends paid in current year		100%	100%	100%	[redacted]
Portion of current year dividends paid in current year		0.0	11.0	11.0	[redacted]
Portion of current year dividends paid in following y	0.0	0.0	0.0	0.0	[redacted]
Dividends paid in current year		0.0	11.0	11.0	[redacted]
Debt ratio after adjusting for outstanding dividends		57.0%	60.0%	60.0%	[redacted]

Cash and Short-Term Investments ($M)	2008	2009	2010	2011	[redacted]
NEW DEBT		**0.0**	**10.0**	**0.0**	[redacted]
Use cash / interco demand facility as plug (1 = yes)		1	1.0	1.0	[redacted]
Hydro One long-term debt		**143.0**	153.0	153.0	[redacted]
External debt		0.0	0.0	0.0	[redacted]
Net assets		264.2	285.6	289.4	[redacted]
Input cash level		0.0	0.0	0.0	[redacted]
Cash and short-term investments		(8.9)	(19.6)	(21.9)	[redacted]

OPTIONAL CALCULATIONS (Pink inputs)

Details of new borrowing	2008	2009	2010	2011	[redacted]
New borrowing -term (% of total borrowing)					
5-year		0%	0%	0%	[redacted]
10-year		50%	50%	50%	[redacted]
30-year		50%	50%	50%	[redacted]
New borrowing - interest rate (%)					
5-year		3.46%	3.70%	5.00%	[redacted]
10-year		4.77%	5.07%	6.37%	[redacted]
30-year		5.86%	6.16%	7.46%	[redacted]
New borrowing ($M)					
5-year		0.0	0.0	0.0	[redacted]
10-year		0.0	5.0	0.0	[redacted]
30-year		0.0	5.0	0.0	[redacted]
		0.0	10.0	(0.0)	[redacted]

2009-2013 HYDRO ONE BUSINESS PLAN

		2008	FC 2009	2010	2011	Brampton
	2.00%					
	3.00%					[redacted]
Debt ($M)						
Debt outstanding						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		143.0	143.0	153.0	153.0	[redacted]
Short-term debt / cash		5.4	8.9	19.6	21.9	[redacted]
		148.4	151.9	172.6	174.9	[redacted]
[illegible]						
Provincial debt		0.0	0.0	0.0	0.0	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	0.0	[redacted]
External debt		0.0	0.0	0.0	0.0	[redacted]
Other long-term debt		0.0	0.0	0.0	0.0	[redacted]
Short-term debt / cash		0.0	0.0	0.0	0.0	[redacted]
		0.0	0.0	0.0	0.0	[redacted]
Interest ($M)						
Interest rates (%)						
90-day Banker's Acceptance			0.54%	0.34%	2.51%	[redacted]
Adjustment to 90-day BA - borrow from Treasury			0.15%	0.15%	0.15%	[redacted]
Adjustment to 90-day BA - lend to Treasury			-0.02%	-0.02%	-0.02%	[redacted]
Average cost of long-term debt			5.78%	5.75%	5.82%	[redacted]
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			10.6	11.3	11.3	[redacted]
Short-term debt / cash			0.0	0.2	0.6	[redacted]
			10.6	11.4	11.8	[redacted]
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			1.5	1.5	1.5	[redacted]
Short-term debt / cash			0.0	0.0	0.0	[redacted]
			1.5	1.5	1.5	[redacted]
Deferred debt costs ($M)						
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			0.0	0.0	0.0	[redacted]
Short-term debt / cash			0.0	0.0	0.0	[redacted]
			0.0	0.0	0.0	[redacted]
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			1.3	1.3	1.2	[redacted]
Short-term debt / cash			0.0	0.0	0.0	[redacted]
			1.3	1.3	1.2	[redacted]
Premium/discount on bonds ($M)						
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			0.0	0.0	0.0	[redacted]
Short-term debt / cash			0.0	0.0	0.0	[redacted]
			0.0	0.0	0.0	[redacted]
[illegible]						
Provincial debt			0.0	0.0	0.0	[redacted]
Non-mirrored demand debt			0.0	0.0	0.0	[redacted]
External debt			0.0	0.0	0.0	[redacted]
Other long-term debt			0.0	0.0	0.0	[redacted]
Short-term debt / cash			0.0	0.0	0.0	[redacted]
			0.0	0.0	0.0	[redacted]
Hedge gain/loss ($M)						
[illegible]						

2.00%
3.00%

Brampton

	2008	FC 2009	2010	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Provincial debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[illegible]												
Provincial debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Non-mirrored demand debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
External debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term debt		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Short-term debt / cash		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		0.0	0.0	0.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2010 Business Plan (with revisions) Sept 16

hydro one
Brampton

Hydro One Brampton Networks Inc.

Business Plan,

Financial Summary and

Staffing Request

2010-2014

Approved by the Hydro One Brampton Board June 9th, 2009 revised for the Hydro One EC Committee July 17th, 2009

STRATEGY

Hydro One Brampton is a premier electricity delivery company in Ontario. The Company's Mission is to improve shareholder value by achieving the regulated return while supplying safe and reliable distribution of electricity to our customers and continuing to accommodate new development within our franchise area. Our strategy is to continue to improve our operations with reliability and employee safety of foremost importance. The current plan continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies such as Outage Management System (OMS), Automated Meter Reading (AMR) and Smart Metering (SM). As Hydro One Brampton continues to grow, efficiencies will be realized that will reduce the pressure of rising costs and as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company will continue to invest capital to accommodate future growth and maintain reliability of existing plant.

The draft report card outlining our proposed key performance measures and targets are attached as Appendix "C".

The 2010 Business Plan provides for the continued implementation of Smart Metering to all residential, small commercial and industrial customers by the end of 2010. This represents $8.4M in 2009 and $7.5M in capital expenditures in 2010. There will also be additional OM&A expenditures associated with reading and processing the data from these meters partially offset by savings from avoided costs of manually reading meters monthly. All expenditures associated with Smart Metering are expected to be recovered through incremental rates over the planning period and additions to the rate base in 2011.

In 2010 Hydro One Brampton will begin evaluating the Mobile Workforce Management module through a pilot installation. This module will allow simplified issuing and tracking of work and the crews assigned to complete tasks. A successful implementation of this program will allow it to be expanded to the entire company.

Rates for the 2010 year will be determined using the existing Incentive Rate Mechanism (IRM). Based on a December 2006, OEB ruling, the deemed debt/equity ratio for 2010 will be 60% debt and 40% equity. The cost of service rate application will be submitted in 2010 for rates to be in effect in 2011.

The Company received a rate adjustment approval from the OEB in March 2009 for changes effective May 1, 2009. This represented an increase to distribution rates of $0.43 or 1.6% per month for an average residential customer. The overall customer impact including all rate changes was $1.64 or 1.4% per month. This plan assumes that Net Income will be consistent with the OEB prescribed rate of return throughout the planning period.

This plan is consistent with the Hydro One strategic objectives. While Hydro One Brampton has one of the industry's best safety records and recently reached in 2009 over one million hours worked without lost time injury, there will be a continued focus on reducing the number of incidents and medical aids while searching for new innovative approaches to keep safety in the forefront. Hydro One Brampton will also celebrate the success achieved in the safety program. The Company will continue to strive for improved customer relations and increase customer contacts by senior management. A customer survey was completed in 2006 which confirmed positive customer opinions of service levels at Hydro One Brampton. Another customer survey will be conducted in 2009. The Company is committed to maintaining and improving customer service levels and reliability and will measure the results against other LDCs in the industry. Focus on staff development and training will continue throughout the planning period. In the 2010 plan, a number of apprentices in trades will be hired to support the work program and these individuals will require a significant amount of training and development. Hydro One Brampton is committed to continual Health & Safety Training and skills upgrade for all of its employees.

The Company is proud to support its employees in their involvement in community activities and encourage them to be ambassadors of Hydro One Brampton through participation in the School Electrical Safety Education Program, United Way, various other charities, the EDA and the Brampton Board of Trade.

Frequent changes continue to impact on the industry, including the new *Green Energy and Green Economy Act* and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS). Known impacts will be incorporated into the plan as more information becomes available.

Revenues will improve over the planning period as the result of additions to the rate base and modest customer growth. Hydro One Networks is building a new transformer station in eastern Brampton with an expected in-service date of May 2010. This station will require capital contributions and metering expenses of $5.3M in 2010. There will be ongoing switching restrictions during plant operations which are mitigated through work scheduling efforts at no additional cost. In heavy peak load situations, such as in the summer, the ability to switch feeders will be limited due to existing transformer stations' Limited Time Rating (LTR) values.

Improved communications, such as web access to customer information, will further enhance the solid working relationships with customers. After fully leveraging current resources and infrastructure, staffing numbers will increase only as required to meet the needs of the growing Brampton customer base.

There is an on-going mandate for future growth, rising to meet and exceed customer expectations and focusing on improvement in reliability of service. The emphasis on service reliability improvement will be to accommodate new customer connections and to support customers' embedded generation requests, as they arise, by facilitating these connections to the system in a safe and expedient manner.

Hydro One Brampton will continue to work closely with the OEB and support the government's initiatives on industry issues. The Company will continue to be cost competitive with other LDCs and will confirm this by monitoring its performance through ongoing benchmarking of key indicators.

OM&A will increase at a fairly constant rate, driven mainly by labour costs and regulatory activities noted below. The drivers for the increase in 2010 are a 3% increase in wage rates, the addition of five staff, as well as increased costs associated with OEB mandated inspections, PCB remediation, transition to IFRS and preparation of the Company's 2011 rate application. Hydro One Brampton is currently one of the lowest cost utilities in the province. This has been accomplished by adopting proactive capital and maintenance programs, contracting out when there is an economic benefit to be derived and by negotiating favourable collective agreements over a number of years. A focus on cost control is achieved through continuous improvement of management systems, reporting and monitoring of productivity. For example the "Visit to Collect" system used by the Collections department was automated and streamlined resulting in an easier system for users, less paper and faster processing of "Visit to Collect" requests.

The current projection for 2009 is reflected in the business plan. The Company anticipates OM&A and capital will be on plan.

PLAN HIGHLIGHTS

Growth

Residential development within the City of Brampton continues to expand albeit at a slower pace than recent years. The 2010 business plan includes a reduced customer growth rate of 1.7% reflective of the current economic downturn. New residential customer connections in 2010 are expected to be slightly less than half of the 5,500 used in the previous plan. The expected energy sales relative to the customer growth rate reflect primarily residential customer growth and relatively little commercial and industrial customer growth consistent with the municipal plan. Other non-quantifiable influences such as sub-metering and provincial and regional planning for intensification are not impactful in the near term and therefore not specifically incorporated into this plan.

Commitments to the City of Brampton

[redacted]

- [redacted]
- [redacted]

- [redacted]
- [redacted]

[redacted]

[redacted]

Labour Agreements

The current labour agreements extend through to March 31, 2011. Included in the plan is a labour escalation of 3% excluding staff additions.

Rebuild Costs

Hydro One Brampton will continue to monitor the age and reliability of all its plant to optimize the existing in-service life of its system and determine the priority of future rehabilitation projects. The Company is continuing with 13.8 kV "backbone feeder" cable replacements in the Bramalea area. This will be followed by the replacement of distribution cables to improve the reliability of service to customers.

Operations and Reliability

In 2010, Hydro One Brampton will be looking to expand on the automation available in its Outage Management System (OMS) through the development of new applications designed to eliminate all manual processes in the Control Room. Included in this initiative are plans to integrate the OMS with a new Integrated Voice Response system and to complete the interface with Automatic Meter Reading (AMR) that was started in 2009. The Company will also be looking to expand on its electronic Work Force Management system that was started in 2009 with the intent to use this system to manage all work crews in the field. These initiatives support Hydro One Brampton's strategic goal to continually improve the reporting and operating capabilities of the OMS system.

Early in 2010, Hydro One Brampton and Hydro One Networks will complete the installation and commissioning of the new underground feeders to the Jim Yarrow Transmission Station which will reduce the load on the existing overhead supply.

As a result of the voltage conversion program there will be a decommissioning of three municipal substations in 2010. Under this program, the lower voltage systems are converted to 27.6kV to improve reliability, to lower losses and to avoid operating, maintenance and capital re-construction costs of the substations. In addition the properties will be available for sale in accordance with the Company's policy for disposal of surplus lands.

Hydro One Brampton will also continue with the program of replacing aging power transformers at several other municipal substations. This was identified previously during transformer maintenance testing as being in need of replacement and confirmed by the 2009 Asset Condition Assessment report.

The Company will continue with the testing/destruction/disposal of all PCB's found during the testing of all overhead transformers in compliance with the Canadian Environmental Protection Act.

As part of the Province's "Green Energy" initiative, the Company will be working cooperatively with Hydro One Networks towards the OMS/AMR integration as part of the "Smart Grid" initiative. The scope of this work is still to be defined therefore a detailed cash flow has yet to be determined. However, it is expected that the costs associated with this integration will be minimal and as such, will be covered under the yearly budget for software upgrades to our existing OMS system.

In 2009, Hydro One Brampton completed two major projects; an Asset Condition Assessment of all our primary distribution equipment and the development of an Asset Management Plan for the utility. In 2010, this new methodology will be used to help prioritize projects and to establish more accurate project and program budgets aimed at obtaining optimal value from our capital investments. The Asset Management Plan will also be used in support of the Company's 2011 rate filing submission to the OEB which is to be completed in 2010.

The Company will complete the final phase of the downtown Brampton Network system conversion to our standard distribution system.

As a preventative measure, Hydro One Brampton plans to implement a wood pole testing program in 2010 to evaluate the condition of its in-service pole inventory totaling approximately 12,000 poles. This data will form the basis for the pole replacement program.

Smart Metering

Hydro One Brampton's Smart Metering Plan is consistent with Hydro One Network's and is intended to meet the requirements of the Ministry of Energy. The government's directive required the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide time-of-use billing or other possible pricing plans. To meet this directive, significant commitments will be made not only to the installation of meters but also to the communications and information technology systems to collect and process the data.

The work plan had commenced in June 2006 with a request for a proposal for the purchase of smart metering solutions that were being issued by a group of large distributors in the Province. Hydro One Networks went through its own competitive process in 2005. Hydro One Brampton is leveraging much of the work that has already taken place in the industry to date. The Company has installed over 77,000 meters as at December 31, 2008 and expects to install an additional 39,000 by the end of 2009. All remaining meters will be installed in 2010.

The current cost estimates are preliminary and subject to change. The Ministry of Energy has appointed the IESO as the interim Smart Metering Entity (SME). The SME will be responsible to develop the plans and rules associated with management and warehousing of smart metering data. These costs cannot be estimated at this time and are not included in the plan.

For more detailed information on Hydro One Brampton's Smart Metering Plan and implementation schedule, please refer to Appendix "A".

PLANNED RESULTS

			2009	2010	2011	[redacted]	[redacted]	[redacted]
Net Income	**(M$)**	2010 Plan	10.1	11.6	12.7	[redacted]	[redacted]	[redacted]
		2009 Plan	10.8	11.8	12.5	[redacted]	[redacted]	[redacted]
	Difference		(0.7)	(0.2)	0.2	[redacted]	[redacted]	[redacted]
Regulatory ROE (%)		2010 Plan	8.48	9.06	9.55	[redacted]	[redacted]	[redacted]
		2009 Plan	9.00	9.35	9.50	[redacted]	[redacted]	[redacted]
	Difference		(0.52)	(0.29)	0.05	[redacted]	[redacted]	[redacted]
Capital Expenditures	**(M$)**	2010 Plan	34.8	36.7	21.9	[redacted]	[redacted]	[redacted]
		2009 Plan	34.8	37.5	22.8	[redacted]	[redacted]	[redacted]
	Difference		0.0	(0.8)	(0.9)	[redacted]	[redacted]	[redacted]
OM&A *	**(M$)**	2010 Plan	19.7	19.9	20.9	[redacted]	[redacted]	[redacted]
		2009 Plan	19.5	19.8	20.2	[redacted]	[redacted]	[redacted]
	Difference		0.2	0.1	0.7	[redacted]	[redacted]	[redacted]

Excludes capital tax

Material Variance Analysis

Planned net income for 2010 compared to the 2009 plan reflects continued cost control and revisions to tariff revenues resulting from the current slow-down in growth expected to continue into 2010. As a result the plan reflects fewer new customer connections, economic contraction impacts and CDM related reductions in consumption.

ROE is based on current interest rate forecasts and growth assumptions. The 2010 business plan uses a 1.7% average customer growth rate in customer additions and a decline in consumption resulting in 1.3%, tariff revenue reduction. Assuming no other changes, if the customer growth rate is lower by 1.0% there would be a decrease in tariff revenue of $0.3M and a reduction in ROE of approximately 0.2%. As noted above the year-over-year reduction in the growth assumption is partly due to CDM impacts in conjunction with increased commercial customer bankruptcies occurring in 2009.

Capital expenditures in 2010 will decrease plan-over-plan to reflect the anticipated slower growth. Capital expenditures for new customer connections declined by $1.8M partially offset by an increase in road widening projects of $1.0M.

OM&A changes are mainly related to changes in work force requirements, regulatory compliance requirements, IFRS transition costs and the timing of underground and overhead maintenance inspection work. IFRS transition costs are being tracked for the purpose of future recovery through rates.

LABOUR STRATEGY AND STAFF LEVELS

Staff levels will increase in 2010. Continued customer growth will require additional staff in Engineering, Lines, and Information Technology. These additions to staff are to address succession planning and to meet service quality expectations and maintain acceptable levels of reliability. There are an expected number of retirements throughout the planning period, and this will present an opportunity for continued activity in apprenticeship programs. These programs were very successful in the past and it is expected to result in an increase in the number of apprentices on staff. A staff development plan will also be designed and put in place to proactively address succession needs.

In a typical year, it is expected that about eight terminations, resignations or retirements will occur and this trend is expected to continue in future years.

		Projected 2009	2010	2011	[redacted]	[redacted]	[redacted]
Regular staff headcount:							
Beginning Year Staff		200	208	218	[redacted]	[redacted]	[redacted]
Vacant positions carried forward		3	5				
Annual Regular Staff Attrition		(8)	(8)	(8)	[redacted]	[redacted]	[redacted]
Annual New Hires –	**Replacements**	8	8	8	[redacted]	[redacted]	[redacted]
	New positions	5	5	3	[redacted]	[redacted]	[redacted]
	Total (Year End Staff)	208	218	221	[redacted]	[redacted]	[redacted]
Regular Staff (headcount)	2010 Plan	208	218	221	[redacted]	[redacted]	[redacted]
	2009 Plan	214	219	222	[redacted]	[redacted]	[redacted]
	Difference	(6)	(1)	(1)	[redacted]	[redacted]	[redacted]

SIGNIFICANT ASSUMPTIONS AND INTERDEPENDENCIES

The regulated ROE was reduced to 9% in 2006 due to a reduction in the 30-year rate for bonds. Rate riders for recovery of other regulatory assets ended with the implementation of the May 2008 rates. ROE over the planning period is based on interest forecasts for those years.

This plan incorporates the costing assumptions as outlined in the corporate guidance as applicable to the Company. No adjustment has been made in this plan for the potential impacts of the harmonization of the Ontario Retail Sales Tax and the Federal Goods and Services Tax.

See Appendix A for Smart Metering assumptions.

RISKS TO PLAN AND MITIGATION STRATEGIES

Regulatory/Political Change

There are several considerations with respect to the regulatory and political environment. The following risks may impact this plan:

- There are a number of new/current regulatory, legislative and compliance requirements including a 2011 rate application, transition to IFRS, Smart Meters, Smart Grid and the *Green Energy and Green Economy Act* which may in aggregate generate upward cost pressures on OM&A.

- The *Green Energy and Green Economy Act* was introduced by the Province in early 2009 and it is difficult to assess its impact at this time. Currently the mechanism for regulatory treatment and recovery of "Green Energy" costs is unclear. However, Hydro One Brampton has added $0.5M to OM&A for anticipated expenses for potential green initiatives in the business plan.

- In April of 2006, the OEB issued a notice to all LDCs advising that the OEB will proceed with a multi-year Electricity Distribution Rate Setting Plan involving a Cost of Capital and Second Generation Incentive Regulation Mechanism. The purpose of this plan is to provide greater regulatory certainty to distributors during 2007 to 2010 and to begin to drive efficiency improvements in the distribution sector and to lay a foundation for the third generation incentive regulation mechanism. This could have an impact on revenues generated to cover OM&A costs. This plan has been prepared based on correspondence from the OEB that the rates will be rebased in 2011.

- A "memo" account was established by the OEB to track and record variances that result from the difference between the OEB approved PILs amount and the actual billings that relate to the recovery of PILs for the years 2001 to 2006. The OEB also provided a mechanism to make annual adjustments for variances between estimated liabilities resulting from the OEB approved PILs methodology and actual tax liabilities.

The OEB has indicated that the accounting for these differences has been inconsistent and further analysis of these amounts is required prior to any disposition decision, which is expected before the Company's' 2011 rate application is filed. With interest, this amount will increase to approximately $2.8M by April 2011. Assuming that there are no changes to this account associated with the OEB's [redacted]

- With the added focus on conservation and demand management, LDCs could experience a decrease in usage, which could lead to reduction in revenues. The current plan provides for an estimate for reduction in usage. Future rate adjustments will be based on a forward test year, which will provide for changes associated with CDM impacts.

- Smart metering and the timelines to have these meters in place, continues to present business risks in current and future years. Currently the OEB has not formally addressed how Smart Metering stranded costs are to be recovered. Disposition of these costs will be determined in a future proceeding of the OEB. Until then, these costs are being left in the balance sheet and amortized over the original remaining useful life.

- Further rationalization of the distribution sector could have positive or negative impacts on the future operating results. The government lifted the moratorium on the purchase and sale of assets by Hydro One and also suspended the transfer tax on the sale of electricity assets between publicly owned utilities in Ontario until October 2009.

- Canada currently uses Generally Accepted Accounting Principles (GAAP) to determine the appropriate accounting and financial reporting required for the preparation of financial statements. Outside of Canada (excluding the United States), the equivalent to GAAP is International Financial Reporting Standards, otherwise known as IFRS. Canadian standard setters and regulators have decided that we should adopt IFRS in Canada in place of GAAP. This is a significant change for all Publicly Accountable Enterprises including Hydro One Brampton. This transition from Canadian GAAP to IFRS will occur over several years. The official adoption date is January 1, 2011; however, we will have to apply IFRS fully to the 2010 financial statements because of the requirement to present two-year comparative information. We will have to review all of our accounting policies and procedures across The Company. As a result, there may be substantive changes required to systems and processes. The transition costs for this change are included in OM&A in the 2010 Business Plan. Further, the 2011 rate application will be filed in IFRS.

- The introduction of time-of-use rates for residential customers carries the risk of a negative customer reaction. This could be felt in escalated call volumes to our contact centre, as well as negative media attention. In the Plan period we will develop and implement a customer communication plan concerning time-of-use rates to aid in the mitigation of this risk.

Operational Risks

- Economic downturn in the economy poses a significant risk to our residential, commercial and industrial revenue base, as well as increased bad debt due to customer defaults. Hydro One Brampton is closely monitoring these high dollar value accounts to mitigate the impact of this risk on the financial results. There is also some potential for an increase in the cost of pension funding. The OMERS Board is considering options and it is not possible to quantify the impact at this time.

- A key factor in this business plan is the assumed 1.7% increase in customer additions and a 1.3% tariff revenue reduction. If there are any further downward trends in economic conditions, such as reduced GDP growth or increased inflation and interest rates, our customer growth rate will be unfavourably impacted. For instance, decreased economic activity would likely have a dampening effect on the residential housing market and slow down subdivision development and new customer growth rates. Hydro One Brampton has the ability to adjust its workforce for changes in workload by utilizing contractors.

- Hydro One Brampton has a risk related to in-service PCB contaminated oil filled equipment. Due to continuing conversion projects over the last number of years a large number of contaminated units have been removed from service. Hydro One Brampton has determined the locations of remaining in-service units and is actively working on a remedial testing and phase-out plan consistent with current legislation. There is a risk that the number of contaminated transformers may be higher than anticipated which could have a major material impact on capital and maintenance budgets.

- Employee demographics are similar to the rest of Hydro One. Approximately 30% of staff are 50 years old or over and may be eligible to retire in the next five years. The average age of all employees is in the mid 40's. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. The Company has developed a succession plan for key positions in the organization and will be ensuring that this plan is let up to date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

- A risk continues with respect to the collection of Late Payment Charges that may result in the refunding of several millions of dollars. A Supreme Court Ruling against Enbridge Consumers Gas in favour of Garland could be indicative of a potential ruling against Ontario electrical distribution companies in a similar suit filed against all LDCs. Hydro One Brampton has limited further potential exposure by being one of the first LDCs in Ontario to reduce the late payment charge to 1.5% per month in advance of OEB recommendations to do so. The OEB has approved the recovery of these amounts from current customers.

- Changes in weather contribute significantly to reliability, OM&A and revenues. While the plan provides for a normal level of storm activity and the Company's system is designed to standards that meet a high level of reliability, abnormal storm activity could materially affect restoration of the distribution system. To address these abnormal activities, there are existing mutual aid agreements in place with several neighbouring utilities which could be activated in a timely manner if necessary.

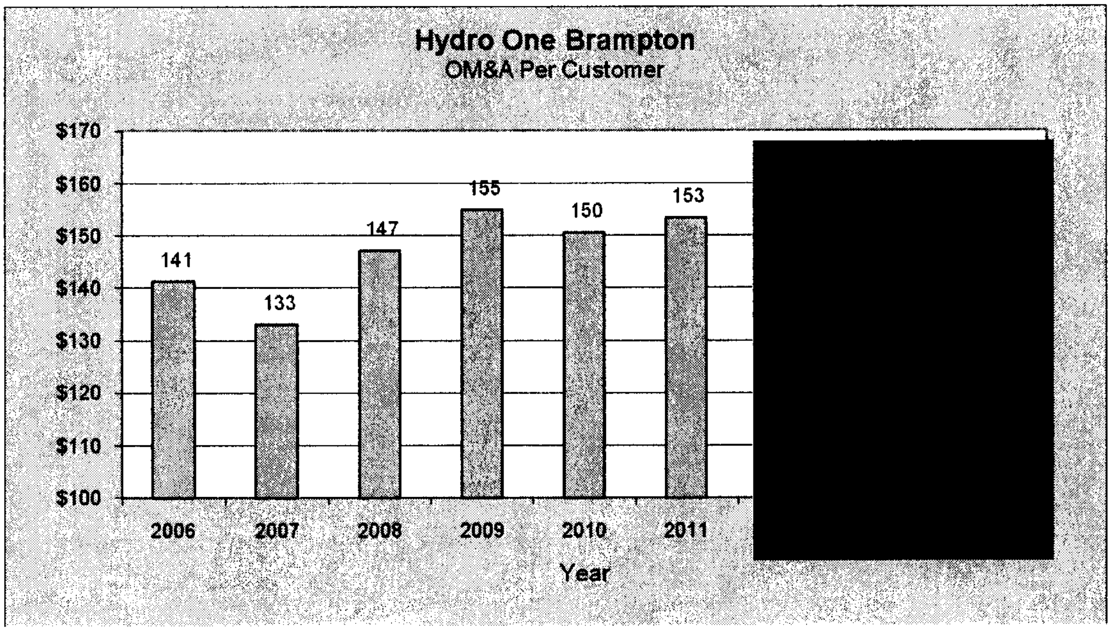
- Hydro One Brampton's ability to execute its capital plans during the summer months due to feeder switching restrictions may be affected by delays to the proposed spring 2010 in-service date for the new 230kV feeders from Hurontario Switching Station to Jim Yarrow TS or the proposed spring 2010 in-service dates for the new Goreway TS. Maintenance activities may also face the same switching restrictions during the summer months. Additionally the loading may be at a point that it encroaches on existing Limited Time Rating (LTR) values, limiting the ability to switch feeders (as mentioned above) and possibly affecting the speed of the Company's response to system outages. Hydro One Brampton is developing plans to mitigate operational and capital impacts.

- Hydro One Brampton's assets are widely distributed throughout our community and as such there is always a risk to public safety. We have a robust Public Safety program which includes safety programs through schools, participation in community programs such as "safe city" and various emergency preparedness exercises, "call before you dig" communication programs, and education programs for civilian emergency responders.

- Hydro One Brampton's Pandemic Plan is included in our Emergency Response Plan. The Company has worked closely with Hydro One Emergency Preparedness to ensure its plans are consistent. In 2008/2009, Hydro One Brampton has been working on Business Continuity/Resiliency Planning to help it move towards the next level of preparedness. This Business Continuity Planning included development of a P.R.I.M.A.L. (**P**eople, **R**eputation, **I**nformation technology, **M**anagement, **A**ssets/equipment/supplies, and **L**ocations) team that brainstorms various scenarios/solutions. The Company has also been in close contact with Hydro One the recently regarding the H1N1 Flu. Hydro One Brampton is confident that its efforts will allow the Company to meet the challenges of a future Pandemic if it ever does occur.

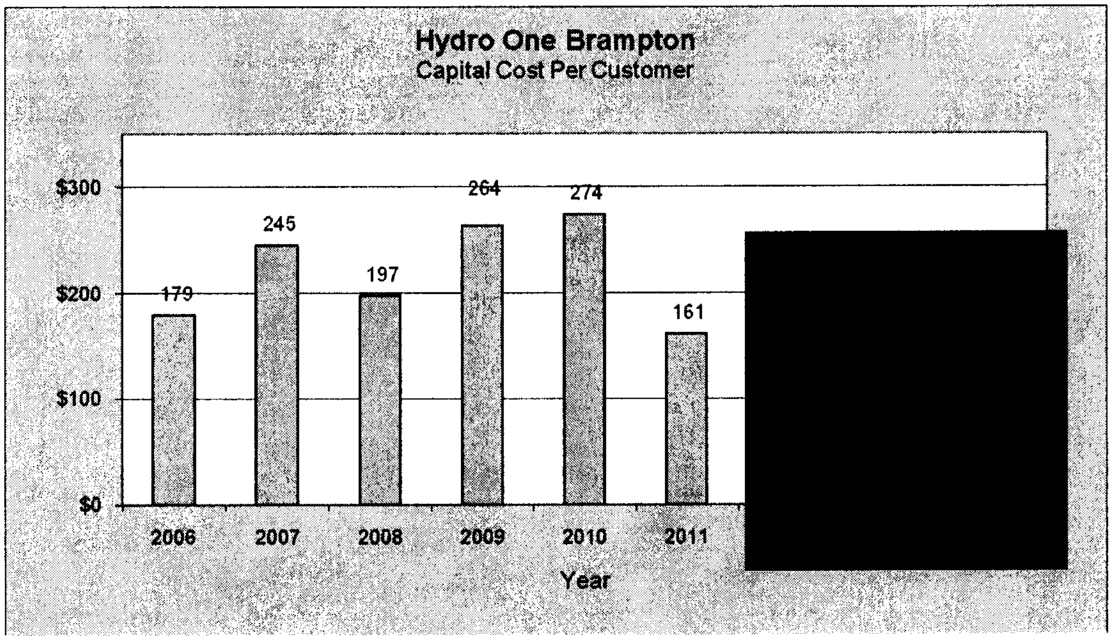
KEY SUPPLEMENTARY DATA

The following graph depicts controllable cost per customer. OM&A will increase at a fairly constant rate, driven mainly by labour costs and anticipated economic adjustments to materials and supplies, while continued customer growth will reduce OM&A per customer over the planning period. OM&A per customer is higher in 2009 primarily due to an increase in the provision for doubtful accounts and IFRS conversion expenses.

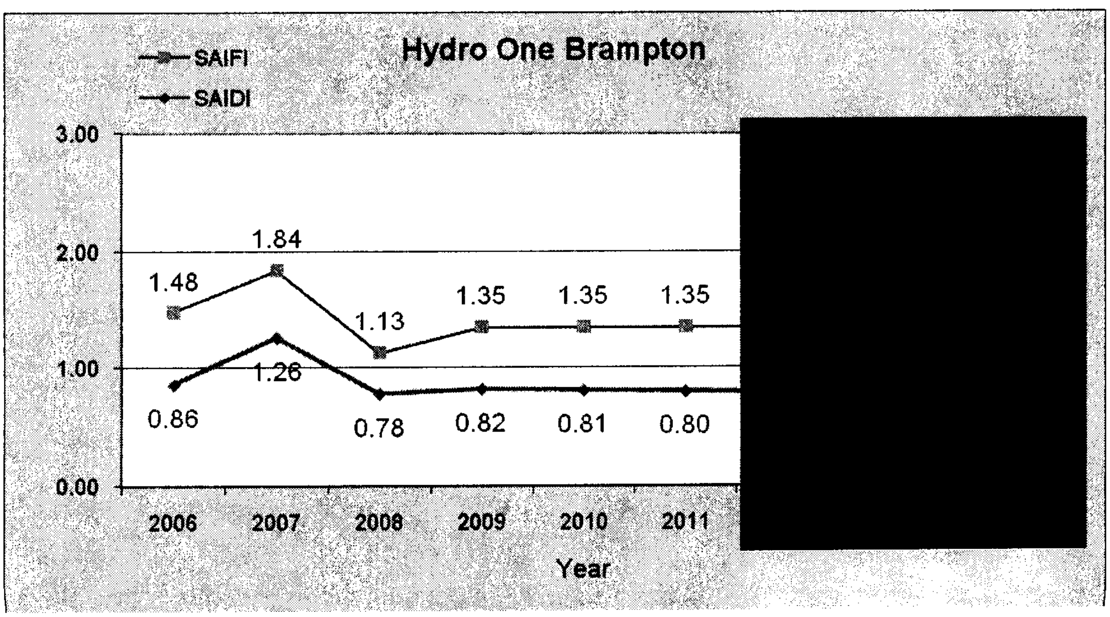


*Note: * Includes capital tax*

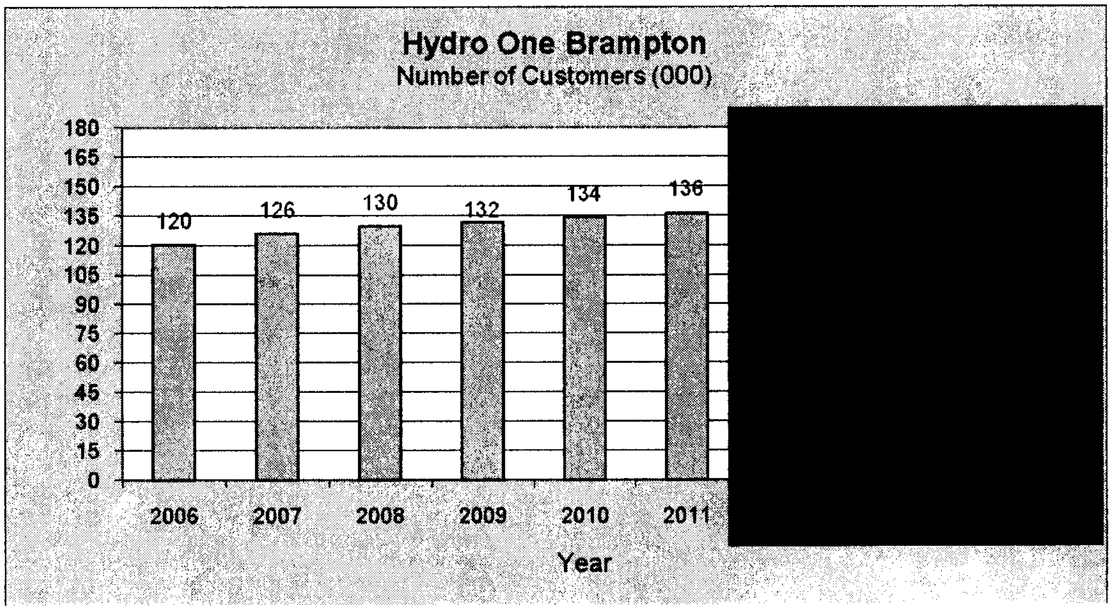
For the years 2008 through 2010 inclusive, Hydro One Brampton will incur higher than normal levels of capital expenditures mainly due to Smart Metering, capital contributions towards the construction of new T.S.'s and IESO requirement for wholesale metering upgrades.

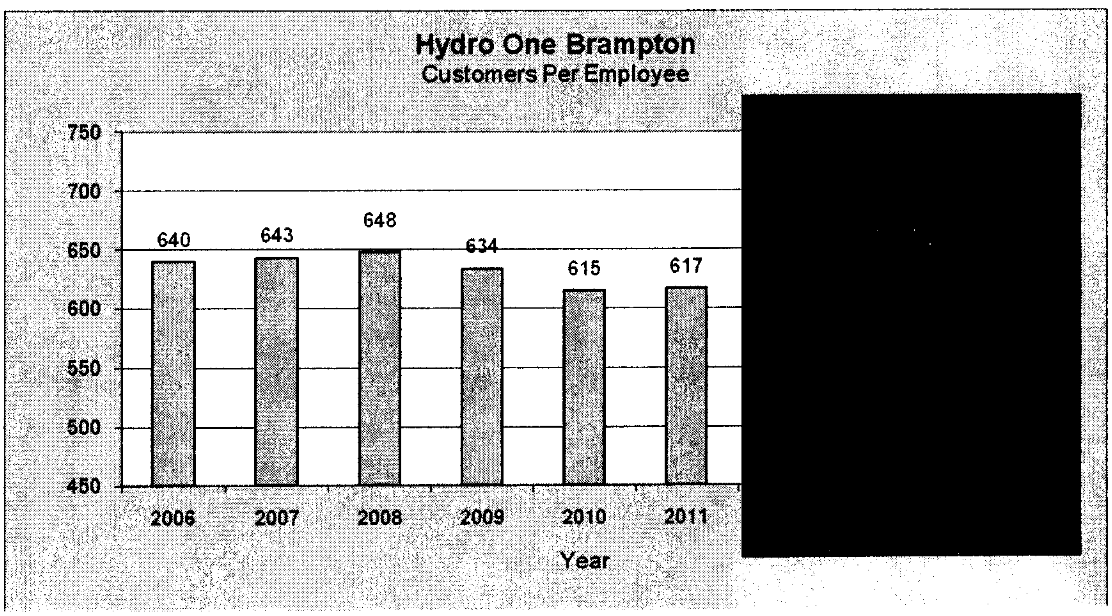


The System Average Interruption Frequency Index (SAIFI) and the System Average Interruption Duration Index (SAIDI) are graphically depicted below. In view of the growth in Brampton, the Company will be concentrating on maintaining a high level of reliability in future years. Expenditures to accommodate customer and load growth will limit the Company's ability to spend capital specifically to reduce the number of outages (SAIFI) [redacted] Efforts will be focused on reducing the length of outages (thereby improving SAIDI) by introducing procedures and monitoring equipment and with the implementation of the Outage Management System.



While the number of customers continues to climb, the number of employees will increase at a lower rate. Continued growth will increase workloads resulting in staffing pressures and accordingly moderate increases in staff are planned.





APPENDIX A

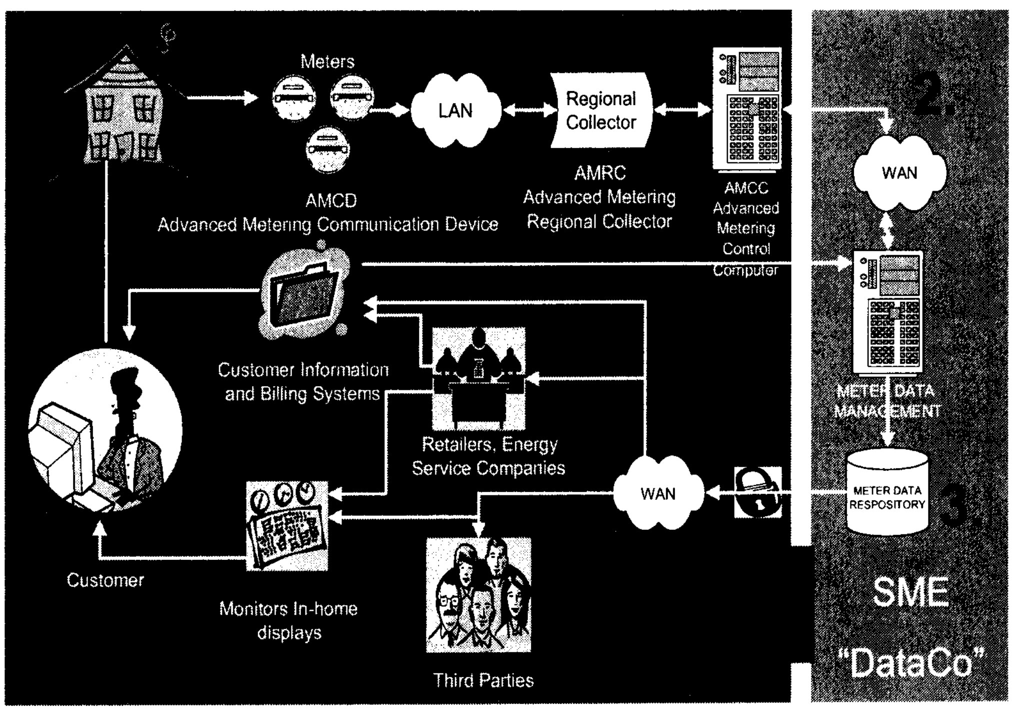
2010 HYDRO ONE BRAMPTON
BUSINESS PLAN – SMART METERS

1.0 Smart Meter Strategy

Vision – to deploy a Smart Metering solution that meets MOE requirements at the lowest possible cost and is an enabler for other business processes and transformations:

- The government's smart meter directive requires the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide the delineation required for time of use billing or other possible pricing plans.
- To meet the directive a new infrastructure of both communications and information technology is required to collect and process transactions in a timely manner.

The following picture is taken from the Ministry of Energy and outlines the roles of various parties.



As illustrated Hydro One Brampton will have an accountability to own and install the smart meters, collect the data via a computer application (AMCC) pass the data to a central third party(s) data warehouse, and receive the data back for customer billing. To realize the strategy, an assessment and test of available technologies and architectures was undertaken by Hydro One Networks.

Smart Metering Installations

Given the geographic terrain and dense residential population, Hydro One Brampton is utilizing a smart metering system that employs a mesh network to communicate with a regional collector. Data from this regional collector will be backhauled to Hydro One Brampton's offices for processing via existing cellular technology. This process is referred to as Stage 1 Implementation. This initial network is also capable of supporting in-home CDM devices and multi-utility functions. It is expected that the level of funding to support Stage 1 Implementation form the basis of the OEB plan for smart metering.

Hydro One Brampton is working together with Hydro One Networks to maximize efficiencies and replace this cellular technology with fibre and/or Wimax communications. This will help to reduce the maintenance costs associated with meter reads while allowing The Company to implement other functional services at a later date. This process is referred to below as Stage 2 Implementation.

These services could include the following:

- Power Quality
- Feeder Analysis
- Mobile Dispatch
- Mobile Time Reporting
- Mobile Accomplishment Reporting
- Mobile Asset condition & Defect Reporting
- Safety Monitoring
- Fleet Management
- Asset Security
- Cellular – Paging – Email
- Optimized dispatch
- Automated Map Updates

Hydro One Networks developed a proof of concept site and pilot applications to test feasibility. The results allowed Hydro One Brampton to confirm the preferred network architecture and allow this initiative to move to implementation.

Stage 2 Implementation will require an evaluation, selection and implementation of a communication network that will facilitate the above mentioned services. This network can be built after the meters are installed and can displace the cellular backhaul. This strategy will mitigate early technology risk while still enabling the future development of a Smart Network.

2.0 *Overall Plan Highlights*

- A work plan is under development that will allow the focus of the project to migrate from strategy and selection of the end state infrastructure design (Smart Network) to implementation of the infrastructure required to support Smart Meters.

- The following table outlines the external and internal milestones as they are currently understood.

	2006	2007	2008	2009	2010
External					
Bill 21					
Metering RFP / Selection					
SME RFP					
SME Implementation Plan					
SME MDMR					
800,000 meters					
4.5M meters					
Internal					
Hire a Smart Metering Co-ordinator					
Investigate and confirm products					
Acquire meters					
Smart Meter Rollout (Cummulative)	0K	37K	77K	116K	134K
TOU Billing					
Updated Commercial Proposals Imeters, Network, Integration) (From Networks and other LDC's)					

A number of external milestones have the potential to impact on the current project timelines:

- A RFP has been developed by the large distributors in the province for use by all LDCs. Hydro One Networks went through its own competitive process and is seeking confirmation that we can use it to acquire Advanced Metering Infrastructure ("AMI").
- The IESO has been identified as the interim Smart Meter Entity (SME is the data warehouse that is inserted in the middle of the meter to bill process). The SME will develop plans that will allow Hydro One Brampton to facilitate TOU billing capability.

3.0 Plan Highlights – Smart Meter

The Smart Meter initiative is designed to meet the Minister's directive to provide customers with time differentiated consumption information. Further, the underlying infrastructure to support this initiative (i.e. supporting telecommunications, back-office meter data management, Customer Information System (CIS) upgrades and other support IT) can be leveraged to support other productivity initiatives within the company. It is expected that the total estimated capital cost for Hydro One Brampton's Smart Metering from 2006-2010 will be $26.6M.

	2008	2009	2010
Smart Meter installations (000)	40	39	18
Revenues/Recoveries ($M)	1.3	2.1	3.1
Capital Expenditures ($M)	5.7	8.4	7.5
OM&A impacts ($M)	0.3	0.3	0.3
Depreciation new meters (15 yr life) ($M)	0.5	1.1	1.8
Staff - Full Time Equivalents	3	3	3

There are a number of major assumptions that affect the cost of this initiative:

- The costs above include all IT related enhancements including integration of AMR systems to the SME, billing (CIS integration and open market systems).
- All residential customers get a smart meter.
- An allotment has been made for changes to customer's services where there are safety concerns;
- A base assumption has been made for installations costs.

Opportunity

This initiative provides the basis for meeting the smart meter objectives as announced by the Energy Minister. It provides hourly meter reads and the ability to communicate to customers by the next business day. It also provides business benefits in the areas of meter reading (automates), customer communications (lower bill estimating), rudimentary outage detection, and other IT enhancements to support meter data management and meter deployment processes.

Customers must be able to understand consumption patterns that align with various pricing structures being contemplated by the OEB. The Minister's directive contemplates replacement of all Hydro One Brampton meters by the end of 2010. Daily reads of meters are also required by the Minister's directive to support this objective.

By 2010 customers will have access to consumption information time differentiated in accordance with currently contemplated (Regulated Price Plan (RPP) / Critical Peak Pricing (CPP)) rate structures. This information will be available to customers by next business day and will also be capable of being used for billing purposes. Information Technology that supports these new requirements will be updated as necessary and is included in this business plan.

Scope:
- The installation of 134K Hydro One Brampton Meters by 2010
- Acquire, upgrade, replace IT Systems (AMR, iTron's MV90, CIS SerViewCom)
- Build out telecommunication platform to support AMR and CDM

It is assumed that the Regulator will allow full recovery of the total costs net of benefits. However, there is the possibility that the Regulator will allow rate recovery on the total cost and provide some gain sharing opportunity for benefits derived from productivity gains.

4.0 Plan Highlights – Smart Network

The Smart Network initiative seeks to leverage the investment in the required telecommunication platform to provide advanced functionality in addition to the Smart Metering initiative. The technology being evaluated provides a high bandwidth wireless network that would support numerous core applications and would have sufficient capacity for additional third party revenue generation.

Funding for Smart Network implementation has not been included in this plan however, Hydro One Brampton has reviewed the results of its initial project and will be proceeding with this current plan based on our experiences to date.

5.0 Risks and Mitigation

There are a number of potential risks related to the Smart Meter and Smart Network initiative.

Smart Meters are a relatively new technology without any significant deployment to date. The communication technology in the meters as well as the software applications to poll for data and manage meter transactions and exceptions is far from mature.

The Smart Meter implementation plan, procurement process and the specific roles and responsibilities in many cases remain at a high level. Hydro One Brampton is leveraging Hydro One Networks 2005 RFP process in order to procure its own wide area network. The functional requirements of the SME are critical information required before the Hydro One Brampton plan can be further developed.

The following table outlines risks and mitigation strategies being employed at this time.

Regulatory	• Maintaining watch on MOE developments (specs, accountabilities, timelines), requested written direction from MOE on Hydro One Brampton approach • Minimal expenditures prior to cost certainty • CDM funding in place for initial steps
Financial	• Staged deployment to reduce technology risk • Competitive procurement process for product and services
Reputation	• Maintaining plans to meet provincial timeline • Resources for IT development and business process design are scarce. Installation resources are also scarce and outsourcing will be used when possible
Business Efficiency and Effectiveness	• Applications and telecommunications have been architected as enabling platforms

6.0 Commercial and Industrial Rollout.

Throughout 2009 and 2010, Hydro One Brampton will begin to deploy Smart Meters to small Commercial and Industrial customers whose demand does not exceed 200KW. At present, there are approximately 8,000 Commercial and Industrial customers scheduled to have Smart Meters installed by 2010.

APPENDIX "B"

Productivity Initiatives

Cost Containment/Efficiency Gains

- Second assignment of uncollectible accounts - In order to increase recoveries of accounts sent for collection, Hydro One Brampton is undertaking an opportunity to have the ability to re-assign accounts sent initially to a credit and collection agency to an alternative second credit and collection agency.

- On-line meter reading edits - This is a process upgrade from manual readings to being able to read and edit meter readings on-line.

- Enterprise Content Management Solution - This initiative encompasses the electronic collection, storage and retrieval of all Hydro One Brampton documents.

- Commercial and industrial Smart Metering accounts - Hydro One Brampton is going to embark upon working jointly with Hydro One Networks in resolving issues relating to commercial and industrial Smart Metering accounts. This is to allow the sharing of knowledge and experiences between the two organizations to ensure specifications and requirements are identified before the purchase of product.

- Improvement to completing construction design revisions - There is currently a cumbersome process in completing construction design revisions. A change to streamline this process is by having the construction design revisions completed by engineering technicians in CADD.

- Improve the manner in which external Public Utilities Coordinating Committee (PUCC) requests are processed - The Company is going to re-evaluate requirements to complete this task and scale back where possible. This will result in a reduction in time spent in completing PUCC's.

- Investigate the use of composite poles instead of wood/concrete - Hydro One Brampton is going to evaluate the benefits of utilizing composite poles versus wood and concrete poles in terms of labour, material and maintenance cost savings.

- Improved workforce management of field crews and customer response time - This is a pilot project to field test a workforce management system. A successful implementation will result in further expansion to include field crews.

Green Energy Initiatives

These initiatives represent Hydro One Brampton's plan to bring itself into alignment with the Province's "Green" initiative:

- Establish contacts with the City of Brampton and the Region of Peel to create a collaborative working relationship specifically focused on facilitating "Green" projects.

- The Company is considering the purchase of more environmentally friendly and energy efficient vehicles such as hybrids in the interest of minimizing its environmental impact and carbon footprint.

- Smart Grid with Hydro One Networks - Hydro One Brampton is going to work towards integration of OMS and AMR with Hydro One Networks as part of the Smart Grid initiative.

- To remove all PCB contaminated equipment - As a requirement to meet PCB, the Company has commenced in 2008 a program to manage the testing, destruction and disposal of all PCB's found in its transformer equipment.

- APPENDIX "C"

2010 Report Card

		Performance Measures	Target
Financial	Increase Shareholder Value	Net Income after Tax ($M)	$11.6
		Controllable Cost Index (OM&A $_{actual}$ / OM&A $_{budget}$)	$\leq$ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Index (# of measures meeting targets)	8 of 9 indicators met
		Reliability Index (meet both SAIDI & SAIFI targets)	SAIDI $\leq$ 0.81 SAIFI $\leq$ 1.35
Business Excellence	Achieve Operational Excellence	Work Program Achievement (% of projects under the control of HOB completed within the total budget)	$\geq$90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety (Lost-time injuries)	0

2011 Business Plan GAAP

GAAP

Brampton

BUSINESS UNIT DATA

Please do not overwrite cells containing formulas (shown in blue)

	2009	2010	2011	[redacted]
Revenu Smart Meter Revenue		3.800	0.288	[redacted]
Distrib revenue		57.587	63.094	[redacted]
External revenues				
Rural retail customers		396.998	403.298	[redacted]
Remote customers		-	-	[redacted]
Transmission tariff (from IMO)		-	-	[redacted]
Facility charge		-	-	[redacted]
Rural rate assistance (from IMO)		-	-	[redacted]
Remotes subsidy (from IMO)		-	-	[redacted]
Other IMO related		-	-	[redacted]
[redacted]		3.800	3.917	[redacted]
Inter-BU revenues				
Other fee-for-service		-	-	[redacted]
Costs ($M)				
Gross OM&A		20.442	22.310	[redacted]
Unidentified cost contingency/(reduction)		-	-	[redacted]
Cost of power				
Retail cost of power (commodity/Tx/IMO)		335.611	339.916	[redacted]
Fuel (Remotes)		-	-	[redacted]
Other cost of goods sold		-	-	[redacted]
Depreciation				[redacted]
Depreciation on fixed assets		18.058	18.787	[redacted]
Losses / (gains) on fixed asset disposal		-	-	[redacted]
Asset removal costs		1.182	1.002	[redacted]
Amortization of OPEB regulatory asset		-	-	[redacted]
Amortization of other regulatory assets		-	-	[redacted]
Amortization of goodwill		-	-	[redacted]
Other amortization - PCB		0.482	-	[redacted]
Interest				[redacted]
Interest on HO debt		10.300	11.726	[redacted]
Interest on external debt		(0.006)	0.900	[redacted]
Treasury admin costs		-	-	[redacted]
Amortization of deferred debt costs		0.013	0.015	[redacted]
Less: Interest capitalized		0.393	0.300	[redacted]
Less: Interest improvement		-	-	[redacted]
Capital tax ($M)		0.254	-	[redacted]
Net income before tax		14.856	12.799	[redacted]
Current Income tax (excl. tax associated with write-offs)		2.747	2.588	[redacted]
Future Income Tax Expense		1.754	1.056	[redacted]
Write-offs (before tax impact)		-	-	[redacted]
Income tax associated with write-offs		-	-	[redacted]
Net income		10.355	9.156	[redacted]
Other comprehensive income		-	-	[redacted]
Effective Tax Rate		0.303	0.285	[redacted]
Preferred dividends		-	-	[redacted]
Common dividends		4.449	7.154	[redacted]
Assets ($M)				
Fixed assets				[redacted]
Fixed assets in service (excl intangibles)	477.377	506.985	531.646	[redacted]
Components & Spares	3.370	3.370	3.370	[redacted]
Accumulated depreciation (excl intangibles)	228.861	247.210	266.582	[redacted]
Construction in progress	0.798	0.798	0.798	[redacted]
Current assets				[redacted]
Cash and short-term investments	(14.8)	(17.275)	26.503	[redacted]
Accounts receivable - external	56.3	60.379	60.378	[redacted]
Accounts receivable - internal	0.0	-	-	[redacted]
Fuel for electric generation	0.0	-	-	[redacted]
Materials and supplies	1.2	1.150	1.175	[redacted]
Future Income Taxes - current	0.6	0.228	0.228	[redacted]
Other current assets	0.0	-	-	[redacted]
Other assets				[redacted]
OPEB regulatory asset	0.0	-	-	[redacted]
Environmental regulatory asset	0.6	0.167	0.174	[redacted]
Other regulatory assets	(4.2)	5.926	4.241	[redacted]
Deferred pension asset	0.1	-	-	[redacted]
Investments	0.0	-	-	[redacted]
Goodwill / Intangible	9.632	15.163	14.988	[redacted]
Future Income Tax - Long Term	14.8	12.464	11.603	[redacted]

GAAP

Brampton

	2009	2010	2011	
Deferred OPEB receivable	0.0	-	-	[redacted]
Long-term accounts receiveable & other assets	0.0	-	-	
Liabilities & Equity ($M)				
Debt				
External debt	0.0	-	-	
Unamortized debt costs	(0.6)	(1.201)	(1.420)	
Unamortized premium/discount on bonds	0.0			
Current liabilities				
Accounts payable & accrued charges	51.5	55.009	55.000	
Income tax payable	(1.1)	1.000	1.000	
Dividends payable	0.0	-	-	
Accrued interest	0.8	1.089	2.408	
Future Tax Regulatory offset	0.0	-	-	
Long-term debt payable within one year	0.0			
Other liabilities				
Other post-employment benefits	5.9	6.011	6.319	
Regulatory liabilities	0.6	5.417	1.104	
Environmental liability	0.1	0.167	0.174	
Future Tax Regulatory offset	7.9	6.934	7.129	
Long-term accounts payable & accrued charges	1.9	2.000	2.000	
Equity				
Preferred equity		-	-	
Common equity	51.5	51.501	51.501	
Retained earnings	55.3			
Accumulated other comprehensive income	0.0			
Capital Expenditures ($M)				
Capital expenditures (excl intangibles)		29.608	24.661	
In-service additions		6.012	-	
Capital Exp Intangibles		6.230	0.555	
Staff				
Regular - excl. surplus (year-end)		-	-	
Surplus (year-end)		-	-	
Non-regular (FTEs)		-	-	
OM&A details - incl in OM&A above ($M)				
Surplus staff costs		-	-	
Grants-in-lieu		-	-	
Property tax adjustment		-	-	
Tax details - incl. in tax above ($M)				
Capital tax paid outside Ontario		-	-	
Income tax paid outside Ontario		-	-	
STATEMENT OF FINANCIAL POSITION ($M)				
Assets				
FA Cost excl Intangibles		506.985	531.646	
Fixed assets		29.608	24.661	
Fixed assets in service	480.7	510.355	535.016	
Less: Accumulated depreciation	228.9	247.210	266.582	
	251.9	263.145	268.434	
Construction in progress	0.8	0.798	0.798	
	252.7	263.943	269.232	
Current assets				
Cash and short-term investments	(14.8)	(17.275)	26.503	
Accounts receivable	55.3	60.379	60.378	
Fuel for electric generation	0.0	-	-	
Materials and supplies	1.2	1.150	1.175	
Future Income Tax Asset	0.6	0.228	0.228	
Other current assets	0.0	-	-	
	43.4	44.482	88.284	
Other assets				
OPEB regulatory asset	0.0	-	-	
Other regulatory assets	(3.6)	6.092	4.415	
Deferred pension asset	0.1	-	-	
Goodwill	9.6	15.163	14.988	
Future Income Tax asset	14.8	12.464	11.603	
Long-term accounts receivable & other assets	0.0	-	-	
	20.0	33.719	31.006	

GAAP

Brampton

	2009	2010	2011	
Total Assets	316.9	342.144	388.522	[redacted]
Liabilities & Equity				
Long-term debt				
Long-term debt	143.0	153.000	200.000	
Unamortized debt costs	(0.6)	(1.201)	(1.420)	
Less: Payable within one year	0.0	-	-	
	142.4	151.799	198.580	
Current liabilities				
Accounts payable and accrued charges	51.5	55.009	55.000	
Income tax payable	(1.1)	1.000	1.000	
Dividends payable	0.0	-	-	
Accrued interest	0.8	1.089	2.498	
Future Income Tax Liability	0.0	-	-	
Long-term debt payable within one year	0.0	-	-	
	51.2	57.098	58.498	
Other liabilities				
Other post-employment benefits	5.9	6.011	6.319	
Regulatory liabilities	0.6	5.417	1.104	
Environmental liability	0.1	0.167	0.174	
Future Income Tax Liability	7.9	6.934	7.129	
Long-term accounts payable & accrued charges	1.9	2.000	2.000	
	16.5	20.530	16.726	
Equity				
Preferred equity	0.000	-	-	
Common equity	51.501	51.501	51.501	
Retained earnings	55.310	61.215	63.217	
Accumulated other comprehensive income	0.000	-	-	
	106.811	112.717	114.718	
Total Liabilities & Equity	316.9	342.144	388.522	

OPERATING STATEMENT ($M)

Revenues			
External	400.798	407.215	[redacted]
Inter-BU	-	-	
	400.798	407.215	
Costs			
OM&A	20.442	22.310	
Cost contingency / (reduction)	-	-	
Cost of power	335.611	339.916	
Depreciation	19.722	19.789	
Interest	9.914	12.402	
Capital tax	0.254	-	
	385.942	394.416	
Income Before Income Tax	14.856	12.799	
Current Income Tax	2.747	2.588	
Future Income Tax	1.754	1.056	
Total Income tax	4.501	3.643	
Income Before Write-offs	10.355	9.156	
Write-offs (before income tax)	-	-	
Income tax on write-offs	-	-	
Net write-offs	-	-	
Net Income	10.355	9.156	
Other comprehensive income	-	-	
Comprehensive Income	10.355	9.156	
Net Income	10.355	9.156	
Less:			
Preferred dividends	-	-	
Common dividends	4.449	7.154	
	4.449	7.154	
Change in Retained Earnings	5.906	2.001	

CASH FLOW STATEMENT ($M)

GAAP

Brampton

	2009	2010	2011	[redacted]
Cash Flow from Operations				
Net income (before write-offs)		10.355	9.156	
Depreciation (net of asset removal costs)		18.540	18.787	
Change in working capital		2.223	1.376	
		31.118	29.318	
Less:				
Capital expenditures		35.937	25.216	
Changes in other assets & liabilities		3.304	0.170	
Dividends		4.449	7.154	
		43.591	32.540	
Net Cash Flow		(12.473)	(3.222)	

OTHER KEY RESULTS

Financial Statistics	2009	2010	2011	[redacted]
Debt ratio (%)	59.5%	0.600	0.600	
Return on common equity (%)		0.094	0.081	
EBIT ($M)		24.769	25.201	
Capital expenditures ($M)		35.837	25.216	

OPTIONAL CALCULATIONS (Red inputs)

Dividends / Equity Injection ($M)

	2009	2010	2011	[redacted]
Target capital structure (% equity)		0.400	0.400	
Net assets		281.792	286.795	
Equity adjustment needed to achieve target		(4.449)	(7.154)	
Equity injection flag (1 = yes)		-	-	
Equity injection		-	-	
Common equity		51.501	51.501	
Negative dividend flag (1 = yes)		-	-	
Dividends incurred in current year (unconstrained)		4.449	7.154	
Negative retained earnings flag (1 = unconstrained)		-	-	
Dividends incurred in current year (constrained)		4.449	7.154	
Percentage of current year dividends paid in current year		1.000	1.000	
Portion of current year dividends paid in current year		4.449	7.154	
Portion of current year dividends paid in following y	0.0	-	-	
Dividends paid in current year		4.449	7.154	
Debt ratio after adjusting for outstanding dividends		0.600	0.600	

Cash and Short-Term Investments ($M)

	2009	2010	2011	[redacted]
New Debt		10.000	47.000	
Use cash / interco demand facility as plug (1 = yes)		1.000	1.000	
Hydro One long-term debt		153.000	200.000	
External debt		-	-	
Net assets		281.792	286.795	
Input cash level		-	-	
Cash and short-term investments		(17.275)	26.503	

OPTIONAL CALCULATIONS (Pink inputs)

Details of new borrowing

	2009	2010	2011	[redacted]
New borrowing -term (% of total borrowing)				
5-year		-	-	
10-year		0.500	0.500	
30-year		0.500	0.500	
New borrowing - interest rate (%)				
5-year		0.034	0.039	
10-year		0.044	0.049	
30-year		0.055	0.060	
New borrowing ($M)				
5-year		-	-	
10-year		4.987	23.500	
30-year		4.987	23.500	
		9.974	47.000	

Debt ($M)

GAAP

Brampton

	2009	2010	2011
Debt outstanding			
Provincial debt	0.0	-	-
Non-mirrored demand debt	0.0	-	-
External debt	0.0	-	-
Other long-term debt	143.0	153.000	200.000
Short-term debt / cash	14.8	17.275	(26.503)
	157.8	170.275	173.497
Debt payable within one year			
Provincial debt	0.0	-	-
Non-mirrored demand debt	0.0	-	-
External debt	0.0	-	-
Other long-term debt	0.0	-	-
Short-term debt / cash	0.0	-	-
	0.0	-	-

[redacted]

Interest ($M)

	2010	2011
Interest rates (%)		
90-day Banker's Acceptance	0.006	0.018
Adjustment to 90-day BA - borrow from Treasury	0.002	0.002
Adjustment to 90-day BA - lend to Treasury	(0.000)	(0.000)
Average cost of long-term debt	0.058	0.057
Interest		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	10.185	11.867
Short-term debt / cash	0.115	(0.081)
	10.300	11.786
Accrued interest		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	1.089	2.498
Short-term debt / cash	-	-
	1.089	2.498

Deferred debt costs ($M)

	2010	2011
Amortization of deferred debt costs		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	0.013	0.015
Short-term debt / cash	-	-
	0.013	0.015

[redacted]

	2010	2011
Unamortized deferred debt costs		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	1.201	1.420
Short-term debt / cash	-	-
	1.201	1.420

Premium/discount on bonds ($M)

	2010	2011
Amortization of premium/discount		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	-	-
Short-term debt / cash	-	-
	-	-
Unamortized premium/discount		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-
Other long-term debt	-	-
Short-term debt / cash	-	-
	-	-

[redacted]

Hedge gain/loss ($M)

	2010	2011
Amortization of hedge gain/loss		
Provincial debt	-	-
Non-mirrored demand debt	-	-
External debt	-	-

[redacted]

APPENDIX F
INERGI SUSTAINMENT COSTS

(For CF&S)

APPENDIX F: INERGI SUSTAINMENT COSTS

Accountabilities

Networks Contract Management (Don McInnes) will coordinate the Inergi Sustainment costs business plan with specific inputs as follows and will be required in advance to ensure the Inergi Sustainment business plan is provided by **May 21, 2010** to Paul Zimba with a CC to Marc Villett and Debra Vines. Separate emails will be distributed with the planning template for Inergi Sustainment costs.

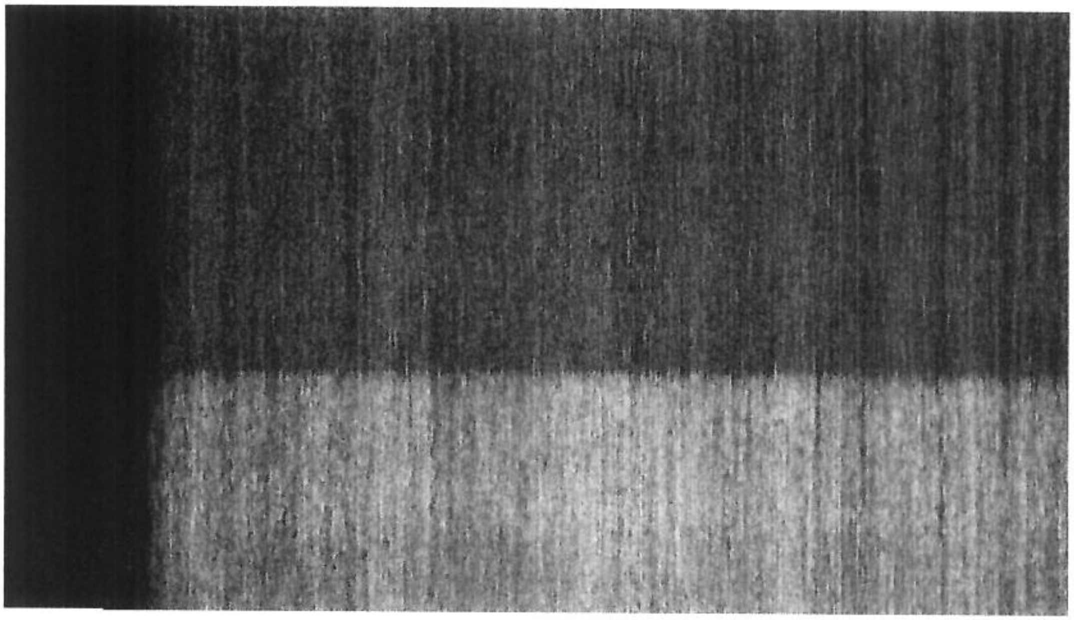
- CSO -David Adams
- Settlements -Graham Henderson
- Finance -Anjum Khan
- HR - Elisa Piserchia / Judy McKellar
- SMS -Jane Mock / George Carlton
- ETS -Christine Loube / JJ Blais

Details Required

As part of the updated submissions, the business units are to comment on plan-over-plan changes and year-over-year changes. The following details are required:

- Costs in the planning period – i.e. what services are being purchased;
- Changes in base line and reasons for the change: COLA, ARCs/RRCs, OPEB; Separation of Scope and Volume changes that are "approved" (approved change orders) and those that are "forecast" (discretionary);

APPENDIX G
LIST OF KEY CONTACTS FOR BUSINESS PLAN PROCESS



<u>2011 Business Plan Instructions</u>

<u>E-Mail</u>

2011 - 2015 Hydro One Business Plan Instructions
deb.vines
to:
m.darcey, n.mcqueen, wayne.smith, t.i.goldie, peter.gregg, john.fraser, joe.agostino, ralbert, paul.marchant, carmine.marcello, john.macnamara
06/05/2010 04:09 PM
Sent by:

Cc:
susan.e.frank, stevensr, don.mcinnes, david.curtis, steve.strome, judy.mckellar, chris.price, Vince.Alicandri, mike.penstone, george.carleton, g.rossini, mike.sheehan, m.morrissey.oryan, gary.gough, allan.cowan, mark.fukuzawa, a.suleman, d.hardy, Jane.Mock, ajay.puri, stan.but, rick.rhodes, jgribbon, tpaul, sue.rob, c.truax, una.oreilly, Dave.Farrell, christine.loube, ian.malpass, natalia.gaydukevych, brad.colden, Scot.Hutchinson, allan.david, lily.yee, laura.cooke, David.Adams, LeeAnne.Cameron, r.ens, peter.erdman, karen.newman, Nina.Cuyegkeng, marc.villett, Ryan.LEE, paul.fraser, p.mcmullen, Robert.Cultraro, Paul.Zimba, robert.berardi, deb.vines, brad.mavins, ian.malpass, Elisa.PISERCHIA, anne-marie.reilly, george.juhn, Bing.Young, jj.blais, Michael.Winters, lei.wang, doug.clare, bill.christie, kathleen.kerr, jason.macdermott, Mario.Mallozzi
Show Details

History: This message has been replied to and forwarded.

<<2011-15 Business Plan Instructions.doc>>

Please find attached the Business Planning instructions for 2011-15. The 2011-15 business planning instructions apply to all business units/departments and subsidiaries. Unlike last year we will not issue separate instructions for each phase of the process, with the exception of the APD process. Asset Management issued separate instructions on May 4 related to the input of APDs into HIPP. The business planning instructions have been divided into sections that are applicable to each phase of the process so that you only have to read the sections applicable to your unit.

In its recent decision on Hydro One's 2010/2011 Distribution rate application, the Ontario Energy Board (OEB) reduced our approved operations, maintenance and administration (OM&A) expense by $40 million in each year from our plan. They also reduced our Distribution capital expenditures by $48 million in 2010 and $43 million in 2011. [redacted] Consequently spending plans need to be developed consistent with this level of spend on an ongoing basis. The specific impact of the OEB's 2010/11 Distribution decision on individual departments and/or work programs is well underway. It is clear from the OEB's comments in their decision that they expect Hydro One to focus its spending priorities.

Therefore, given the current environment Hydro One faces it is important that all costs included in your 2011-15 business plan are necessary and supportable. All units will be asked to justify their 2011-15 planned expenditures and staffing levels and clearly explain any variances vs. previous year's actuals and plan. Justification of planned expenditures is required even if you are not requesting an increase vs. the 2010-14 plan. Additional direction on 2011-15 plan expenditure levels is provided in the business plan instructions document.

Key Changes for the 2011-15 Business Planning Cycle Include:

- November Board meeting to approve the Business Plan and Budget (An interim plan will not be presented in mid year)
- The work program will be priced for planning purposes in both Canadian GAAP and IFRS for 2011-15. This is necessary due to uncertainties regarding the outcome of the Rate Regulated Accounting exposure draft currently being reviewed by the International Accounting Standards Board
- Revised APD format
- Streamlined staffing templates
- Revised CF&S plan template
- Condensed timeframe (fewer iterations)

Key Dates

Date Day

21-May *Fri* CF&S costs (including Inergi sustainment), business plan write-ups, and staffing approval requests due to Corp Finance

CF&S Cost Allocation inputs due to Corporate Finance

First Draft APD submissions to HIPP

31-May *Mon* AM Direct business plan, Customer Care Support, Fleet, Network Operating, Customer Business Relations, Depreciation, external revenue and cost of sales, inventory plans due to Corporate Finance

14-Jun *Mon* Remotes and Telecom business plans and templates due to Corp Finance (incl. staffing approval requests)

21-Jun *Mon* Senior review and feedback of Second Draft APDs completed

22-Jun *Tue* **EC Review:** Remotes and Telecom business plans (incl. staffing approval requests)

29-Jun *Tue* **EC Review:** CF&S business plans, staffing approval requests and Inergi Sustainment

30-Jun *Wed* Third draft of APDs updated. Final "Pricing" of all Programs and Projects in current dollars input into HIPP.

4-Aug *Wed* Review of Asset Plan and draft financials by Senior Management (like Sunnybrook)

13-Aug *Fri* Draft LOB business plans and staffing requests submitted to Corporate Finance

20-Aug *Fri* Draft Asset Plan Document submitted to Corporate Finance

Draft Green Energy plan submitted to Corporate Finance

23-Aug *Mon* Asset Management to provide list of productivity initiatives for Networks

14-Sep

Tue **EC Review:** Asset Plan document, AM direct business plan, F&CS business plan and staffing approval requests

21-Sep *Tue* **EC Review:** Grid Operations and Customer Operations business plans and staffing approval requests

11-Nov *Thu* **H1 Board Approval:** 2011B and 2012/2013 Outlook

14-Dec *Tue* 2011 monthly budgets due to Corp Finance

2011 Submission to Board

Hydro One Brampton Networks Inc.

Submission to the Brampton Finance, Regulatory & Polic Committee

Date: May 26, 2010

Subject: 2011 Draft Business Plan and Financial Summary

Recommended and Approved for Submission to the Committee by:

[redacted]

Roger A. Albert
President and Chief Executive Officer

RECOMMENDATION:

That the Brampton Finance, Regulatory & Policy Committee reviews the 2011 Business Plan and Financial Summary and recommend for approval to the Board.

KEY HIGHLIGHTS

- The 2011 plan is based on IFRS accounting but the 2010 plan was based on GAAP.

- Plan-over-plan changes may seem quite significant in view of the comparison of GAAP numbers to IFRS numbers.

- We expect to meet the estimated regulated rate of return over the life of the plan.

- The growth over the planning period is expected to continue, albeit at a slower pace than recent years.

- The plan-over-plan capital expenditures increase primarily due to the accounting for capital contributions under IFRS as well as additional costs identified in the Asset Management Plan, which was derived from the Asset Condition Assessment. The increases are offset by a reduction to capital for disallowable costs under IFRS.

- OM&A increases are mainly due to the reduction of capital for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements.

EXECUTIVE SUMMARY

1. **Strategic Significance:** The 2011 Business Plan establishes Hydro One Brampton Networks Inc.'s corporate direction for the next five years consistent with the Board approved mission statement.

2. **Purpose and Cost:** This plan is consistent with Hydro One Inc.'s business planning model. The Plan enables management to execute specific programs and actions in order to meet the overall objectives of its shareholder. The specific targets included on the "Scorecard" for the year 2011 will also allow the Board of directors to assess management's performance in meeting these targets. Some of the highlights include:

   - We expect to meet the estimated regulated rate of return over the life of the plan.
   - Net Income plan-over-plan is expected to increase slightly under IFRS.
   - The growth over the planning period is expected to continue, albeit at a slower pace than recent years.
   - The Asset Management Plan, which was derived from the Asset Condition Assessment, indicates an increase in capital spending in the earlier years. Capital expenditures also increase due to the accounting of contributed capital. Under GAAP, capital expenditures were netted of contributed capital. Under IFRS, gross capital expenditures are included and capital contributions are listed as revenue. The increases to capital expenditures are offset by a reduction for disallowable costs under IFRS.
   - The 2011 Business Plan provides for the implementation of Smart Metering to all remaining commercial and industrial customers by the end of 2011.
   - OM&A increases substantially plan-over-plan mainly due to the reduction of capital expenditures for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements.
   - Staffing numbers will increase to address succession planning, to meet service quality expectations and reliability and to meet regulatory requirements for CDM, Green Energy Act and other regulations.
   - The plan assumes that we will maintain the frequency of outages at 2010 levels but that we will slowly improve the duration of outages and reduce momentary interruptions.

3. **Regulatory:** This plan is the foundation for the Company's 2011 cost of service rate application. All defined regulatory requirements are included in the plan (such as PCB legislation, smart metering, time-of-use billing) but new regulations or those not defined are not included.

4. **Risk Analysis:** A detailed description of the risks against the 2011 Business Plan is contained within the document submitted for approval. Impacts arising from the new *Green Energy and Green Economy Act* and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS) (such as the Exposure Draft) will be incorporated into the plan as more information becomes available.

Version "2" Distributed at Meeting

hydro one Brampton

"DRAFT"

Hydro One Brampton Networks Inc.

IFRS Business Plan,

Financial Summary and

Staffing Request

2011-2015

Submitted to the Finance Regulatory and Policy Committee for review May 26, 2010

Vision

The Vision for Hydro One Brampton is to be the leading electricity delivery company in Ontario.

Mission

The Company's Mission is to improve shareholder value by achieving the regulated return while supplying safe and reliable distribution of electricity to our customers and continuing to accommodate new development within our franchise area.

Strategy

Our strategy is to continue to improve our operations with reliability and employee safety of foremost importance. The current plan continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies such as Outage Management System (OMS), Automated Meter Reading (AMR) and Smart Metering (SM). As Hydro One Brampton's customer base continues to grow, efficiencies will be realized that will help mitigate the pressure of rising costs and as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company will continue to invest capital to accommodate future growth and maintain reliability of existing plant.

The draft report card outlining our proposed key performance measures and targets are attached as Appendix "B".

The 2011 Business Plan provides for the continued implementation of Smart Metering technologies to all remaining commercial and industrial customers currently metered with demand meters by the end of 2011. This represents $1.1M in capital expenditures in 2011. All expenditures associated with Smart Metering are expected to be recovered through incremental rates over the planning period and additions to the rate base in 2011.

In 2010 Hydro One Brampton will begin evaluating the Mobile Workforce Management module through a pilot installation. This module will allow simplified issuing and tracking of work and the crews assigned to complete tasks. The results of this evaluation will determine if we will proceed with a company-wide implementation in 2011.

In 2011, Hydro One Brampton will begin the evaluating of an Enterprise Content Management solution. This solution will provide a consistent platform for all document storage and retrieval. These are just a few examples that will leverage this platform: purchase order processing, invoicing, engineering project management, bill processing, regulatory compliance, and financial reporting.

Rates for the 2011 year will be determined using a cost of service rate application based on Chapter 2 of the Ontario Energy Board's filing requirements, re-issued May 27, 2009.

Hydro One Brampton submitted its 2010 rate application in November 2009 for rate adjustments effective May1, 2010. The OEB decision on HOBNI 2010 rates was received on April, 13. Essentially all of the items included in the rate application were approved. Overall revenue requirement will be lower by 1.8% primarily due to changes in tax rates and productivity improvements. In addition, customers will see a further reduction to rates as a result of approval of a rate rider to dispose of Group one regulatory balances of approximately $8.8M, over a two year period.

This plan is consistent with the Hydro One strategic objectives:

- Creating an injury-free workplace and maintaining public safety.
- Satisfying our customers
- Focusing on continuous innovation to ensure a modern, flexible and smart electricity grid.
- Building and maintaining reliable cost-effective transmission and distribution systems.
- Protecting and sustaining the environment for future generations.
- Developing critical skills and knowledge retention in the face of demographic change.
- Maintaining a commercial culture that increases value for our shareholder
- Achieving productivity improvements and cost-effectiveness.

Hydro One Brampton has one of the industry's best safety records and in the first quarter of 2010 we reached over 1.25 million hours worked without a lost time injury. As we move forward we will continue to focus on reducing the number of incidents and medical aids while searching for new innovative approaches to keep safety in the forefront. Hydro One Brampton will also recognize the successes achieved in the safety program.

The Company will continue to strive for improved customer relations and increase customer contacts by senior management. A customer survey was completed in 2009 which confirmed positive customer opinions of the service levels provided at Hydro One Brampton. To maintain continued focus in this area, customer satisfaction has been added as a scorecard measure in 2010 and another customer survey will be conducted in 2010 to monitor that these levels of performance are being maintained at or above the current levels. The Company is proud of these achievements and is committed to maintaining and improving customer service levels and reliability and will measure the results against other LDCs in the industry. The Company will continue to focus on staff development and training throughout the planning period. Hydro One Brampton is committed to continual Health & Safety Training and skills upgrade for all of its employees.

The Company is proud to support its employees in their involvement in community activities and encourage them to be ambassadors of Hydro One Brampton through participation in the School Electrical Safety Education Program, United Way, various other charities, the EDA and the Brampton Board of Trade.

Frequent changes continue to impact on the industry, including the new *Green Energy and Green Economy Act* (GEA) and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS). Estimated impacts are incorporated into the plan. Improved communication with the introduction of electronic bill delivery will further enhance the solid working relationships with customers.

Distribution revenues will improve over the planning period as the result of additions to the rate base and modest customer growth.

There is an on-going mandate to manage growth, to meet customer expectations and focus on improvement in service reliability. The emphasis for improvement here will be to accommodate new customer connections and to support customers' embedded generation requests, as they arise, and to facilitate these connections to the system in a safe and expedient manner.

Hydro One Brampton will continue to work closely with the OEB and support the government's initiatives on industry issues. The Company will continue to be cost effective compared to other LDCs and will confirm this by monitoring its performance through ongoing benchmarking of key indicators.

OM&A increases are driven by an increase in meter reading costs associated with Smart Metering, labour costs and regulatory activities noted below. Other drivers for the increase in 2011 include the inflationary impacts of cost inputs, the addition of nine staff, PCB remediation, increased asset removal costs, additional preventative maintenance costs and the GEA. Hydro One Brampton is currently one of the lowest cost utilities in the province. This has been accomplished by contracting out when there is an economic benefit to be derived and by negotiating favourable collective agreements over a number of years. A focus on cost control is achieved through continuous improvement of management systems, reporting and monitoring of productivity. OM&A under IFRS will be higher than GAAP OM&A due to the reclassification of disallowable costs otherwise included in capital.

The current projection for 2010 is reflected in the business plan. The current 2010 projection reflects higher net income than 2010 Canadian GAAP plan due to IFRS-related adjustments. The adjustments are primarily the reduction in depreciation for changes in useful lives of assets, partially offset by the increase to OM&A due to the reduction to capital for disallowable costs.

PLAN HIGHLIGHTS

Growth

Residential development within the City of Brampton continues to expand albeit at a slower pace than recent years. The 2011 business plan includes a customer growth rate of 1.1% reflective of the current economic downturn. New residential customer connections in 2011 are expected to be approximately 1,450. The expected energy sales relative to the customer growth rate reflect primarily residential customer growth and relatively little commercial and industrial customer growth. Other non-quantifiable influences such as sub-metering and provincial and regional planning for intensification are not impactful in the near term and therefore not specifically incorporated into this plan.

Hydro One Brampton Networks Inc. 2011-2015 IFRS Business Plan

[illegible] impactful in the near term and therefore not specifically incorporated into [illegible]

Labour A[illegible]

The cur[illegible] tion for infla[illegible]

Rebuild [illegible]

Hydro [illegible] to optimiz[illegible] rehabilita[illegible] replacem[illegible] of distribution cables to improve the reliability of service to customers.

Operations and Reliab[illegible]

In 2011, Hydro One Brampton will continue to expand the information available in the Outage Management System (OMS) through the development of new applications designed to eliminate all manual processes in the Control Room. Included in this initiative are plans to further integrate the OMS with a new Integrated Voice Response system and to complete the interface with Advanced Meter Infrastructure (AMI) that was started in 2009. These initiatives support Hydro One Brampton's strategic goal to continually improve the reporting and operating capabilities of the OMS system.

In 2009, Hydro One Brampton completed two major projects; an Asset Condition Assessment (ACA) of all our primary distribution equipment and the development of an Asset Management Plan (AMP) for the utility. The AMP was used to support the capital program included in the Business Plan.

In 2010, the Company completed a five year loading study on the 13.8 kV system originating from four transformer stations namely MS19, 20, 21 and 22 all of which are located on the east side of the City of Brampton. The study was based on the risks associated with the loss of a transformer at any one of the stations and the resulting contingencies. The health issues of these same transformers was also taken into consideration as part of this study as they were all reported in the ACA as being in either "very poor" or "poor" condition. As a result of this report and the findings of the ACA report, Hydro One Brampton has developed a replacement strategy to replace the aging power transformers at MS19, 20 and 21 [redacted]. The transformers at MS22 do not need immediate replacement but will be monitored/tested closely [redacted] for any signs of accelerated degradation.

The Company will complete the PCB Oil Testing program on all overhead transformers in 2010 in compliance with the *Canadian Environmental Protection Act*. Contaminated transformers will be replaced over the next fifteen years as required under the Act.

As part of the Province's "Green Energy" initiative, the Company will be working cooperatively with Hydro One Networks towards the OMS/AMI integration as part of the "Smart Grid" initiative. The scope of this work is still to be defined therefore a detailed cash flow has yet to be determined. However, it is expected that the costs associated with this integration will be minimal and as such, will be covered under the [illegible] budget for software upgrades to our existing OMS system.

Smart Metering

Hydro One Brampton's Smart Metering Plan is consistent with Hydro One Network's and is intended to meet the requirements of the Ministry of Energy. The government's directive required the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide time of use billing or other possible pricing plans. Hydro One Brampton plans to extend this program in 2011 to all commercial and industrial customers that are not currently interval metered or smart metered. This will facilitate a fully automated meter reading system. In addition, it will provide all customers access to their hourly consumption data.

Hydro One Brampton will be seeking disposition of all smart metering costs up to and including 2009 expenditures in its 2011 cost of service rate application. All Smart Meter costs, associated with this time frame, will become part of the rate base and revenue requirement thereby included in the base distribution rates. A Smart Meter funding adder will be required beyond 2010 to fund 2010 smart metering investments.

PLANNED RESULTS

		Version	2010	2011
Net Income	(M$)	2011 IFRS	14.3	13.3
		2010 Plan	11.6	12.7
Plan over plan difference			2.7	0.6
Regulatory ROE (%)		2011 IFRS	8.30	9.85
		2010 Plan	9.06	9.55
Plan over plan difference			(0.76)	0.30
Capital Expenditures (M$)		2011 IFRS	32.5	26.7
		2010 Plan	36.7	21.9
Plan over plan difference			(4.2)	4.8
OM&A	(M$)	2011 IFRS	23.7	25.4
		2010 Plan	19.9	20.9
Plan over plan difference			3.8	4.5

Material Variance Analysis

Plan net income for 2011 compared to the 2010 plan re[illegible] IFRS. Under IFRS, depreciation expense is reduced by changes in [illegible] OM&A is increased due to the reduction of capital for di[illegible] effect of these changes is an increase in plan net incom[illegible] compared to the 2010 plan reflects continued cost control a[illegible] as a result of the additions to rate base and a higher projec[illegible] reflects stable new customer connections, economic co[illegible] related reductions in consumption.

Based on the 2011 rate application currently being prep[illegible] Brampton customers can expect an increase of 6.43% on the distribut[illegible] their bill. This represents an increase of approximately 2.05% of tot[illegible] revenue requirement is approximately $58.8M for distribution servic[illegible] will rise to $62.6M. Please note that these numbers are base[illegible] revenue increase of $5.1M offset by an increase in various r[illegible] of $1.3.

Capital expenditures in 2011 will increase plan-over-plan to [illegible] of the AMP developed from the findings in the ACA, parti[illegible] reduction to capital for disallowable costs.

OM&A changes are mainly related to meter reading, change[illegible] requirements, regulatory compliance requirements and the timing of [illegible] and overhead maintenance inspection work.

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.

LABOUR STRATEGY AND STAFF LEVELS

Staff levels will increase in 2011. Continued customer growth will require additional staff in Human Resources, Engineering, Lines and Customer Service. These additions to staff are to address succession planning and to meet service quality expectations and maintain acceptable levels of reliability. There are an expected number of retirements throughout the planning period, and this will present an opportunity for continued activity in apprenticeship programs. These programs were very successful in the past and are expected to continue throughout the planning period.

In a typical year, it is expected that about eight terminations, resignations or retirements will occur and this trend is expected to continue in future years.

		Projected 2010	2011
Regular staff headcount:			
Beginning Year Staff		204	218
Vacant positions carried forward		10	-
Annual Regular Staff Attrition		(8)	(8)
Annual New Hires –	**Replacements**	8	7
	New positions	4	7
	Total (Year End Staff)	218	224
Regular Staff	2011 Plan	218	224
(headcount)	2010 Plan	218	221
	Difference	-	3

SIGNIFICANT ASSUMPTIONS AND INTERDEPEN

The regulated ROE was increased to 9.85% in 2010 base ... 's December 11, 2009 *Report of the Board on the Cost of* ... *ated Utilities.*

This plan incorporates the costing assumptions as outli... applicable to the Company. No adjustment has been m... impacts of the harmonization of the Ontario Retail Sales Services Tax. To the extent that differences can be trac...

variance account of which 50% will be shared with consumers, consistent with the recent decision on the Company's 2010 rate filing.

RISKS TO PLAN AND MITIGATION STRATEGIES

Regulatory/Political Change

There are several considerations with respect to the regulatory and political environment. The following risks may impact this plan:

- There are a number of new/current regulatory, legislative and compliance requirements including the approval of the 2011 rate application, introduction of Time-Of-Use pricing, Smart Grid and the GEA which may in aggregate generate upward cost pressures on OM&A.

- The GEA was introduced by the Province in early 2009. Hydro One Brampton is aware of the requirements to accommodate renewable generation a connection. What remains unclear at this time is the level of customer participation and the mechanism to be used for regulatory treatment and recovery of these "Green Energy" costs. As a result, Hydro One Brampton has added $0.9M to Capital in the business plan for anticipated costs for potential green initiatives.

- A "memo" account was established by the OEB to track and record variances that result from the difference between the OEB approved PILs amount and the actual billings that relate to the recovery of PILs for the years 2001 to 2006. The OEB also provided a mechanism to make annual adjustments for variances between estimated liabilities resulting from the OEB approved PILs methodology and actual tax liabilities.

  The OEB has indicated that the accounting for these differences has been inconsistent and further analysis of these amounts is required prior to any disposition decision, which is expected before the Company's 2011 rate application is filed. With interest, this amount will increase to approximately $2.8M by January 2011. Assuming that there are no changes to this account associated with the OEB's review process, disposition of this account over a three year period could have an annual impact of approximately $0.9M in reduced distribution revenue from January 2011 to December 2013.

- With the added focus on conservation and demand management, LDCs may continue to experience decreases in consumption, which could lead to reduction in revenues. The current plan provides for an estimate for reduction in consumption. Future rate adjustments will be based on a forward test year, which will provide for changes associated with CDM impacts.

- Currently the OEB has not formally addressed how Smart Metering stranded costs are to be recovered. These costs will be included in the 2011 rate application for disposition and have been included in the Plan. In this plan, we have assumed that these costs will remain in fixed assets and be amortized over the remaining useful life.

- Further rationalization of the distribution sector could have positive or negative impacts on the future operating results. The government has suspended the transfer tax on the sale of electricity assets between publicly owned utilities in Ontario indefinitely.

- The introduction of time-of-use rates combined with the implementation of HST for residential customers carries a high risk of negative customer reactions. This could be felt in escalated call volumes to our contact centre, as well as negative media attention. In the Plan period we will develop and implement a customer communication plan concerning time-of-use rates and HST to aid in the mitigation of this risk.

- A risk still continues as a result of the recent economic downturn to our customer revenue base, as well as increased bad debts due to customer defaults. Hydro One Brampton is closely monitoring larger accounts to mitigate the impact of this risk on the financial results.

- A key factor in this business plan is the assumed 1.1% increase in customer additions and a 10% tariff increase. If there are any further downward trends in economic conditions, such as reduced GDP growth or increased inflation and interest rates, our customer growth rate will be unfavourably impacted. For instance, decreased economic activity would likely have a renewed dampening effect on the residential housing market and slow down subdivision development and new customer growth rates. Hydro One Brampton has the ability to adjust its workforce for changes in workload by utilizing contractors.

Operational Risks

- Hydro One Brampton has a risk related to in-service PCB contaminated oil-filled equipment. Due to continuing conversion projects over the last number of years a large number of contaminated units have been removed from service. Hydro One Brampton has determined the locations of remaining in-service units and is actively working on a remedial testing and phase-out plan consistent with current legislation. There is a risk that the number of contaminated transformers may be higher than anticipated which could have a major material impact on capital and maintenance budgets.

- Employee demographics are similar to the rest of Hydro One. Approximately 42% of staff are 50 years old or over and may be eligible to retire in the next five years. The average age of all employees is in the mid 40's. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. The Company has developed a succession plan for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

- Changes in weather contribute significantly to reliability, OM&A and revenues. While the plan provides for a normal level of storm activity and the Company's system is designed to standards that meet a high level of reliability, abnormal storm activity could materially affect restoration of the distribution system. To address these abnormal activities, there are existing emergency plans and mutual aid agreements in place with several neighbouring utilities which could be activated in a timely manner if necessary.

- The ACA identified several power transformers that require replacement in the next five years. While there are replacement plans in place over this period, should any of these transformers fail prior to replacement, extended outages could occur and have a negative impact on reliability.

- There is an operational risk should there be a loss of a transformer at HOBNI's Jim Yarrow TS during summer peaks. A system loading report conducted by the Planning and Standards department in 2009 indicates that due to the loading forecast and lack of available capacity at the adjoining stations, a spare 27.6 kV transformer will be required before the summer peak of 2012. Engineering and Operations are currently investigating alternative plans to mitigate this risk which must be implemented in 2011.

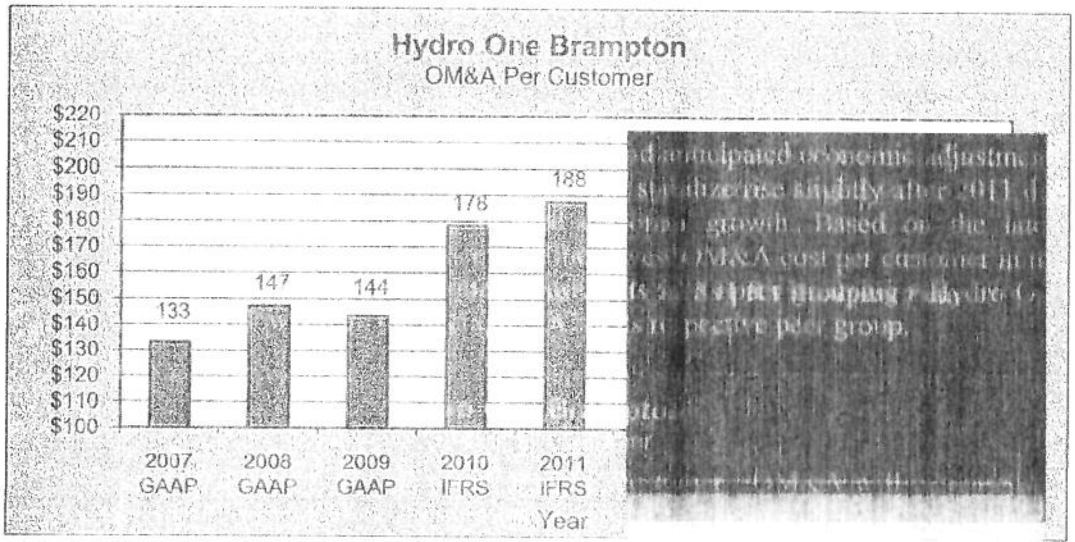
- Hydro One Brampton's assets are widely distributed throughout our community and as such there is always a risk to public safety. We have a robust Public Safety program which includes safety programs through schools, participation in community programs such as "safe city" and various emergency preparedness exercises, "call before you dig" communication programs, and education programs for civilian emergency responders.

- A Pandemic could have serious impacts on the operation of the business and reliability of supply. Hydro One Brampton's Pandemic Plan was developed and tested to mitigate the impact of this risk.

KEY SUPPLEMENTARY DATA

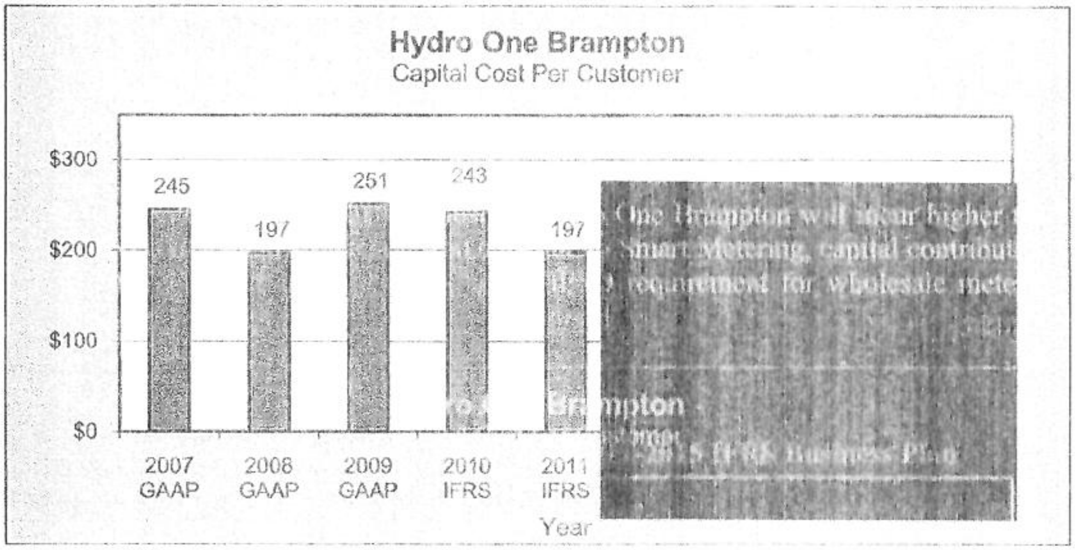
(Note years prior to 2010 use Canadian GAAP figures)

The following graph depicts controllable cost per customer. OM&A will increase at a fairly constant rate, driven mainly by labour costs and anticipated economic adjustments to materials and supplies. OM&A per customer will stabilize/rise slightly after 2011 due to increases in OM&A offset by continued customer growth. Based on the latest information, Hydro One Brampton has one of the lowest OM&A cost per customer in the industry. Hydro One Brampton has the lowest costs in its peer grouping. Hydro One Brampton was 24% lower than the average LDC in its respective peer group.

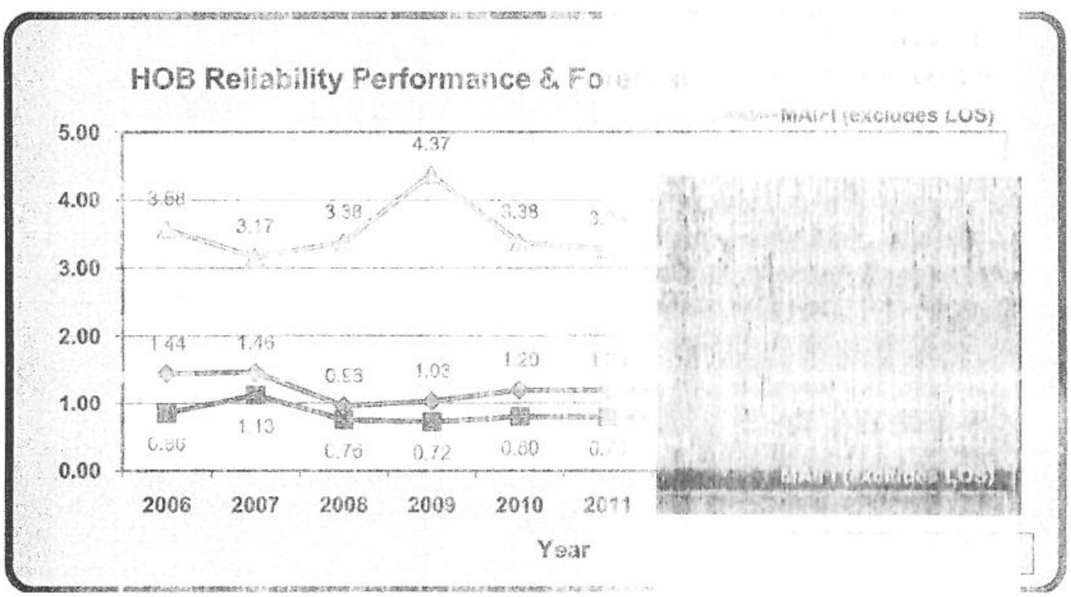


Note: ** Includes capital tax*

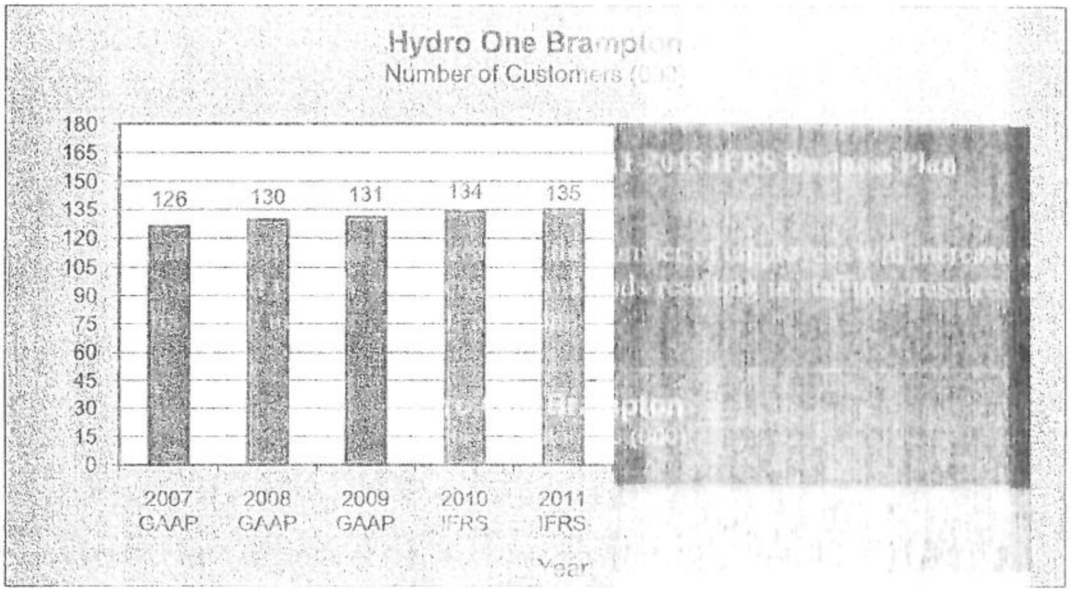
For the years 2008 through 2010 inclusive, Hydro One Brampton will incur higher than normal levels of capital expenditures mainly due to Smart Metering, capital contributions towards the construction of new T.S.'s and IESO requirement for wholesale metering upgrades.

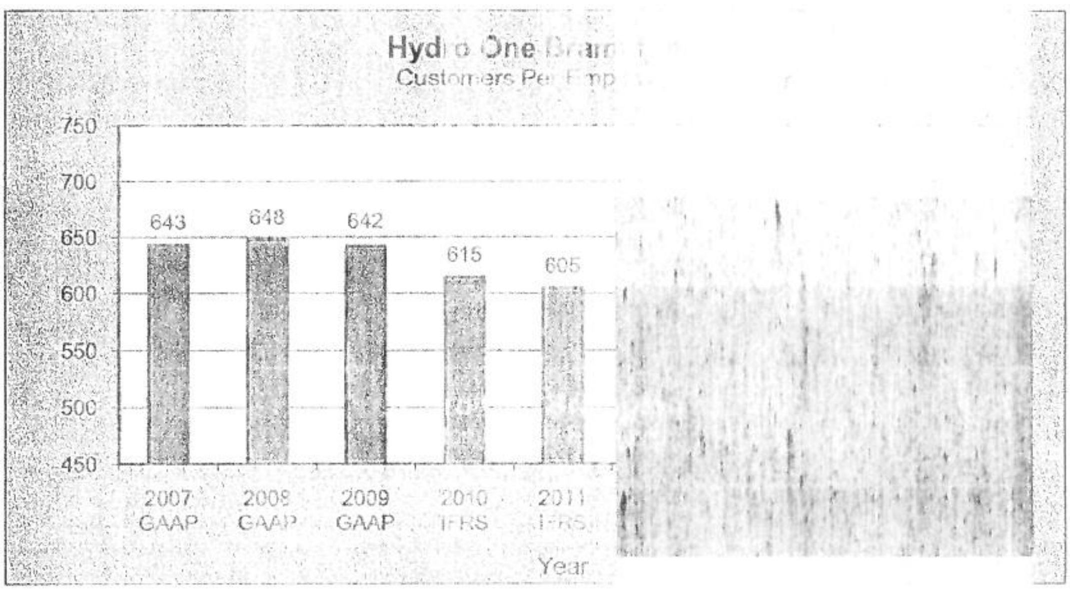


The System Average Interruption Frequency I[illegible] rage Interruption Duration Index (SAIDI) and Mome[illegible] ency Index (MAIFI) are graphically depicted below. E[illegible] the length of outages (thereby improving SAIDI) b[illegible] ring equipment and the implementation of the Outage M[illegible]



While the number of customers is increasing, the number of employees will increase at a lower rate. Continued growth will increase workloads resulting in staffing pressures and accordingly moderate increases in staff are planned.





APPENDIX "A"

Productivity Initiatives

Cost Containment/Efficiency Gains

- In order to increase recoveries of accounts sent for collection, Hydro One Brampton is undertaking an opportunity to have the ability to re-assign accounts sent initially to a credit and collection agency to an alternative second credit and collection agency.

- With the introduction of Smart Meters we will be changing our existing process of producing paper based meter reading edits to on-line edits for Customer Service Representatives to review. This process will provide an enhanced level of editing which will allow for expedited resolutions to meter reading issues and thereby further reduce the number of bills requiring cancellation and rebilling.

- Enterprise Content Management is a set of tools that will enable the organization to store, index and retrieve any computer object within a single domain, whether it be a word, excel, PowerPoint document, email, voice recording or engineering drawing. It will also have the ability to have collaborative tools whereby users can share information and have results and ideas tracked. Savings would be achieved in man hours saved in the retrieval of all documents pertaining to one job, work order, purchase, etc. A user would no longer have to go to several areas to get all the information. A more timely decision could also be made based on having all the documentation in one place. Additional savings will be achieved with the implementation of collaborative tools which will allow users to share and track ideas based on any project. Meetings can take place on-line with immediate storage.

- The Company is going to re-evaluate requirements to complete external Public Utilities Coordinating Committee (PUCC) requests. The anticipated process improvement will result in a reduction in time spent in processing PUCC requests. This process improvement will help contain costs.

- Hydro One Brampton will evaluate a new Mobile Workforce Management system in the Substations and P&C departments which is designed to allow for simplified issuing of work to field crews aimed at improving customer response time. The result of this evaluation will determine whether we proceed with an implementation in others areas of the utility.

Green Energy Initiatives

These initiatives represent Hydro One Brampton's plan to bring itself into alignment with the Province's "Green" initiative:

- Establish contacts with the City of Brampton and the Region of Peel to create a collaborative working relationship specifically focused on facilitating "Green" projects.

- The Company is considering the purchase of more environmentally friendly and energy efficient vehicles such as hybrids in the interest of minimizing its environmental impact and carbon footprint.

- Smart Grid with Hydro One Networks - Hydro One Brampton is going to work towards integration of OMS and AMR and monitor progress made by Hydro One Networks as part of their Smart Grid initiative.

- To remove all PCB contaminated equipment - As a requirement to meet PCB free equipment, the Company has commenced in 2008 a program to manage the testing, destruction and disposal of all PCB's found in its transformer equipment.

APPENDIX B
2011 Score Card

Strategic Objective		Performance Measure	Target
Financial	Increase Shareholder Value[1]	Net Income after Tax ($M)	IFRS $13.3 GAAP $12.5
		Controllable Cost Index *(OM&A actual / OM&A budget)*	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Indices *(% of measures meeting target)*	8 of 9 indicators met
		Reliability Indices *([illegible] SAIDI, SAIFI & [illegible])*	[illegible] indicators met
	Satisfying our customers	Customer [illegible] *(% satisfied)*	≥90%
Business Excellence	Achieve Operational Excellence[1]	Work Program Achievement *(% of projects under the control of HOB completed within budget)*	≥90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety *([illegible])*	0
		Employee safety *([illegible])*	[illegible]
	Achieve Environmental Excellence	Connect FIT and MICROFIT applications as per OPA requirements	(100% of applications processed within OPA requirements)
		[illegible]	100%

[1] *A variance from plan of + or – 5% is considered on plan*

2010 Score Card

	Strategic Objective	Performance Measures	Target
Financial	Increase Shareholder Value	Net Income after Tax ($M)	IFRS $14.3 GAAP $10.4
		Controllable Cost Index (OM&A $_{actual}$ / OM&A $_{budget}$)	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Index [illegible]	8 of 9 indicators [illegible]
		Reliability Index (meet both SAIDI & SAIFI targets)	SAIDI ≤ 0.81 SAIFI ≤ 1.35
Business Excellence	Achieve Operational Excellence	Work Program Achievement (% of projects under the control of HOB completed within the total budget)	≥90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety (Lost-time injuries)	0

APPENDIX C
SWOT Analysis

Strengths
- Growth
- Experienced staff
- Highly motivated management team
- Robust asset base (over half assets are less than 20 years old)
- One of the most efficient LDC's in Ontario
- Ranked high in the PEG report for efficiency
- Well positioned for future growth
- Good reliability focused
- 95% satisfaction on recent customer survey
- Excellent safety record and program

Weaknesses
- Aging work force
  - 41% of all employees over 50 years of age
  - 45 % of management over 50 years of age
- One of the lowest staffed utilities in the province
- Have not replaced experienced staff prior to retirement
- Difficulty in attracting qualified employees
- Information Technology systems are custom and qualified people difficult to attract
- Implementation of new technologies and procedures have not been kept current due to short staffing issues
- Inconsistent level of documentation of processes across the organization

Opportunities
- "Green the fleet" plan being developed
- Good load and customer growth potential
- Changing workforce presents opportunity to explore new ideas
- More opportunities to share Co op apprentice programs
- GEA/CDM provides opportunity to increase customer contact
- Journey to Zero
- Growth in franchise territory

Threats
- Expiration of Collective Agreements March 31, 2011 with mandate of zero percent adjustment creates inequitable comparison with neighbouring utilities
- Added regulatory and compliance burdens could negatively impact our staff
- Economic conditions – loss of large customers, interest rates increases, slowdown in customer growth
- Sabotage of equipment or theft of equipment
- Pandemic
- Adverse weather conditions

1. 2010 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2010 Projection[1] (a)	59	116	43	218
2010 Plan[2] (b)	58	116	44	218
Additional Approval[3] (c)	0	0	0	0
2010 Approved (d=b + c)	58	116	44	218
2010 Projection higher/(lower) than 2010 Approved (a-d)	**1**	**0**	**(1)**	**0**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010-14 BP approved.
[3] Additional positions already approved by the EC after the 2010-14 BP approval. For any positions already approved by the EC that are above the 2010-14 business plan levels please provide a brief description of the details of approval (i.e. – date of EC approval, description and number of positions approved) in the written section below.

This results in the overall staff level being equal to the 2010 Approved.

2. 2011 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Approved[2]	58	116	44	218
2011 Budget higher/(lower) than 2010 Approved	**3**	**2**	**1**	**6**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010 Approved per 2010 Hiring Table in section 1 above.

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Projection[2]	59	116	43	218
2011 Budget higher/(lower) than 2010 Projection	**2**	**2**	**2**	**6**

- This is a request for approval to hire 7 staff - 4 MGMT, 3 CAW, and 2 IBEW in 2011, to enable Hydro One Brampton to achieve the proposed staffing level in the above table. One anticipated retirement in 2011 will not be replaced.
- This request results in the overall staff level being higher than the 2010 Projection.

Resourcing Strategy:

- The overall strategy for Hydro One Brampton is:
  1. Demographics and succession planning related with the aging of current existing staffing. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. The Company has developed a succession plan

for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

2. Support for the Asset Management Program

The maintenance and strengthening of our operational capability requires that these positions be filled.

- The new hires are derived from the known total staff level requirement and an estimated attrition rate. As such, the actual level of new hires (as well as skill categories and labour groups) may vary, depending on how the attrition variable materializes.
- Hydro One Brampton will need to manage the forecast uncertainty with regard to new hires and attrition. As such, to allow for some flexibility, it is being requested that accountability be focused on the overall staff level. Hydro One Brampton will need to manage within this overall staff level. Any action which may result in increasing the overall staff level will need to be brought forward again to the Executive Committee for approval.
- This is a request for approval to hire 7 staff - 3 Management (1 Manager, 1 Project Engineer and 1 Health Safety and Environment Coordinator), 2 CAW (1 Apprentice Linesperson and 1 CDM Representative), and 2 IBEW (1 Customer Service Rep and 1 Credit Representative) in 2011, to enable Hydro One Brampton to achieve the proposed staffing level shown in the above table.

Human Resource Manager (1 position)	**Duties** • Negotiations • Human resources functions and labour relations **Justification** • Bill 168 • Succession planning (combination of HR and HSE)

Project Engineer (1 position)	**Duties** • Accountable for the certification of Engineering, Technical Service and other department construction projects in a timely manner as required by Ontario Regulation 22/04 under the *Electricity Act, 1998*. This will include deviation of approval for construction projects and the construction verification process. • Accountable for special projects as assigned to provide technical input in the form of design, review or implementation. **Justification** • Supports succession plan • Supports the GEGEA

Health Safety and Environment Coordinator (1 position)	**Duties** • Ensures that the HSE department continues to be capable of adequately supporting ongoing HSE initiatives. • Journey to zero initiatives **Justification** • Succession plan to accommodate two possible retirements in the next two or three years
Apprentice Lineperson (1 position)	**Duties** • Maintenance and construction of overhead and underground distribution lines. • This job is to be done safely and efficiently. **Justification** • To reduce reliance on contractors • Provide succession planning • To reflect increased work program
CDM Representative (1 position)	**Duties** • Assist in the design, development and implementation of various CDM programs • Interface with external organizations to promote energy efficiency • Work with customers to improve their overall energy efficiency of their systems • Implement new CDM initiatives and directives separate from existing OPA programs **Justification** • Ensure that Hydro One Brampton achieves its share of the provincial CDM targets as defined in the April 1, 2010, Minister's Directive • Hydro One Brampton's distribution licence will be amended to reflect these reductions. Currently there is insufficient staff to achieve the necessary success of the OPA targets and the new provincial requirements
Customer Service Rep (1 position)	**Duties** • Answers customer account inquiries. • Prepares billing data and reviewing edits. • Processes billings and updating records. • Prepares billing adjustments as required. • Follow-up activities on accounts. **Justification** The Customer Service Representative scheduled for 2011 will be utilized to handle the increased

	workload from customer growth and the increasing call trend, which saw a 9.5% increase in calls 2009 over 2008. We also anticipate calls for time-of-use customers to take longer to discuss with customers based on knowledge that the customer will now have questions as a result of 24x7 historical usage data available to them.

Credit Representative (1 position)	**Duties** • Analyze and manage overdue residential and commercial accounts to execute appropriate action to collect monies owing to Hydro One Brampton in a timely and efficient manner. • Assess risk factors and analyze customers' ability to pay. • Request security deposits on new or delinquent accounts. • Maintain security deposits and customer credit information. **Justification** • The Credit Representative position for 2011 will be required due to an 11% increase in the number of residential and commercial disconnects 2009 over 2008. The additional changes coming in the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code will mean developing new criteria for moving accounts into collections sooner, thereby increasing the number of accounts that will be monitored.

3. Overall Staff Level Comparisons

	2010[5]	2011
Per 2011-15 Business Plan	**218**	**224**
Per 2010 Staffing Approval	218	221
2011 higher/(lower) than 2010	**-**	**3**

[redacted]

[5] 2011-15 Business Plan reflects 2010 year-end projection; 2010 Staffing Approval reflects approved complement.

2011 Business Plan Instructions

2011-2015 HYDRO ONE BUSINESS PLAN INSTRUCTIONS

INTRODUCTION

The 2011-15 business planning instructions apply to all business units/departments and subsidiaries. Unlike last year we will not issue separate instructions for each phase of the process, with the exception of the APD process. Asset Management will issue separate instructions related to the input of APDs into HIPP.

The business planning instructions have been divided into sections that are applicable to each phase of the process. Everyone should read sections 1 to 5 and for the remainder of the document only read the sections applicable to your business unit/department. A table of contents is provided on the next page.

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APPENDIX

SECTION 1
2011-15 HYDRO ONE BUSINESS PLAN SCHEDULE

Date	Day		CF&S	Subs	LOBs	IPP	OTH
12-Apr	*Mon*	Brampton business plan and template due to Corp Finance (incl. staffing approval requests)		X			
20-Apr	*Tue*	CF&S Planning Kick-off meeting	X				
6-May	*Mon*	Business Planning instructions and templates issued	X	X	X	X	X
21-May	*Fri*	CF&S costs (including Inergi sustainment), business plan write-ups, and staffing approval requests due to Corp Finance	X				
		CF&S Cost Allocation inputs due to Corporate Finance	X				
		CF&S Risk Management Workshops completed	X				
		First Draft APD submissions to HIPP				X	
28-May	*Fri*	Asset Management completes APD risks review				X	
		Prioritization of Asset Needs Plan				X	
31-May	*Mon*	AM Direct business plan, Customer Care Support, Fleet, Network Operating, Customer Business Relations, Depreciation, external revenue and cost of sales, inventory plans due to Corporate Finance			X		X
TBD	*Thu*	**EC Mail Out:** Brampton business plan (incl. staffing approval requests)		X			
TBD	*Tue*	**EC Review:** Brampton business plan (incl. staffing approval requests)		X			
1-Jun	*Tue*	Asset Management issues full asset plan to LOBs for pricing			X	X	
4-Jun	*Fri*	Second draft APD submissions received				X	
7-Jun	*Mon*	Corporate Finance issues Tx and Dx cost allocation results to subsidiaries	X	X			
9-Jun	*Wed*	**Brampton Board Approval:** 2011-15 Brampton business plan		X			
		Finance updates APD submissions to current dollars				X	
14-Jun	*Mon*	Remotes and Telecom business plans and templates due to Corp Finance (incl. staffing approval requests)		X			
		CFO/Controller final review CF&S business plan, staffing approval requests, and Inergi Sustainment	X				
17-Jun	*Thu*	**EC Mail Out:** Remotes and Telecom business plans (incl. staffing approval requests)		X			
		Preliminary load forecast due to Corp Finance					X
21-Jun	*Mon*	Senior review and feedback of Second Draft APDs completed				X	
		Controller / CFO review load forecast					X
22-Jun	*Tue*	**EC Review:** Remotes and Telecom business plans (incl. staffing approval requests)		X			
23-Jun	*Wed*	Final load forecast due to Corp Finance					X
24-Jun	*Thu*	**EC Mail Out:** CF&S business plans, staffing approval requests and Inergi Sustainment	X				
29-Jun	*Tue*	**EC Review:** CF&S business plans, staffing approval requests and Inergi Sustainment	X				
30-Jun	*Wed*	Corp Finance issues final revenue results					X
		Third draft of APDs updated. Final "Pricing" of all				X	

Date	Day		CF&S	Subs	LOBs	IPP	OTH
		Programs and Projects in current dollars input into HIPP.					
7-Jul	*Wed*	Asset Management completes review of final pricing				X	
12-Jul	*Mon*	Accomplishment file updated				X	
15-Jul	*Thu*	First Draft Financial template completed				X	
20-Jul	*Tue*	Update of Overheads					X
22-Jul	*Thu*	Completion of Networks Financial templates					X
29-Jul	*Thu*	Finance prepares draft financials for Asset Plan Review					X
4-Aug	*Wed*	Review of Asset Plan and draft financials by Senior Management (like Sunnybrook)				X	
13-Aug	*Fri*	Draft LOB business plans and staffing requests submitted to Corporate Finance			X		
		Finalize APDs for any required changes from Senior Management Review				X	
20-Aug	*Fri*	Draft Asset Plan Document submitted to Corporate Finance			X		
		Draft Green Energy plan submitted to Corporate Finance					X
23-Aug	*Mon*	Asset Management to provide list of productivity initiatives for Networks			X		
10-Sep	*Thu*	**EC Mail Out:** Asset Plan document, AM direct business plan, E&CS business plan and staffing approval requests			X		
14-Sep	*Tue*	**EC Review:** Asset Plan document, AM direct business plan, E&CS business plan and staffing approval requests			X		
16-Sep	*Thu*	**EC Mail Out:** Grid Operations and Customer Operations business plans and staffing approval requests			X		
21-Sep	*Tue*	**EC Review:** Grid Operations and Customer Operations business plans and staffing approval requests			X		
22-Oct	*Fri*	CFO review of H1 Board material					X
27-Oct	*Wed*	CEO review of H1 Board material					X
[redacted]	[redacted]	[redacted]					[redacted]
[redacted]	[redacted]	[redacted]					[redacted]
3-Dec	*Fri*	Corp Finance completes Budget Trending for CF&S groups	X				
14-Dec	*Tue*	2011 monthly budgets due to Corp Finance	X	X			X
30-Dec	*Thu*	Corp Finance issues Final CF&S Budgets	X				

Notes:
The columns to the right indicate what part of the business plan process that each task is associated with. The column headings are defined below.

CF&S – Corporate Functions & Services (see Appendix E for a complete list of CF&S units)
Subs – Subsidiaries (Hydro One Telecom, Hydro One Brampton and Hydro One Remote Communities)
LOBs – line of business (Engineering & Construction, Stations, Customer Operations and Asset Management)
IPP – Investment planning process. Includes the APD (asset planning document) process and development of asset plan.
OTH – Represents other plan activities. For example, reviewing the load forecast with Regulatory Affairs.

SECTION 2
<u>FINANCIAL & COSTING ASSUMPTIONS</u>

1.0 OVERVIEW

The electricity industry in Ontario is facing a period of significant change as a result of initiatives such as smart meters/time of use-billing, smart grid, distributed generation and the Green Energy Act. At the same time Hydro One has an aging asset base that requires maintenance and/or replacement of assets in order to maintain system reliability.

The need to replace aging assets, time of use billing, Green Energy Act initiatives, the new HST tax and higher cost of power for green energy sources (e.g. - wind and solar) are all placing upward pressure on customer rates. Although some of these cost drivers are outside our control, Hydro One must balance the need to maintain reliable power with customer's expectations of reasonable rates, where possible.

In its recent decision on Hydro One's 2010/2011 Distribution rate application, the Ontario Energy Board (OEB) cut $40 million in each year from our operations, maintenance and administration (OM&A) expense plan. They also reduced our Distribution capital expenditures by $48 million in 2010 and $43 million in 2011. It is clear from the OEB's comments in their decision that they expect Hydro One to focus its spending priorities.

Therefore, given the current environment Hydro One faces it is important that all costs included in your 2011-15 business plan are necessary and supportable. All units will be asked to justify their 2011-15 planned expenditures and staffing levels and clearly explain any variances vs. previous year's actuals and plan. Justification of planned expenditures is required even if you are not requesting an increase vs. the 2010-14 plan.

It is recognized that there may be situations where costs will increase over the 2010-14 plan. Increased costs should be as a result of incremental work that supports innovation, drives productivity, or results from new requirements/regulations, such as:

- Green Energy Act
- PCB legislation
- OEB Policy
- Government Policy

However, before requesting an increase in your plan dollars, please review your activities and look for ways to accommodate the new workload within your existing structure. This could be accomplished through increased productivity or eliminating lower priority work. Detailed explanation and support is required for all cost increases.

Since the results of our business planning process form the basis of future OEB rate applications, it is important that all costs are necessary and supportable. Clear and value added variance explanations are required. Explanations should go beyond stating the obvious, e.g. not enough to say "*higher non labour costs due to higher consultants*". Explanations should highlight key drivers (root causes) of changes in costs or headcount.

2.0 FINANCIAL GUIDANCE

The specific impact of the OEB's 2010/11 Distribution decision on individual departments and/or work programs is still being evaluated. If required, additional direction will be provided at a later date. However, when preparing your 2011-15 plans please use the guidance below.

Distribution and Common (CF&S, Asset Management direct) OM&A

- 2011 OM&A should be no higher than the <u>lesser</u> of:
  - 2008 actuals + 13.5%[1]
  - 2010 March Forecast
  - 2011 from 2010-14 business plan
- [redacted]

Note 1 – In it's 2010/11 Distribution decision the OEB calculated Hydro One's allowed OM&A for 2011 by starting with the 2008 actuals and increasing it by 5% annually in 2009 and 2010 and 3% for 2011. This represents a total increase of 13.5% vs. 2008 actuals.

Transmission OM&A

- 2011 Transmission OM&A excluding development should be no higher than 2010 plan + 3%
- 2011 Transmission development OM&A should be no higher than the 2010-14 plan as those figures have been included in the 2011/12 Transmission rate application
- [redacted]

Distribution Capital

- 2011 - Total Distribution capital should be no higher than $500 million as this amount was approved by the OEB in its recent 2010/11 Distribution decision.
  - The $500 million includes $62.4 million approved for the company's Smart Grid plan.
- [redacted]

Transmission Capital

- 2011 [redacted] capital should be no higher than the 2010-14 plan [redacted]
- GEA projects should only be included in the business plan if a section 92 application is scheduled to be filed in 2010. GEA projects scheduled for future years will be added to forthcoming business plans at the time their section 92 applications are ready to be filed with the OEB.

3.0 ECONOMICS

	2010	***2011***	[redacted]
CPI – Ontario (%)	1.9	2.1	
Tx cost escalation for Construction (%)	-1.3	2.1	
Tx cost escalation for Operations & Maintenance (%)	1.2	2.4	
Dx cost escalation for Construction (%)	0.0	1.5	
Dx cost escalation for Operations & Maintenance (%)	1.3	2.3	
Exchange Rate (CDN$/US$)	1.044	1.054	

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, [redacted] are based on the March 2010 Consensus Forecast [redacted]

[redacted]

4.0 INTEREST RATES

	2010	2011
HO1 5-Year Bond Rate (%)	3.36	3.86
HO1 10-Year Bond Rate (%)	4.36	4.86
HO1 30-Year Bond Rate (%)	5.48	5.98
90-Day Banker's Acceptance Rate (%)	0.57	1.77

[redacted]

H1 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*.

Interest Capitalized - GAAP	2010	2011
Interest Capitalized Tx (%)	4.61	5.11
Interest Capitalized Dx (%)	4.61	5.11
Interest Capitalized Common (%)	4.61	5.11
Interest Capitalized Remotes (%)	4.61	5.11
Interest Capitalized Brampton (%)	4.61	5.11
Interest Capitalized Telecom (%)	0.72	1.92

[redacted]

Interest cap rates (GAAP): Tx, Dx, Remotes, Brampton – Forecast of Scotia Capital All-Corp Mid-Term Yield (from Treasury – March 2010). Telecom – Forecast of 90-Day Banker's Acceptance rate plus 15 basis points. The interest capitalized – GAAP rates should be used for costing of the work program for GAAP.

[redacted]

Interest Capitalized - IFRS	2010	2011
Interest Capitalized Tx (%)	5.40	5.30
Interest Capitalized Dx (%)	5.40	5.30
Interest Capitalized Common (%)	5.40	5.30
Interest Capitalized Remotes (%)	5.00	4.70
Interest Capitalized Brampton (%)	6.30	6.20
Interest Capitalized Telecom (%)	0.60	1.80

[redacted]

Interest cap rates (IFRS): Based on forecast of Hydro One's weighted average borrowing cost. These rates should be used for costing of the work program for IFRS. Please refer to Section 5-IFRS Assumptions for additional details.

[redacted]

5.0 CAPITAL OVERHEAD RATE

Networks-GAAP	2010	2011
Capital Overhead Rate Tx (%)	12	11
Capital Overhead Rate Dx (%)	14	12
Capital Overhead Rate Common (%)	13	11

[redacted]

The capitalized overhead rates are based on an independent study by our cost allocation consultants. These rates may require adjustment if there is a significant change in the spending mix as the OM&A and Capital programs are finalized.

Networks-IFRS	2010	2011
Capital Overhead Rate Tx (%)	0	0
Capital Overhead Rate Dx (%)	0	0
Capital Overhead Rate Common (%)	0	0

[redacted]

Capitalization of overheads is not permitted under IFRS. Therefore when costing the work program in IFRS you should not include capitalization of overhead. Please refer to Section 5-IFRS Assumptions for additional details on IFRS.

[redacted]

6.0 LABOUR ESCALATION

Note that the allowed financial impact of labour escalation is capped at 3% annually (this excludes the impact of changes in payroll burden costs) for **each** staff category (i.e. Society, PWU, MCP). If your labour escalation exceeds 3% in any staff category in any given year then reductions in other costs and/or staff will be required to offset the incremental increases.

Specific details on annual labour escalation are provided below.

(a) Society Staff

2.5% increase effective April 1, 201[redacted]

Automatic annual salary progressions will occur (in addition to the economic increases above) until staff reaches the terminal step. As of January 1, 2010, there were 1,331 Society represented staff, of which 519 are at the terminal step. Therefore, the remaining 812 staff will be entitled to annual progressions, averaging 5.05%. For staff hired prior to October 1, 2007, annual progressions will occur on October 1 of subsequent years **or** on date of appointment to a new Society represented position. For staff hired after October 1, 2007, annual progressions will occur on the anniversary of their hire date.

b) PWU staff

Assume a 0% annual increase for 2011 [redacted] consistent with the government announcement of a wage freeze on March 25, 2010 . [redacted]

(c) MCP staff

As of January 1, 2010, there were 658 MCP staff. As per the government's announcement on March 25, 2010 wage increases are frozen [redacted]

(d) Incentive Plan Payouts

The MCP Short Term Incentive Plan payout is assumed to be 20% in all years.

Note 1 – On March 25, 2010 the Ontario government's announced it will pass legislation to institute a public sector salary freeze. Although it does not impact current collective agreements for Society and PWU, it is assumed to apply to the 2 years after the expiration of these agreements.

[redacted]

7.0 HEADCOUNT LEVELS FROM 2010-2014 BUSINESS PLAN REGULAR AND NON-REGULAR STAFF

	2010(1)	*2011*	[redacted]
Cust Ops (incl HS&E)	2,749	2,841	
Grid	1,341	1,437	
E&CS	925	1,029	
Asset Mgmt	331	343	
CF&S (incl. HOI)	558	563	
Brampton	218	221	
Remotes	44	44	
Telecom	92	94	
TOTAL REGULAR	**6,258**	**6,572**	

	2010(1)	**2011**	[redacted]
Cust Ops (incl HS&E)	1,284	1,328	
Grid	336	353	
E&CS	79	89	
Asset Mgmt	78	74	
CF&S (incl. HOI)	34	36	
Brampton	0	0	
Remotes	7	7	
Telecom	5	5	
TOTAL NON-REGULAR	**1,823**	**1,892**	

(1) 2010 staff levels are being reviewed and levels are anticipated to be reduced

[redacted]

Contact Paul Zimba (345-5654) for further details or questions on headcount levels.

8.0 INCOME & CAPITAL TAX RATES

	2010	**2011**	[redacted]
Federal Tax Rate	18.00%	16.50%	
Provincial Rate	13.00%	11.75%	
Total Statutory Tax Rate	31.00%	28.25%	
Capital Tax Rate	0.075%(1)	NIL	

Note1: Rate change effective January 1, 2010 and is eliminated July 1, 2010. The 0.075% represents the weighted average.

Contact Brian Soares (345-6782) for further details or questions on tax rates.

9.0 BENEFIT COSTS RATES (PAYROLL BURDEN)

The forecast Hydro One burden rates for each subsidiary are shown below. Note that the dollar amounts and a more detailed breakdown are available upon request.

Company	Category	2009	2010	2011	[redacted]
Hydro One Inc	Non-Regular Staff				
	% of total earnings*	2.78%	2.97%	2.96%	
	Regular Staff				
	% of total earnings*	2.78%	2.97%	2.96%	
	% of base pensionable earnings**	8.18%	9.05%	8.86%	
	Pension				
	% of base pensionable earnings	7.95%	9.00%	8.82%	
Networks	Non-Regular Staff				
	% of total earnings*	6.23%	6.11%	5.99%	
	Regular Staff				
	% of total earnings*	6.23%	6.11%	5.99%	
	% of base pensionable earnings**	25.12%	25.42%	24.97%	
	% of base pensionable earnings***	0.43%	0.39%	0.37%	
		25.55%	25.82%	25.34%	
	Pension				
	% of base pensionable earnings	26.88%	26.01%	25.47%	
Remote Comm.	Non-Regular Staff				
	% of total earnings*	5.44%	5.56%	5.52%	
	Regular Staff				
	% of total earnings*	5.44%	5.56%	5.52%	
	% of base pensionable earnings**	22.23%	22.80%	22.16%	
	Pension				
	% of base pensionable earnings	26.67%	25.84%	25.32%	
Telecom	Non-Regular Staff				
	% of total earnings*	4.92%	5.16%	5.13%	
	Regular Staff				
	% of total earnings*	4.92%	5.16%	5.13%	
	% of base pensionable earnings**	13.71%	14.19%	14.08%	
	Pension				
	% of base pensionable earnings	22.52%	22.24%	22.05%	

*CPP, Emp, Insurance, Emp. Health Tax, Workers' Compensation Schedule 1 Premiums
**Health, Dental, Life Insurance, Maternity, Retirement Bonus, Post-Retirement Health, dental, Life Insurance, Ontario Health Premiums (OHP)
*** OPRB - Inergi
- Base Pensionable Earnings includes pensionable bonus.
- Total Earnings includes base pay, bonus, overtime, taxable benefits and taxable allowances.

Contact Frank D'Andrea (345-5680) for further details or questions.

10.0 HARMONIZED SALES TAX (HST)/GOODS AND SERVICES TAX (GST)

The Ontario retail sales tax (PST) of 8% will be eliminated effective July 1, 2010 and will be replaced with a 13% harmonized sales tax (HST). The 13% HST is a combination of the current 8% PST and the 5% GST. Like the GST, any HST costs will be fully recoverable with some restrictions (outlined below) for the first 8 years. Therefore, when preparing your business plan do not add the 13% HST to your planned expenditures. The only exception is for certain non-deductible costs as described below.

Restricted Input Tax Credits

During the first 8 years until June 30, 2018, the 8% provincial portion of the HST payable on certain expenditures will not be recoverable and will be a cost to the business. During this 8 year period, the 8% provincial portion of the HST payable on the following purchases will not be recoverable:

- Energy (e.g. – electricity bill for a Hydro One office) – other than for manufacturing, or when purchased for resale.
- Telecommunications (e.g. –voice or data services) – other than internet service and toll free numbers, or when purchased for re-sale.
- Vehicles under 3,000 kgs. weight – both on acquisition of the vehicles, and on fuel (other than diesel) that is purchased for vehicles under 3,000 kgs.
- Meals and entertainment – the same expenditures that today are subject to 50% GST restriction will be subject to full restriction of the provincial component of the HST.

Business plans should reflect this non-deductible HST as a cost.

SECTION 3
STRATEGIC DIRECTION

When preparing your 2011-15 Business Plans please describe how your business plan is consistent with each of Hydro One's strategic objectives and the company's climate change strategy. Hydro One's Key Strategic Objectives as outlined in the Five Year Vision 2009-[redacted] are as follows:

1. Creating an Injury-Free Workplace and Maintaining Public Safety
2. Satisfying Our Customers
3. Focusing on Continuous Innovation to Ensure a Modern, Flexible and Smart Electricity Grid
4. Building and Maintaining Reliable, Cost-Effective Transmission and Distribution Systems
5. Protecting and Sustaining the Environment for Future Generations
6. Developing Critical Skills and Knowledge Retention in the Face of Demographic Change
7. Maintaining a Commercial Culture that Increases Value for Our Shareholder
8. Achieving Productivity Improvements and Cost Effectiveness

For additional details on the strategic plan please refer to the Strategic Plan report in the link below.
http://plugin.hydroone.com/general/HON_Strategic_Plan.pdf

Climate Change Strategy – 2010

In April 2010, Hydro One's Board of Directors approved a Climate Change Strategy for the company. When preparing your business plans please consider the company's climate change strategy. A copy of the strategy is provided below.

> Hydro One is committed to protecting and sustaining the environment for future generations. This includes playing a key role in helping Ontario reduce its carbon footprint through the safe and efficient delivery of clean and renewable electricity. While not a large direct contributor to the province's greenhouse gas emissions, Hydro One is well positioned to be an enabler of initiatives that will help reduce Ontario's carbon footprint.
>
> Hydro One's approach to climate change will be to responsibly prepare and adapt to physical impacts that affect the electricity grid, continually improve our internal efficiencies and processes, and work with key stakeholders to enable initiatives that will help Ontario reduce its overall greenhouse gas emissions. We have a responsibility to our customers, our shareholder and to the environment.
>
> Our climate change strategy will be flexible and practical, it will build on our Green Energy Plan, and it will focus on solutions and programs where Hydro One can most effectively leverage its unique expertise and influence.
>
> The key elements of the strategy include the following.
>
> a) **Climate Change Policy & Regulation:** We will monitor and where appropriate, participate in climate change information exchange, research and policy development with other stakeholders.
> b) **Internal Energy Efficiency**: We will promote and implement internal energy efficiency and greenhouse gas reduction initiatives that will minimize the emissions associated with operation of our electricity system, our facilities and our fleet. We will develop metrics, document our voluntary early actions, and set targets to achieve meaningful results in greenhouse gas reductions.
> c) **Employee & Customer Engagement**: We will leverage our Greener Choices program and our Conservation & Demand Management program to educate our employees and customers on climate change issues, and to encourage individual actions that reduce greenhouse gas emissions.

d) **Physical Impacts:** Physical impacts of climate change on the Ontario electricity transmission and distribution system are expected over the long-term. We will use existing processes and leverage new approaches such as our smart grid to monitor, build resilience within our system, and adapt to anticipated physical impacts so that our assets are protected and sustained.

e) **Investment Planning**: We will build on and develop processes that will help us include energy efficiency and climate change considerations in Hydro One asset management decisions, procurement practices, investment planning processes and our annual Tx and Dx Ten-year Outlook reviews.

f) **Green Energy**: We will implement Hydro One's Green Energy Plan to foster the growth of renewable energy generation projects, promote and expand energy conservation, and develop a smart grid.

In your 2011-15 Business Plans, each Business Unit is requested to provide:

- Description of how its Business Plan ties to the above Hydro One Key Strategic Objectives;
- Overview to demonstrate how flexibility has been embedded into its Plans to deal with changing timelines and priorities;
- An outline of how areas plan to continually strive to provide greater value to the customer (either through cost savings or through an enhanced experience).

SECTION 4
REGULATORY STRATEGIC ASSUMPTIONS

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 the Ontario Energy Board's ("OEB") shift towards formulaic rate-setting through incentive-based regulation.

Networks filed and received a Decision from the OEB for a two year submission for Distribution (2010 and 2011) [redacted] The current circumstances, characterized by volatile and impactive changes, are not conducive to adopting longer periods between rate applications at this time. These conditions, expected throughout the Business Plan time line, require Networks to adopt a strategy using one year rate submissions that allows it to meet its obligations.

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

[redacted]
- [redacted]

[redacted]
- [redacted]
- [redacted]
- [redacted]

The following represents additional information that may be helpful when defining your plans. Workshops/Presentations will be held with impacted groups to ensure understanding. Please contact Regulatory Compliance if you require this additional information sooner or separately.

Revenue Planning
- External revenues from certain miscellaneous charges should reflect the level of activity in those areas and should be accompanied by approved fees. i.e., activities whose costs are to be recovered from specific customers using standard rates or fees (not on a project-specific, ‚time and materials' basis) should be identified, and the rates, volumes and revenues should be forecasted. Approval for new miscellaneous charges needs to be sought from the OEB via Regulatory Compliance.

Contestability
- Replacement of existing distribution infrastructure required to facilitate joint use occupancy is not contestable. Note: This assumption is based on information available as at April 14, 2010, and is subject to change as part of a current OEB proceeding.

Fixed Assets and Capital Contributions
- Distribution system enhancements are to be funded from rates, not capital contributions.
- The calculation of direct benefits for Eligible investments (to connect renewable energy generation) should be on an aggregate basis, but may change to project-specific.
- The cost of Transmission Enabler facilities is initially funded through rate base. As generators connect and make capital contributions, rate base is reduced accordingly.
- Certain system modifications, that allow the connection of renewable generators and where technical issues emerged after they executed a CCA, would be funded externally.

- Transmission bypass compensation will be collected from Transmission Customers AND from embedded customers via LDCs where appropriate.
- In-line breakers and modifications for multi-tapped generator connections to the transmission system are pool-funded.

Connecting Remote Communities

- Connection of geographically remote communities to the grid will be managed through Hydro One Remote Communities Inc. (HORCI).

[redacted]

SECTION 5
INTERNATIONAL FINANCIAL REPORTING STANDARDS ASSUMPTIONS

Hydro One will be adopting International Financial Reporting Standards (IFRS) for external financial reporting beginning in 2011. However, because the International Accounting Standards Board (IASB) has not made a final decision on the outcome of the exposure draft on Rate Regulated Accounting there remain some uncertainties that could impact the IFRS implementation for Hydro One. As a result, the company needs to prepare business plans under both Canadian generally accepted accounting principles (CGAAP) and IFRS.

IFRS Business Planning Assumptions:

- Capital Programs and projects are to be costed using both IFRS and CGAAP rates for 201[redacted]
- Two sets of standard rates need to be developed by the Subsidiaries; a) CGAAP rates and b) IFRS rates to be used in costing work and which include only those costs that are allowable for capitalization under IFRS rules. For Networks, Finance will be developing both IFRS and GAAP standard rates and issuing them in May.
- Under IFRS the capitalization of corporate functions and services overhead is not allowed.
- Under IFRS, interest can only be capitalized on projects that are under construction/development for greater than 6 months in duration. The impact of this change would be addressed by each Subsidiary.
- Regulatory assets and liabilities are assumed to continue for planning purposes despite uncertainty in the outcome of the final accounting rules in this area. A subsequent plan update may be required should the IASB rule on the rate regulated accounting project.
- The Subsidiaries will be responsible for submitting a reconciliation between IFRS and CGAAP to Corporate Finance in the accompanying spreadsheet, including an explanation of the key differences.

IFRS standards are continuously evolving so the process of evaluating their impact will continue until 2011. To date, the IFRS team has identified several standards that will have a significant impact on Hydro One's accounting processes. For the 2011-15 Business Planning cycle we will incorporate the impact of the major IFRS changes that are currently known. A brief summary of the most impactive IFRS standards is provided below.

Capitalized Interest: Qualifying Assets

IFRS only permits interest to be capitalized on assets constructed/developed over a substantial period of time. The impact of this standard will be that interest cannot be capitalized on most program work and will only be capitalized on individual projects more than 6 months in duration.

Regulatory Assets and Liabilities

IFRS standards do not currently allow for the recognition of regulatory assets and liabilities in the external balance sheet, although the OEB proposes to continue the operational use of deferral and variance accounts. However, in July 2009, the IASB issued an exposure draft on accounting for Rate Regulated Activities (RRA) that proposed recognition of regulatory assets and liabilities under IFRS. As of April 2010 the outcome of the RRA project is uncertain although it appears likely that the exposure draft will not be implemented in time for 2011. If rate regulated accounting is continued, it will likely be continued based on a status quo CGAAP basis until a final IASB decision is made on the RRA project. The IASB has sent the exposure draft back for further study. For business planning purposes, please assume that regulatory assets and liabilities will continue to be recognized under IFRS in the same way they are currently recorded under CGAAP.

Contributed Capital

Under CGAAP and for OEB accounting, customer contributions are netted with associated fixed assets on the balance sheet and are depreciated on a net basis. Under IFRS, most customer contributions are instead reported as deferred revenue (long-term liability) and are amortized to revenue over the service life of the related assets (which are depreciated based on gross cost). While some customer contributions are recorded as revenue as received under IFRS, for planning purposes it should be assumed that all contributions will be treated as deferred revenue and amortized straight-line over an assumed twenty-five year period.

Depreciation/amortization

Under CGAAP, fixed and intangible assets are depreciated/amortized based on group depreciation rates applied at the Uniform System of Accounts level. Under IFRS, straight-line rates are applied at the asset level based on specific service lives assigned at the SAP asset class/category level. Depreciation parameters on both a CGAAP and IFRS basis have been loaded in SAP fixed assets. As such, a deprecation expense forecast can be produced at the corporate level. Hydro One Brampton will forecast its own depreciation expense.

Consistent with prior years, Subsidiaries will be required to provide data on fixed and intangible assets additions and retirements to allow a complete depreciation/ amortization forecast to be derived.

Fixed asset gains and losses (including premature retirement losses)

Under CGAAP, only asset gains and losses related to asset sales are recorded in current period depreciation expense. Asset losses from premature asset retirement are charged to accumulated depreciation. However, under IFRS, all gains and losses will be recorded in depreciation expense. Corporate Finance will estimate the impact of such losses.

Interest Rate for Capitalization

Hydro One currently capitalizes interest based on the quarterly OEB prescribed interest rate. This interest rate is equal to the Canadian Derivatives Exchange Mid Term Corporate Bond Index Yield. Under IFRS Hydro One will be required to capitalize interest based on our actual weighted average borrowing cost. Both the IFRS and GAAP based interest capitalization rates are provided in section 2 – Financial & Costing Assumptions.

Capitalization Policy: Allowable & Disallowable Costs

IAS-16 "Property, Plant and Equipment" only allows for the capitalization of those expenditures that are directly attributable to bringing the asset to the location and working condition for its intended use. On February 24, 2010, the OEB issued a letter to all distributors to clarify its position on the regulatory treatment of this accounting issue and they confirmed they require full compliance with IAS 16, irrespective of any developments from the IASB on the RRA project. The OEB indicated that alternative treatments to IAS 16 for regulatory purposes are only acceptable if authorized by the rate regulator.

Based on the OEB's decision allowing an IFRS variance account for Networks' Distribution rate application for 2011, there will be no difference between the basis for costing assets. However, there is still uncertainty on how the OEB will handle Transmission and other subsidiary disallowable costs. Given this uncertainty, the 201[redacted] work capital program for all businesses and subsidiaries will be costed under both CGAAP and IFRS rates to allow for the possibility that the potential alternative treatments will not be approved by the OEB.

For IFRS costing, costs that are capitalized under CGAAP but that do not qualify as capital under IFRS (i.e. disallowable costs) will be charged to OM&A expense. A table of the allowable and disallowable costs is provided below.

	Standard Labour Categories of Costs	GAAP Assessment	IFRS Assessment
[redacted]	***Payroll Obligations:***		
	Base Labour	Allowable	Allowable
	Government Obligations	Allowable	Allowable
	BTU/Hiring Hall Travel & Subsistence	Allowable	Allowable
	Payroll Allowances	Allowable	Allowable
	Pension OPEB	Allowable	Mix
	Contractual Time Away from Work:		
	Vacations and Statutory Holidays	Allowable	Allowable
	Sickness and Accident	Allowable	Allowable
	Banked Time	Allowable	Allowable
	Time not Benefiting a Specific Program:		
	Safety Meeting & Training	Allowable	Disallowable
	House Keeping and Down Time	Allowable	Disallowable
[redacted]	***Field Supervision/Technical Support:***		
	Labour Costs (Fixed Distribution Staff)	Allowable	Mix
	Work Force Acquisition	Allowable	Disallowable
	Barrie Administartion Clerical Support	Allowable	Disallowable
	Provincial Mobile Radio	Allowable	Disallowable
	Non-Labour Expenses	Allowable	Mix
	Safety & Environment (Michelle)	Allowable	Disallowable
	Work Methods and Training (Michelle)	Allowable	Disallowable
	JAVA Support & Reports	Allowable	Disallowable

[redacted]

SECTION 6
CF&S BUSINESS PLAN INSTRUCTIONS

1.0 OVERVIEW

The CF&S business plan submissions must be consistent with the Financial and Costing assumptions for 2011-2015 included in Section 2 of this document and the Hydro One Strategic Objectives in Section 3.

All CF&S units will be asked to justify their 2011-15 spending and clearly explain any variances vs. previous years' actuals and plan. Justification of expenditures is required even if your unit is not asking for increases vs. last year's plan. Please refer to Section 2, item 2.0 – Financial Guidance for additional direction on preparing your CF&S business plans.

After your documents are submitted they will be reviewed by Finance and presented to the Executive Committee for approval as part of a consolidated package.

2.0 CF&S PLAN DELIVERABLES

Activity Description	Date
2011-15 business plan instructions issued	May 6
CF&S business plans, cost allocation inputs and templates due to Finance (Including Inergi Sustainment)	May 21
CF&S risk management workshops completed	May 21
Cost allocation results issued to subsidiaries	Jun 7
Executive Committee Review of CF&S Plan	Jun 29

The following documents are to be submitted by **May 21, 2010** to Paul Zimba with a cc to Marc Villett and Debra Vines.

a. CF&S Plan Templates (Appendix D)

The CF&S plan templates include the following tabs that require input:

- Staff Details by Representation and Skills Sets
- Labour details associated with Green Energy projects
- Plan over Plan and Year over Year Labour Variances
- Plan over Plan and Year over Year Non-Labour Variances
- Detail of Non-Labour Costs
- Communication Costs by Project (Corporate Communications only)
- Rate Hearing Costs
- Input - non-labour
- Input – labour
- Input – year end headcount
- Input – FTE

Appendix D provides additional details on each of the tabs to be completed for the template. For assistance in completing the template please contact your Inergi representative listed in the key contacts section below. Finance will email a copy of the applicable CF&S plan template to each unit.

b. CF&S Written Business Plans(Appendix C)

Written business plans should be provided for: Corporate Services, Corporate & Regulatory Affairs, General Counsel, Executive Office (Internal Audit), Finance and Health, Safety and Environment.

Each unit should determine the length (recommended 5 pages) of their business plan document needed to support their budget requirements and to articulate key issues and initiatives before the Executive Committee. Appendix C provides an outline of the requirements for the written business plan. When writing your business plan please also refer to section 2 for the Financial & Costing Assumptions and section 3 for the Hydro One Strategic Objectives.

c. Staffing Approval Requests (Appendix B)

A staffing approval request must be completed (see Appendix B) for all planned increases in regular staff positions that are greater than the lower of a) 2010 approved levels (from the 2010-14 plan) or b) March 2010 forecast. Even if your plan over plan headcount remains the same, a staffing approval request is required if 2011 regular staff levels are higher than your 2010 approved (see example below).

Regular Headcount	2010	2011
2011-15 Plan	10	15
2010-14 Plan	10	15
Plan over Plan Variance	0	0
Year over Year Variance		5

← Approval of 5 positions is required

All staffing approval requests will be presented to the Executive Committee for review and approval. In addition, all external hires must be approved by a senior executive.

d. CF&S Cost Allocation Inputs

Hydro One uses a cost allocation model to allocate CF&S shared services OM&A costs to Transmission, Distribution and its subsidiaries. The results of the cost allocation model are reviewed by an external consultant and included in a report filed with the OEB as part of our rate application process. Interveners and the OEB closely scrutinize the results of the cost allocation study and ask questions about major shifts in the allocation vs. prior years. The CF&S cost allocations also represent a cost to the Hydro One subsidiaries so they closely review the results as well. Therefore, **it is important that each unit prepares an accurate activity analysis and that all changes in allocations vs. last year's plan are clearly explained.**

Please complete the attached templates below for your department(s). Verify that the total of each template equals 100%. For your reference the templates have been pre-populated with the cost allocation inputs used for the 2010-14 plan.

- Cost allocation inputs – labour

2011- 2015 CCCM Input_Labour.xls

- Cost allocation inputs – non-labour

2011-2015 CCCM
Input_Non-Labour.xls

Finance will also contact the appropriate staff to collect updated inputs for Inergi, OEB and insurance costs as well as volume and data drivers.

Cost Allocation Definitions for Input templates

- **Tx** – percentage of time/dollars to be allocated to Transmission
- **Dx** - percentage of time/dollars to be allocated to Distribution
- **General T&D** – percentage of time/dollars to be split between Transmission and Distribution. This field is to be used when you know an activity is for Networks only but do not know the split between Transmission and Distribution. The cost allocation model will automatically split the time/dollars between Transmission and Distribution based on general cost drivers.
- **General HOI Operations** - this field is to be used when you cannot directly assign percentages to any of the specific categories. The cost allocation model will automatically split the time/dollars between Transmission, Distribution and the subsidiaries based on general cost drivers.
- **Telecom** – percentage of time/dollars to be allocated to Hydro One Telecom
- **Remotes** – percentage of time/dollars to be allocated to Hydro One Remotes
- **Brampton** – percentage of time/dollars to be allocated to Hydro One Brampton
- **Shareholder Only** – percentage of time/dollars to be allocated to Hydro One Inc.

e. Corporate Level Adjustments

Finance will contact the appropriate staff to collect inputs for the 2011-15 corporate level adjustments plan.

f. Inergi Sustainment Costs

Finance will issue the planning template for Inergi Sustainment costs to the appropriate staff. Appendix F provides more detail on the requirements for the Inergi Sustainment plan. Networks Contract Management (Don McInnes) will coordinate the Inergi Sustainment costs business plan with specific inputs as follows and will be required in advance to ensure the Inergi Sustainment business plan is provided by **May 21, 2010** to Paul Zimba with a cc to Marc Villett and Debra Vines.

CF&S Risk Management Workshops

Each CF&S unit will be required to complete a risk workshop to comply with the Hydro One Enterprise Risk Management Policy requiring all units to complete risk assessments annually. Finance will contact each unit to co-ordinate the risk workshops.

3.0 CF&S ORGANIZATIONAL UNITS

Detailed financial information required for 201[redacted] should be submitted for each of the CF&S units according to the format specified on the templates. See Appendix E - CF&S Organizational Units.

[redacted]

- [redacted]

- [redacted]

SECTION 7
BUSINESS PLAN INSTRUCTIONS - SUBSIDIARIES

1.0 OVERVIEW

Similar to last year we are requesting a five year business plan. In addition, to ensure we have sufficient borrowing capability over the longer term we are requesting a forecast of any specific requirements for the 2016-2020 timeframe (see section m) in Appendix C).

Hydro One will be adopting International Financial Reporting Standards (IFRS) for external financial reporting beginning in 2011. However, because the International Accounting Standards Board (IASB) has not made a final decision on the outcome of the exposure draft on Rate Regulated Accounting there remain some uncertainties that could impact the IFRS implementation for Hydro One. As a result, the company needs to prepare business plans under both Canadian generally accepted accounting principles (CGAAP) and IFRS. Section 5 provides additional guidance on the IFRS assumptions to be used when preparing your 2011-15 business plan.

2.0 SUBSIDIARY PLAN DELIVERABLES

Activity Description	Date
Brampton business plan and template due to Corporate Finance (including staffing approval requests)	Apr 12
2011-15 business plan instructions issued	May 6
Cost allocation results issued to subsidiaries	Jun 7
Brampton Board Approval: 2011-15 Brampton business plan	Jun 9
Remotes and Telecom business plans, staffing approval requests and templates due to Finance	Jun 14
Executive Committee review of Brampton business plan (including staffing requests)	TBD
Executive Committee Review of Remotes and Telecom business plans (including staffing approval requests)	Jun 22

The following documents are to be submitted by Remotes and Telecom by **June 14, 2010** to Marc Villett with a CC to Debra Vines.

a. ***Written Business Plans (Appendix C)***

Each subsidiary should determine the length of their business plan document needed to support their budget requirements and to articulate key issues and initiatives before the Executive Committee. Appendix C provides an outline of the requirements for the written business plan. When writing your business plan please also refer to section 2 for the Financial & Costing Assumptions, section 3 for the Hydro One Strategic Objectives and section 5 for guidance on International Financial Reporting Standards (IFRS).

b. ***Staffing Approval Requests (Appendix B)***

A staffing approval request (see Appendix B) must be completed for all planned increases in regular staff positions that are greater than the lower of a) 2010 approved levels (from the 2010-14 plan) or b) March 2010 forecast. Even if your plan over plan headcount remains the same, a staffing approval request is required if 2011 regular staff levels are higher than your 2010 approved (see example below).

Regular Headcount	2010	2011
2011-15 Plan	10	15
2010-14 Plan	10	15
Plan over Plan Variance	0	0
Year over Year Variance		5

← [redacted]

All staffing approval requests will be presented to the Executive Committee for review and approval. In addition, all external hires must be approved by a senior executive.

c. ***Staffing Details by Representation and Skill Sets (Appendix A)***

Each subsidiary must complete the staffing details and skill set template in Appendix A. The staff numbers included in Appendix A are to be consistent with your business plan and the staffing approval requests (Appendix B). Explanations are required for plan over plan and year over year changes in staff levels.

d. ***Financial Template***

As in previous years each subsidiary is asked to complete a financial template which will be sent by Ryan Lee to each subsidiary via email. The templates have been updated for 2009 actuals and the remaining years contain data from the 2010 -2014 business plan. Use the templates to provide ROE, rate base, CCA and other relevant financial details. Do not add rows or columns without prior consultation with Hydro One – Finance [redacted]

Remotes and Telecom are to submit their completed financial template by **June 14, 2010** t[redacted]

SECTION 8
<u>BUSINESS PLAN INSTRUCTIONS – DIRECT LOB PLANS</u>

1.0 OVERVIEW

The direct LOB business plan submissions must be consistent with the Financial and Costing assumptions for 2011[redacted] included in Section 2 of this document and the Hydro One Strategic Objectives in Section 3. Direct LOB plans are to be provided for the following units: Asset Management Direct, Customer Care Support, Fleet, Network Operating and Customer Business Relations.

All units will be asked to justify their 2011-15 spending and clearly explain any variances vs. previous years' actuals and plan. Justification of expenditures is required even if your unit is not asking for increases vs. last year's plan. Please refer to Section 2, item 2.0 – Financial Guidance for additional direction on preparing your business plans.

After your documents are submitted they will be reviewed by Finance and presented to the Executive Committee for approval as part of a consolidated package.

2.0 DIRECT LOB PLAN DELIVERABLES

Activity Description	Date
2011-15 business plan instructions issued	May 6
Direct LOB business plan templates due to Finance	May 31

The direct LOB plan templates are to be submitted by **<u>May 31, 2010</u>** to Tony (Ajay) Puri with a cc to Marc Villett and Debra Vines. The requirements for LOB written business plans and staffing approval requests are described in section 8 of this document.

a. Direct LOB Plan Templates (Appendix D)

The Direct LOB plan templates include the following tabs that require input:

- Staff Details by Representation and Skills Sets
- Plan over Plan and Year over Year Labour Variances
- Plan over Plan and Year over Year Non-Labour Variances
- Detail of Non-Labour Costs
- Rate Hearing Costs
- Input - non-labour
- Input – labour
- Input – year end headcount
- Input – FTE

Appendix D provides additional details on each of the tabs to be completed for the template. [redacted] Finance will email a copy of the applicable Direct LOB plan template to each unit.

SECTION 9
BUSINESS PLAN INSTRUCTIONS – LOB / ASSET MANAGEMENT

1.0 OVERVIEW

Asset Management and each line of business (E&CS, Grid Operations and Customer Operations) are to complete a five year business plan for 2011-15. The business plan submissions must be consistent with the Financial and Costing assumptions included in Section 2 of this document and the Hydro One Strategic Objectives in Section 3.

Hydro One will be adopting International Financial Reporting Standards (IFRS) for external financial reporting beginning in 2011. However, because the International Accounting Standards Board (IASB) has not made a final decision on the outcome of the exposure draft on Rate Regulated Accounting there remain some uncertainties that could impact the IFRS implementation for Hydro One. As a result, the company needs to prepare business plans under both Canadian generally accepted accounting principles (CGAAP) and IFRS. Section 5 provides additional guidance on the IFRS assumptions to be used when preparing your 2011-15 business plan.

All LOBs will be asked to justify their 2011-15 spending and clearly explain any variances vs. previous years' actuals and plan. The work program to be executed by each LOB should be consistent with the approved Asset Plan for 2011-15.

2.0 LOB/ASSET MANAGEMENT PLAN DELIVERABLES

Activity Description	Date
2011-15 business plan instructions issued	May 6
Asset Management issues full asset plan to LOBs for pricing	Jun 1
Final Pricing of all programs and projects input to HIPP	Jun 30
Review of Asset Plan and draft financials by Senior Management	Aug 4
Draft LOB business plans and staffing requests due to Corporate Finance	Aug 13
Draft Asset plan document due to Corporate Finance	Aug 20
EC Review: Asset Plan document, AM direct business plan, E&CS business plan and staffing requests	Sep 14
EC Review: Grid Operations and Customer Operations business plans and staffing approval requests	Sep 21

The following documents are to be submitted to Tony (Ajay) Puri with a cc to Marc Villett and Debra Vines based on the schedule above.

a. ***Written Business Plans(Appendix C)***

Written business plans should be provided for: E&CS, Grid Operations, Customer Operations, Asset Plan and Asset Management Direct. Each unit should determine the length of their business plan document needed to support their budget requirements and to articulate key issues and initiatives before the Executive Committee. Appendix C provides an outline of the requirements for the written business plan. When writing your business plan please also refer to section 2 for the Financial & Costing Assumptions, section 3 for the Hydro One Strategic Objectives and section 5 for guidance on International Financial Reporting Standards (IFRS).

b. Staffing Approval Requests (Appendix B)

A staffing approval request must be completed (see Appendix B) for all planned increases in regular staff positions that are greater than the lower of a) 2010 approved levels (from the 2010-14 plan) or b) March 2010 forecast. Even if your plan over plan headcount remains the same, a staffing approval request is required if 2011 regular staff levels are higher than your 2010 approved (see example below).

Regular Headcount	**2010**	**2011**
2011-15 Plan	10	15
2010-14 Plan	10	15
Plan over Plan Variance	0	0
Year over Year Variance		5

← Approval of 5 positions is required

All staffing approval requests will be presented to the Executive Committee for review and approval. In addition, all external hires must be approved by a senior executive.

c. Staffing Details by Representation and Skill Sets (Appendix A)

Asset Management and each LOB must complete the staffing details and skill set template in Appendix A. The staff numbers included in Appendix A are to be consistent with your business plan and the staffing approval requests (Appendix B). Explanations are required for plan over plan and year over year changes in staff levels.

SECTION 10
BUSINESS PLAN INSTRUCTIONS – ASSET PLAN DOCUMENTS (APDs)

Asset planning documents form the basis of the Hydro One work program and Asset plan. As in previous years, planners will be asked to complete APDs and enter them into HIPP. Asset Management will issue separate instructions that address the requirements for completion of the APDs.

For 2011-15 there will be an increased focus on review and analysis of the APDs. Each APD will be reviewed by a senior cross functional team. The purpose of the review will be to ensure that the APDs are of sufficient quality that they can be used to support future rate filings and that integration points and cross functional issues are identified. There will also be a review of resourcing requirements to ensure that each LOB is able to execute the work requirements identified in the APDs.

Similar to last year, APDs are to be priced in both Canadian GAAP and IFRS. Finance will issue updated standard rates in May. For additional guidance on IFRS please refer to Section 5.

Activity Description	Date
2011-15 business plan instructions issued	May 6
First draft APD submissions to HIPP	May 21
Asset Management completes APD risks review	May 28
Asset Management issues full asset plan for pricing	Jun 1
Second Draft APD submissions received	Jun 4
Finance updates APD submissions to current dollars	Jun 9
Senior review and feedback of Second Draft APDs completed	Jun 21
Third draft APDs updated. Final Pricing of all programs and projects in current dollars input into HIPP	Jun 30
Review of Asset plan and draft financials by Senior Management (like Sunnybrook)	Aug 4
Draft Asset Plan document submitted to Corporate Finance	Aug 20

All LOB APDs will be reviewed by Asset Management while CF&S APDs for BIT, Real Estate, Health, Safety and Environment and Corporate Security will be reviewed by Corporate Finance.

[redacted]

- [redacted]
- [redacted]
- [redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

APPENDIX A
STAFFING DETAILS & SKILL SETS

(for SUBSIDIARIES, ASSET MANAGEMENT & LOBs)

APPENDIX A: STAFFING DETAILS & SKILL SETS

Staffing levels are to be consistent with the current approved strategies. They must also be consistent with your business plan and staffing approval request (Appendix B). Explanations are required for plan over plan and year over year changes in staff levels.

Please use the accompanying Excel file to complete your staffing details and return the completed file to Corporate Finance along with your Business Plan.

Staffing Templates - Subs & LOBs.xls

APPENDIX B
STAFFING APPROVAL REQUEST

(For All Units)

STAFFING APPROVAL REQUEST
2011-15 Business Plan
HIRING FOR [unit name]

1. 2011 Hiring

Summary

	MCP	Society	PWU	Total
2011 Plan[1]				
Lower of 2010 Plan[2] or 2010 March Forecast				
2011 Plan higher/(lower) than 2010 Plan/Forecast	**0**	**0**	**0**	**0**

[1] Ties to 2011-15 business plan submission.
[2] Ties to 2010-14 business plan approved.

- This is a request for approval to hire # staff - # MCP, # Society, # PWU in 2011, to enable [UNIT NAME] to achieve the proposed staffing level in the above table.

- This request results in the overall staff level being consistent with/higher than/lower than the 2010 plan, with the new hires addressing requirements stemming from:
    - Changes in the work program [# OF NEW HIRES]
        - [INDICATE KEY PROGRAMS, PROJECTS AND INITIATIVES DRIVING CHANGE]
    - Succession planning [# OF NEW HIRES]
        - [INDICATE SKILL CATEGORIES DRIVING CHANGE]

- Indicate how company and departmental goals are met with this staff proposal.

- The overall staffing level being proposed assumes achievement of a [$XXX] work program for [UNIT NAME]. This regular staffing complement will be augmented by [MENTION STRATEGY RE NON-REGULAR STAFF/ EXTERNAL CONTRACTORS/ ETC.]
    - The new hires are derived from the known total staff level requirement and an estimated attrition rate. As such, the actual level of new hires (as well as skill categories and labour groups) may vary depending on how the attrition variable materializes.
    - [UNIT NAME] will need to manage the forecast uncertainty with regard to new hires and attrition. As such, to allow for some flexibility, it is being requested that accountability be focused on the overall staff level. [UNIT NAME] will need to manage within this overall staff level. Any action which may result in increasing the overall staff level will have to be brought forward again to the Executive Committee for approval.

Resourcing Strategy:

- Describe overall strategy.
    - % of work supported by regular/non-regular/outsourced staff
        - Identify factors driving this breakdown
        - Note areas being supported by each type
    - Identify # of new hires in above table relating to pre-hiring
        - Training assumptions for the pre-hires
        - Relate assumptions to historical experience

STAFFING APPROVAL REQUEST
2011-15 Business Plan
HIRING FOR [unit name]

- Describe how risk of not filling vacancies (i.e., skill shortage in industry) is being addressed
  - Identify skill categories where risk is of the greatest concern

- Provide brief rationale for new hires in each skill category.
  - Describe timing of new hires within the year.
  - Note the positions being hired for and the key functions of each position.

2. Overall Staff Level Comparisons

	2008	2009	2010[1]	2011	[redacted]
Per 2011-15 Business Plan					
Per 2010 Staffing Approval					
2011 higher/(lower) than 2010			-	-	

[1] 2011-15 Business Plan reflects 2010 year-end projection; 2010 Staffing Approval refl[redacted]

- If applicable, indicate extent to which proposed staffing plan reflects shifting of hiring #s across years from what had been approved.

APPENDIX C
WRITTEN BUSINESS PLAN REQUIREMENTS

APPENDIX C: WRITTEN BUSINESS PLAN REQUIREMENTS

a. Vision Statement

- Include a vision statement for your unit. A vision statement outlines what the organization wants to be, or how it wants the world in which it operates to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.
- The vision statement should be consistent with Hydro One Strategy

b. Mission Statement

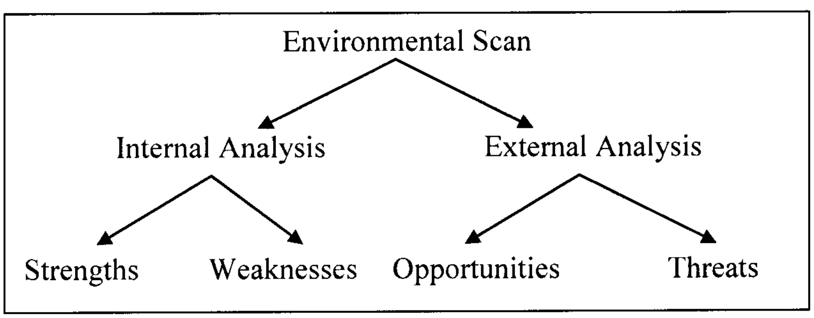
- Include a mission statement for your unit. A mission statement is a brief description of a company's fundamental purpose.

c. Overall Strategy

- Describe the strategy of your unit.
- Confirm whether the proposal is consistent with Hydro One Inc.'s strategic objectives (see section 3 of this document) and business objectives cascading from them (i.e. discuss subsidiary strategy and how it aligns with/support the Hydro One Inc. strategy and initiatives).
- Outline any material changes from last year's business plan. Discuss initiatives to meet the Hydro One goals as referred to in the Strategic Objectives.
- Indicate business plan highlights.
- Summarize any issues of note.

d. SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

- Prepare a SWOT analysis for your unit
- A description of each of the elements of a SWOT analysis is provided below.



Strengths

A unit's strengths are its resources and capabilities that can be used as a basis for competitive advantage. These attributes are within the organization and within its control. Examples of strengths include: strong brand names, low cost structure, good reputation with customers, highly skilled workforce, processes, stable balance sheet, strong credit rating proprietary processes etc...

Weaknesses

Internal factors within an organization's control that detract from the organization's ability to attain its strategic objectives. Examples of weaknesses include: high cost structure, poor customer reputation, staff turnover, inexperienced staff, supply chain, reliability of data, leadership, etc...

Opportunities

The external environment may provide new opportunities for profit and growth. Examples of opportunities include: technological innovations, competitor weakness, new markets, industry or lifestyle trends, partnerships, etc…

Threats

Threats are external factors beyond the organization's control that threaten achievement of the organization's objectives. Examples of threats include: emergence of substitute products, new regulations, competition, political change, public opposition to key projects, economy, etc…

e. Significant Assumptions and Interdependencies

- Discuss key assumptions and interdependencies for the business plan
- Ensure consistency with corporate assumptions

f. Risks

Your business plan submission should include an assessment of the major risks to achieving key initiatives and targets and how each key risk is being mitigated and the funding required to reduce the residual risk to an acceptable level. Note that the risk assessment should be compliant with the Hydro One Enterprise Risk Management Policy. Please seek advice or assistance from John Fraser, the Chief Risk Officer, as needed.

- Identify the top risks to meeting your business objectives
- Any other subsidiary-specific risks – other threats to achievement of your results
- For each key risk:
    - Briefly describe the risk
    - Briefly describe the current mitigation plan
    - Briefly describe new mitigation planned (if the risk is not tolerable), including:
    - Key sources of incremental funding (must be more specific than "non-critical work programs will be deferred")
    - Rate the combined magnitude and probability (very high to very low) after existing and planned mitigation is considered (if needed, seek advice from the Chief Risk Officer on this)
    - Any new risks created from the shifts in funding (with a rating of combined magnitude and probability)
    - Overall residual risk accepted and why (mitigation too costly, probability very small, etc.)

g. Productivity and Efficiency Initiatives

- Describe in detail the initiatives and how they support the overall work execution strategy.
- Discuss ongoing and new initiatives.
- Include cost savings to be achieved in each year of the business plan
- Note any significant changes compared to prior years.
- Describe how Cornerstone savings applicable to your unit will be achieved
- Bill Christie is responsible for value realization for Hydro One Networks and will collecting and validating all productivity initiatives.

h. Performance Measures & Targets

- Provide performance measures and targets for 2010 and 2011
- Identify any significant changes compared to prior years.
- Ensure congruency with Hydro One Strategic Objectives.

i. Resourcing strategy/staff levels (CF&S only – other units to use j.-Work Execution Strategy)

- Describe resourcing strategy for completing work program for your unit
- Staffing levels are to be consistent with the current approved strategies.
- Discuss how your unit plans to deal with staff demographics as well as changing work loads through the plan period
- A separate template will need to be completed for staffing approval requests (see Appendix B)
- **Describe work requirements related to Green Energy Act**

j. Work Execution Strategy (LOBs, Asset Management & Subsidiaries only)

- Indicate work program levels to be achieved (LOBs should match work program levels to the approved 2011-15 Asset Plan)
    - Identify the high priority work programs
    - **Identify projects that will support the Green Energy Act**
    - Identify significant changes from prior year's plan

- Identify any challenges/issues/limitations in doing work
    - Impact of carryovers
    - Availability of system outages to do work
    - Factors that are increasingly making execution of work more difficult (e.g. confined space regulations)

- Resourcing Plan
    - Highlights of the strategy
        - Internal vs. external hiring
        - Regular vs. non-regular staff requirements
            - The risks surrounding use of regular versus non-regular staff should also be discussed.
        - Outsourcing strategy
            - Identify type of work outsourced and the dollar amounts involved both historically and as projected
            - Describe progress to date relative to information previously presented to the Hydro One Board
            - Please complete the attached template in section o. below (if applicable) to identify any projects or significant portions of projects that are anticipated to be outsourced in 2011-15 Business Plan
        - Materials (shortages and lead times)
    - Resourcing requirements to complete the work identified
        - Please complete the staffing details and skill set template in Appendix A
        - Identify how gap is being addressed by strategy
        - Describe how corporate initiatives are being leveraged
        - Please complete the attached staffing approval request template in Appendix B (if applicable) for any new staff requests
    - Key assumptions
    - Key challenges/issues
        - Competition for internal resources
        - Skill areas where demand is greatest and actions required to attract qualified candidates
        - Succession planning
        - Resource gaps over time

k. Work Program Details & Direct Operating Costs (Asset Management and LOBs only)

Work program details are to be provided as a table in the business plan. The work program totals must match the approved Asset Plan and be submitted for both GAAP and IFRS. A copy of the template to be used for submission is provided below.

Expenditure Details Template - LOBs & As

A summary of direct operating costs is to be provided as a separate appendix for the total LOB. These should be consistent with the direct plans submitted in section 8 above.

l. Financial Results (Subsidiaries only)

- Discuss any plan-over-plan and year-over-year changes in the financial results. Highlight prioritized initiatives to meet the Hydro One Strategic Objectives.
- Discuss the impact of IFRS vs. GAAP on financial results for all the plan years.
- Brampton must separately identify ongoing CDM initiatives where applicable.
- Use the attached template to update financial results.

Financial Results Template - Subs.xls

m. Long Term Outlook (Subsidiaries only)

- [redacted]
- Discuss long-term strategic initiatives to enhance work plan execution (e.g. outsourcing)
- [redacted]

n. Outsourced Work (LOBs and Asset Management only)

Please use the accompanying Excel file to complete identify any projects or significant portions of projects that your LOB plans to outsource from 2011-15 and include the completed file as an appendix to your Business Plan.

Outsourced Work Template.xls

o. Health Safety & Environment Plan (LOBs and Asset Management only)

For the 2011-15 business plan all LOBs and Asset Management will be asked to develop a health, safety and environment (HSE) plan. The HSE plan must be linked to the overall corporate HSE objectives. It should also contain specific action items, accountabilities and target completion dates. A copy of the template to be used when developing your HSE plan is attached below. The HSE plans should be developed in conjunction with the HSE organization. Please contact your field HSE representative for assistance in preparing your HSE plan.

Network HSE BP Template.doc

Business Plan and 2011 Staffing Approved:

SIGNATURE BLOCK		
Prepared by:	**Title:**	**Date:**
Reviewed by:	**Title:**	**Date:**
	LOB/Subsidiary/CF&S Vice President	
Reviewed by:	**Title:**	**Date:**
	Corporate Controller	
Approved by:	**Title:**	**Date:**
	Executive Committee	

APPENDIX D
CF&S & DIRECT LOB TEMPLATE INSTRUCTIONS

APPENDIX D: CF&S and DIRECT LOB TEMPLATE INSTRUCTIONS

1) Summary and Analysis Tabs (to be completed and reviewed by BU leaders)

(a) OM&A Summary

(a) Shows a summary of OM&A expenditures for the current and prior business plan as well as plan over plan (POP) and year over year (YOY) variances in dollars a well as percentages. Labour is split between regular and non regular staff and non labour costs are listed by cost category.

(b) Also shows total headcount levels and the related POP and YOY variances.

(c) The tab is **automatically** updated by inputs from other tabs.

(b) OM&A Detailed Summary

- Shows a detailed summary of OM&A expenditures for the current and prior business plan as well as POP and YOY variances. Labour is split between regular and non regular staff with each category further split by representation. Non labour costs are listed by cost category.
- Also shows FTE and headcount levels by representation as well as the related POP and YOY variances.
- The tab is **automatically** updated by inputs from other tabs.

(c) Table 1 – Staff Details by Representation and Skills Sets

- Summary of headcount levels for the current business plan by representation and skills sets for both regular and non regular staff.
- **Use yellow cells to update** the following:
  - Skills sets by representation;
  - 2009 actual headcount and vacancies which add up to total approved positions by skills sets and representation. For non regular staff only actual headcount should be entered;
  - Retirements, transfers and new hires for subsequent years for regular staff. New hires should not include hires to fill vacancies from 2009; and
  - Changes in headcount for non regular staff. Unlike regular staff, all changes in headcount for non regular staff should be input under the change column as opposed to splitting them into retirements, transfers and new hires.
- All the other cells are automatically updated by inputs from other cells and tabs.

(d) Table 2 – Plan over Plan and Year over Year Labour Variances

- Shows total labour expenditures and headcount levels for both regular and non regular staff and the related POP and YOY variances.
- **Use yellow cells to update** the following:
  - Actuals for 2007 to 2009 for both expenditures and headcount; and
  - Variance explanations for both POP and YOY by year, with explanations clearly highlighting the drivers of changes in costs and headcount.
- All the other cells are automatically updated by inputs from other cells and tabs.

(e) Table 3 – Plan over Plan and Year over Year Non-Labour Variances

- Shows total non labour expenditures by cost category and the related POP and YOY variances.
- **Use yellow cells to update** the following:
  - Non labour actuals for the years 2007 to 2009; and
  - Variance explanations for both POP and YOY by year.
- All the other cells are automatically updated by inputs from other cells and tabs.

(f) Table 4 – Detail of Non-Labour Costs

- Shows details of non labour costs for the current business plan for consultants, contractors, general miscellaneous, courses and conferences and other.
- **Use yellow cells to identify** non labour details such as programs, projects, specific engagements, etc that make up the respective non labour costs.

(g) Table 5 – Communication Costs by Project (Corporate Communications only)

- Shows details of both internal and external communication costs by project for the current business plan, total communication costs for the prior business plan as well as POP and YOY variances.
- **To be completed by Corporate Communications only**.
- **Use yellow cells to update** the following:
  - Details of both internal and external communication costs by project for the current business plan including 2007 to 2009 actuals;
  - -Total communication costs for the prior business plan; and
  - - Variance explanations for both POP and YOY by year.
- All the other cells are automatically updated by inputs from other cells.

(h) Table 6 – Labour for GEA Projects (CF&S only)

- Shows the labour dollars for each CF&S unit that are to be charged to Green Energy Act projects.
- **Use yellow cells to input** a) the number of staff from your unit that are working on Green Energy Act projects; b) the estimated percentage of their time spent on Green Energy Act projects and c) the percentage of productive time for each employee (i.e. – actual time working – excludes vacation, sick time, training etc...)

(i) Table 7 – Rate Hearing Expenditures

- Shows details of rate hearing costs by activity type and type of application (Tx or Dx), for the current business plan. **This is to be used for incremental rate hearing costs only, such as studies (e.g. – cost allocation) required for the rate filing. The internal costs of staff working on the rate filing are not to be included in this table.**
- **Use yellow cells to provide** descriptions for hearing activities, type of application (Tx or Dx) and related costs.

2) Input Tabs

(a) Input – Non Labour

- Input tab for non labour costs.
- **Use blue cells to input** non labour costs by year, department and account.
- Amounts should be input in full dollars. e.g. $75k should be entered as $75,000.

(b) Input – Year End Headcount

- Input tab for year end headcount.
- **Use blue cells to input** year end headcount by year, department, representation and band. Separate input cells should be used for regular and non-regular staff.
- Total regular and non regular headcount levels entered on this tab should equal running year end headcounts in table 1.

(c) Input – FTE Levels

- Input tab for FTE levels which drive labour costing.

- **Use blue cells to input** FTEs by year, department, representation and band. Separate input cells should be used for regular and non-regular staff.
- Use fractions if necessary as numbers entered are subject to annualized assumptions e.g. summer student for 3 months (non regular) = 3/12 = **0.25** (time factor) **x 0.5** (salary factor for MP5) = **0.13**.
- **Use green cells to input** overtime and other allowances, power-flex and long-term incentive adjustments and adjustments to assumed annual salaries by representation. The amounts should be entered in full dollars.

3) Automatically Updated & Restricted Tabs

The following tabs are automatically updated by inputs from other tabs and **should not** be updated by end users:

- Consolidated Green sheet;
- Non Labour – Detail Summary;
- Summary by Department (A – J);
- Labour Inter Calc by department; and
- LCA Control.

APPENDIX E
CF&S ORGANIZATIONAL UNITS

APPENDIX E: CF&S ORGANIZATIONAL UNITS

HONI

- Corporate Services
  - Senior Vice - President
  - Human Resources - including Inergi sustainment costs
    - Directorate
    - Operations
    - Compensation & Benefits
    - Staffing & Leadership
  - Labour Relations
  - Service Management - excludes Inergi sustainment costs
  - Business Architecture
  - Enterprise Architecture and Information Systems
  - Power system IT
  - Corporate Security

- Finance
  - Corporate Controller - including Inergi sustainment costs
  - Taxation
  - Treasury (includes Claims & Insurance and Decision Support)

- Internal Audit & Risk Management

- General Counsel & Secretary (includes Law & Corporate Secretariat)

- Corporate & Regulatory Affairs
  - VP Corporate & Regulatory Affairs
  - Corporate Communications – including Internal, External, and General
  - Regulatory Affairs & Pricing Support
  - First Nations and Métis Relations
  - Facilities & Real Estate Services
  - Major Project Coordination and External Relations
  - Outsourcing Services
  - Supply Chain Services

- Health, Safety & Environment

HOI

- Chair
- General Counsel & Secretary
  - Board
  - VP Office
  - Corporate Secretariat
- President/CEO Office (including Donations)
- Treasury
- Chief Financial Officer (CFO)
- Pension Administration

APPENDIX F
INERGI SUSTAINMENT COSTS

(For CF&S)

APPENDIX F: INERGI SUSTAINMENT COSTS

Accountabilities

Networks Contract Management (Don McInnes) will coordinate the Inergi Sustainment costs business plan with specific inputs as follows and will be required in advance to ensure the Inergi Sustainment business plan is provided by **May 21, 2010** to Paul Zimba with a CC to Marc Villett and Debra Vines. Separate emails will be distributed with the planning template for Inergi Sustainment costs.

- CSO -David Adams
- Settlements -Graham Henderson
- Finance -Anjum Khan
- HR - Elisa Piserchia / Judy McKellar
- SMS -Jane Mock / George Carlton
- ETS -Christine Loube / JJ Blais

Details Required

As part of the updated submissions, the business units are to comment on plan-over-plan changes and year-over-year changes. The following details are required:

- Costs in the planning period – i.e. what services are being purchased;
- Changes in base line and reasons for the change: COLA, ARCs/RRCs, OPEB; Separation of Scope and Volume changes that are "approved" (approved change orders) and those that are “forecast” (discretionary);

APPENDIX G
LIST OF KEY CONTACTS FOR BUSINESS PLAN PROCESS

[redacted]

2011 Business Plan Instructions

E-Mail

2011 - 2015 Hydro One Business Plan Instructions
deb.vines
to:
m.darcey, n.mcqueen, wayne.smith, t.i.goldie, peter.gregg, john.fraser, joe.agostino, ralbert, paul.marchant, carmine.marcello, john.macnamara
06/05/2010 04:09 PM
Sent by:

Cc:
susan.e.frank, stevensr, don.mcinnes, david.curtis, steve.strome, judy.mckellar, chris.price, Vince.Alicandri, mike.penstone, george.carleton, g.rossini, mike.sheehan, m.morrissey.oryan, gary.gough, allan.cowan, mark.fukuzawa, a.suleman, d.hardy, Jane.Mock, ajay.puri, stan.but, rick.rhodes, jgribbon, tpaul, sue.rob, c.truax, una.oreilly, Dave.Farrell, christine.loube, ian.malpass, natalia.gaydukevych, brad.colden, Scot.Hutchinson, allan.david, lily.yee, laura.cooke, David.Adams, LeeAnne.Cameron, r.ens, peter.erdman, karen.newman, Nina.Cuyegkeng, marc.villett, Ryan.LEE, paul.fraser, p.mcmullen, Robert.Cultraro, Paul.Zimba, robert.berardi, deb.vines, brad.mavins, ian.malpass, Elisa.PISERCHIA, anne-marie.reilly, george.juhn, Bing.Young, jj.blais, Michael.Winters, lei.wang, doug.clare, bill.christie, kathleen.kerr, jason.macdermott, Mario.Mallozzi
Show Details

History: This message has been replied to and forwarded.

<<2011-15 Business Plan Instructions.doc>>

Please find attached the Business Planning instructions for 2011-15. The 2011-15 business planning instructions apply to all business units/departments and subsidiaries. Unlike last year we will not issue separate instructions for each phase of the process, with the exception of the APD process. Asset Management issued separate instructions on May 4 related to the input of APDs into HIPP. The business planning instructions have been divided into sections that are applicable to each phase of the process so that you only have to read the sections applicable to your unit.

In its recent decision on Hydro One's 2010/2011 Distribution rate application, the Ontario Energy Board (OEB) reduced our approved operations, maintenance and administration (OM&A) expense by $40 million in each year from our plan. They also reduced our Distribution capital expenditures by $48 million in 2010 and $43 million in 2011. [redacted] Consequently spending plans need to be developed consistent with this level of spend on an ongoing basis. The specific impact of the OEB's 2010/11 Distribution decision on individual departments and/or work programs is well underway. It is clear from the OEB's comments in their decision that they expect Hydro One to focus its spending priorities.

Therefore, given the current environment Hydro One faces it is important that all costs included in your 2011-15 business plan are necessary and supportable. All units will be asked to justify their 2011-15 planned expenditures and staffing levels and clearly explain any variances vs. previous year's actuals and plan. Justification of planned expenditures is required even if you are not requesting an increase vs. the 2010-14 plan. Additional direction on 2011-15 plan expenditure levels is provided in the business plan instructions document.

Key Changes for the 2011-15 Business Planning Cycle Include:

- November Board meeting to approve the Business Plan and Budget (An interim plan will not be presented in mid year)
- The work program will be priced for planning purposes in both Canadian GAAP and IFRS for 2011-15. This is necessary due to uncertainties regarding the outcome of the Rate Regulated Accounting exposure draft currently being reviewed by the International Accounting Standards Board
- Revised APD format
- Streamlined staffing templates
- Revised CF&S plan template
- Condensed timeframe (fewer iterations)

Key Dates

Date Day
21-May *Fri* CF&S costs (including Inergi sustainment), business plan write-ups, and staffing approval requests due to Corp Finance
CF&S Cost Allocation inputs due to Corporate Finance
First Draft APD submissions to HIPP
31-May *Mon* AM Direct business plan, Customer Care Support, Fleet, Network Operating, Customer Business Relations, Depreciation, external revenue and cost of sales, inventory plans due to Corporate Finance
14-Jun *Mon* Remotes and Telecom business plans and templates due to Corp Finance (incl. staffing approval requests)
21-Jun *Mon* Senior review and feedback of Second Draft APDs completed
22-Jun *Tue* **EC Review:** Remotes and Telecom business plans (incl. staffing approval requests)
29-Jun *Tue* **EC Review:** CF&S business plans, staffing approval requests and Inergi Sustainment
30-Jun *Wed* Third draft of APDs updated. Final "Pricing" of all Programs and Projects in current dollars input into HIPP.
4-Aug *Wed* Review of Asset Plan and draft financials by Senior Management (like Sunnybrook)
13-Aug *Fri* Draft LOB business plans and staffing requests submitted to Corporate Finance
20-Aug *Fri* Draft Asset Plan Document submitted to Corporate Finance
Draft Green Energy plan submitted to Corporate Finance
23-Aug *Mon* Asset Management to provide list of productivity initiatives for Networks
14-Sep

Tue **EC Review:** Asset Plan document, AM direct business plan, E&CS business plan and staffing approval requests
21-Sep *Tue* **EC Review:** Grid Operations and Customer Operations business plans and staffing approval requests
11-Nov *Thu* **H1 Board Approval:** 2011B and 2012/2013 Outlook
14-Dec *Tue* 2011 monthly budgets due to Corp Finance

2011 Submission to Board

Hydro One Brampton Networks Inc.
Submission to the Brampton Finance, Regulatory & Polic Committee

Date: May 26, 2010

Subject: 2011 Draft Business Plan and Financial Summary

Recommended and Approved for Submission to the Committee by:

[redacted]

Roger A. Albert
President and Chief Executive Officer

RECOMMENDATION:

That the Brampton Finance, Regulatory & Policy Committee reviews the 2011 Business Plan and Financial Summary and recommend for approval to the Board.

KEY HIGHLIGHTS

- The 2011 plan is based on IFRS accounting but the 2010 plan was based on GAAP.
- Plan-over-plan changes may seem quite significant in view of the comparison of GAAP numbers to IFRS numbers.
- We expect to meet the estimated regulated rate of return over the life of the plan.
- The growth over the planning period is expected to continue, albeit at a slower pace than recent years.
- The plan-over-plan capital expenditures increase primarily due to the accounting for capital contributions under IFRS as well as additional costs identified in the Asset Management Plan, which was derived from the Asset Condition Assessment. The increases are offset by a reduction to capital for disallowable costs under IFRS.
- OM&A increases are mainly due to the reduction of capital for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements.

EXECUTIVE SUMMARY

1. **Strategic Significance:** The 2011 Business Plan establishes Hydro One Brampton Networks Inc.'s corporate direction for the next five years consistent with the Board approved mission statement.

2. **Purpose and Cost:** This plan is consistent with Hydro One Inc.'s business planning model. The Plan enables management to execute specific programs and actions in order to meet the overall objectives of its shareholder. The specific targets included on the "Scorecard" for the year 2011 will also allow the Board of directors to assess management's performance in meeting these targets. Some of the highlights include:

   - We expect to meet the estimated regulated rate of return over the life of the plan.
   - Net Income plan-over-plan is expected to increase slightly under IFRS.
   - The growth over the planning period is expected to continue, albeit at a slower pace than recent years.
   - The Asset Management Plan, which was derived from the Asset Condition Assessment, indicates an increase in capital spending in the earlier years. Capital expenditures also increase due to the accounting of contributed capital. Under GAAP, capital expenditures were netted of contributed capital. Under IFRS, gross capital expenditures are included and capital contributions are listed as revenue. The increases to capital expenditures are offset by a reduction for disallowable costs under IFRS.
   - The 2011 Business Plan provides for the implementation of Smart Metering to all remaining commercial and industrial customers by the end of 2011.
   - OM&A increases substantially plan-over-plan mainly due to the reduction of capital expenditures for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements.
   - Staffing numbers will increase to address succession planning, to meet service quality expectations and reliability and to meet regulatory requirements for CDM, Green Energy Act and other regulations.
   - The plan assumes that we will maintain the frequency of outages at 2010 levels but that we will slowly improve the duration of outages and reduce momentary interruptions.

3. **Regulatory:** This plan is the foundation for the Company's 2011 cost of service rate application. All defined regulatory requirements are included in the plan (such as PCB legislation, smart metering, time-of-use billing) but new regulations or those not defined are not included.

4. **Risk Analysis:** A detailed description of the risks against the 2011 Business Plan is contained within the document submitted for approval. Impacts arising from the new *Green Energy and Green Economy Act* and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS) (such as the Exposure Draft) will be incorporated into the plan as more information becomes available.

Version "2" Distributed at Meeting

hydro one
Brampton

"DRAFT"

Hydro One Brampton Networks Inc.

IFRS Business Plan,

Financial Summary and

Staffing Request

2011-2015

Submitted to the Finance Regulatory and Policy Committee for review May 26, 2010

Vision

The Vision for Hydro One Brampton is to be the leading electricity delivery company in Ontario.

Mission

The Company's Mission is to improve shareholder value by achieving the regulated return while supplying safe and reliable distribution of electricity to our customers and continuing to accommodate new development within our franchise area.

Strategy

Our strategy is to continue to improve our operations with reliability and employee safety of foremost importance. The current plan continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies such as Outage Management System (OMS), Automated Meter Reading (AMR) and Smart Metering (SM). As Hydro One Brampton's customer base continues to grow, efficiencies will be realized that will help mitigate the pressure of rising costs and as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company will continue to invest capital to accommodate future growth and maintain reliability of existing plant.

The draft report card outlining our proposed key performance measures and targets are attached as Appendix "B".

The 2011 Business Plan provides for the continued implementation of Smart Metering technologies to all remaining commercial and industrial customers currently metered with demand meters by the end of 2011. This represents $1.1M in capital expenditures in 2011. All expenditures associated with Smart Metering are expected to be recovered through incremental rates over the planning period and additions to the rate base in 2011.

In 2010 Hydro One Brampton will begin evaluating the Mobile Workforce Management module through a pilot installation. This module will allow simplified issuing and tracking of work and the crews assigned to complete tasks. The results of this evaluation will determine if we will proceed with a company-wide implementation in 2011.

In 2011, Hydro One Brampton will begin the evaluating of an Enterprise Content Management solution. This solution will provide a consistent platform for all document storage and retrieval. These are just a few examples that will leverage this platform: purchase order processing, invoicing, engineering project management, bill processing, regulatory compliance, and financial reporting.

Rates for the 2011 year will be determined using a cost of service rate application based on Chapter 2 of the Ontario Energy Board's filing requirements, re-issued May 27, 2009.

Hydro One Brampton submitted its 2010 rate application in November 2009 for rate adjustments effective May1, 2010. The OEB decision on HOBNI 2010 rates was received on April, 13. Essentially all of the items included in the rate application were approved. Overall revenue requirement will be lower by 1.8% primarily due to changes in tax rates and productivity improvements. In addition, customers will see a further reduction to rates as a result of approval of a rate rider to dispose of Group one regulatory balances of approximately $8.8M, over a two year period.

This plan is consistent with the Hydro One strategic objectives:

- Creating an injury-free workplace and maintaining public safety.
- Satisfying our customers
- Focusing on continuous innovation to ensure a modern, flexible and smart electricity grid.
- Building and maintaining reliable cost-effective transmission and distribution systems.
- Protecting and sustaining the environment for future generations.
- Developing critical skills and knowledge retention in the face of demographic change.
- Maintaining a commercial culture that increases value for our shareholder
- Achieving productivity improvements and cost-effectiveness.

Hydro One Brampton has one of the industry's best safety records and in the first quarter of 2010 we reached over 1.25 million hours worked without a lost time injury. As we move forward we will continue to focus on reducing the number of incidents and medical aids while searching for new innovative approaches to keep safety in the forefront. Hydro One Brampton will also recognize the successes achieved in the safety program.

The Company will continue to strive for improved customer relations and increase customer contacts by senior management. A customer survey was completed in 2009 which confirmed positive customer opinions of the service levels provided at Hydro One Brampton. To maintain continued focus in this area, customer satisfaction has been added as a scorecard measure in 2010 and another customer survey will be conducted in 2010 to monitor that these levels of performance are being maintained at or above the current levels. The Company is proud of these achievements and is committed to maintaining and improving customer service levels and reliability and will measure the results against other LDCs in the industry. The Company will continue to focus on staff development and training throughout the planning period. Hydro One Brampton is committed to continual Health & Safety Training and skills upgrade for all of its employees.

The Company is proud to support its employees in their involvement in community activities and encourage them to be ambassadors of Hydro One Brampton through participation in the School Electrical Safety Education Program, United Way, various other charities, the EDA and the Brampton Board of Trade.

Frequent changes continue to impact on the industry, including the new *Green Energy and Green Economy Act* (GEA) and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS). Estimated impacts are incorporated into the plan. Improved communication with the introduction of electronic bill delivery will further enhance the solid working relationships with customers.

Distribution revenues will improve over the planning period as the result of additions to the rate base and modest customer growth.

There is an on-going mandate to manage growth, to meet customer expectations and focus on improvement in service reliability. The emphasis for improvement here will be to accommodate new customer connections and to support customers' embedded generation requests, as they arise, and to facilitate these connections to the system in a safe and expedient manner.

Hydro One Brampton will continue to work closely with the OEB and support the government's initiatives on industry issues. The Company will continue to be cost effective compared to other LDCs and will confirm this by monitoring its performance through ongoing benchmarking of key indicators.

OM&A increases are driven by an increase in meter reading costs associated with Smart Metering, labour costs and regulatory activities noted below. Other drivers for the increase in 2011 include the inflationary impacts of cost inputs, the addition of nine staff, PCB remediation, increased asset removal costs, additional preventative maintenance costs and the GEA. Hydro One Brampton is currently one of the lowest cost utilities in the province. This has been accomplished by contracting out when there is an economic benefit to be derived and by negotiating favourable collective agreements over a number of years. A focus on cost control is achieved through continuous improvement of management systems, reporting and monitoring of productivity. OM&A under IFRS will be higher than GAAP OM&A due to the reclassification of disallowable costs otherwise included in capital.

The current projection for 2010 is reflected in the business plan. The current 2010 projection reflects higher net income than 2010 Canadian GAAP plan due to IFRS-related adjustments. The adjustments are primarily the reduction in depreciation for changes in useful lives of assets, partially offset by the increase to OM&A due to the reduction to capital for disallowable costs.

PLAN HIGHLIGHTS

Growth

Residential development within the City of Brampton continues to expand albeit at a slower pace than recent years. The 2011 business plan includes a customer growth rate of 1.1% reflective of the current economic downturn. New residential customer connections in 2011 are expected to be approximately 1,450. The expected energy sales relative to the customer growth rate reflect primarily residential customer growth and relatively little commercial and industrial customer growth. Other non-quantifiable influences such as sub-metering and provincial and regional planning for intensification are not impactful in the near term and therefore not specifically incorporated into this plan.

[redacted]

Labour Agreements

The current labour agreements extend through to March 31, 2011. There is no provision for inflationary adjustments to employee wages.

Rebuild Costs

Hydro One Brampton will continue to monitor the age and reliability of all its plant to optimize the existing in-service life of its system and determine the priority of future rehabilitation projects. The Company is continuing with 13.8 kV "main feeder" cable replacements in the Bramalea area. This will be followed by the replacement of distribution cables to improve the reliability of service to customers.

Operations and Reliability

In 2011, Hydro One Brampton will continue to expand the automation available in the Outage Management System (OMS) through the development of new applications designed to eliminate all manual processes in the Control Room. Included in this initiative are plans to further integrate the OMS with a new Integrated Voice Response system and to complete the interface with Advanced Meter Infrastructure (AMI) that was started in 2009. These initiatives support Hydro One Brampton's strategic goal to continually improve the reporting and operating capabilities of the OMS system.

In 2009, Hydro One Brampton completed two major projects; an Asset Condition Assessment (ACA) of all our primary distribution equipment and the development of an Asset Management Plan (AMP) for the utility. The AMP was used to support the capital program included in the Business Plan.

In 2010, the Company completed a five year loading study on the 13.8 kV system originating from four transformer stations namely MS19, 20, 21 and 22 all of which are located on the east side of the City of Brampton. The study was based on the risks associated with the loss of a transformer at any one of the stations and the resulting contingencies. The health issues of these same transformers was also taken into consideration as part of this study as they were all reported in the ACA as being in either "very poor" or "poor" condition. As a result of this report and the findings of the ACA report, Hydro One Brampton has developed a replacement strategy to replace the aging power transformers at MS19, 20 and 21 [redacted] The transformers at MS22 do not need immediate replacement but will be monitored/tested closely [redacted] for any signs of accelerated degradation.

The Company will complete the PCB Oil Testing program on all overhead transformers in 2010 in compliance with the *Canadian Environmental Protection Act*. Contaminated transformers will be replaced over the next fifteen years as required under the Act.

As part of the Province's "Green Energy" initiative, the Company will be working cooperatively with Hydro One Networks towards the OMS/AMI integration as part of the "Smart Grid" initiative. The scope of this work is still to be defined therefore a detailed cash flow has yet to be determined. However, it is expected that the costs associated with this integration will be minimal and as such, will be covered under the yearly budget for software upgrades to our existing OMS system.

Smart Metering

Hydro One Brampton's Smart Metering Plan is consistent with Hydro One Network's and is intended to meet the requirements of the Ministry of Energy. The government's directive required the implementation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide time-of-use billing or other possible pricing plans. Hydro One Brampton plans to extend this program in 2011 to all commercial and industrial customers that are not currently interval metered or smart metered. This will facilitate a fully automated meter reading system. In addition, it will provide all customers access to their hourly consumption data.

Hydro One Brampton will be seeking disposition of all smart metering costs up to and including 2009 expenditures in its 2011 cost of service rate application. All Smart Meter costs, associated with this time frame, will become part of the rate base and revenue requirement thereby included in the base distribution rates. A Smart Meter funding adder will be required beyond 2010 to fund 2010 smart metering investments.

PLANNED RESULTS

		Version	2010	2011	
Net Income	**(M$)**	2011 IFRS	14.3	13.3	[redacted]
		2010 Plan	11.6	12.7	
Plan over plan difference			2.7	0.6	
Regulatory ROE (%)		2011 IFRS	8.30	9.85	
		2010 Plan	9.06	9.55	
Plan over plan difference			(0.76)	0.30	
Capital Expenditures (M$)		2011 IFRS	32.5	26.7	
		2010 Plan	36.7	21.9	
Plan over plan difference			(4.2)	4.8	
OM&A	**(M$)**	2011 IFRS	23.7	25.4	
		2010 Plan	19.9	20.9	
Plan over plan difference			3.8	4.5	

Material Variance Analysis

Plan net income for 2011 compared to the 2010 plan reflects the transition to IFRS. Under IFRS, depreciation expense is reduced by changes in the useful lives of assets and OM&A is increased due to the reduction of capital for disallowable costs. The overall effect of these changes is an increase in plan net income. Plan net income for 2011 compared to the 2010 plan reflects continued cost control and revisions to tariff revenues as a result of the additions to rate base and a higher projected ROE. As a result the plan reflects stable new customer connections, economic contraction impacts and CDM related reductions in consumption.

Based on the 2011 rate application currently being prepared, Hydro One Brampton customers can expect an increase of 6.43% on the distribution portion of their bill. This represents an increase of approximately 2.05% of total bill. The total revenue requirement is approximately $58.8M for distribution services in 2010. In 2011, this will rise to $62.6M. Please note that these numbers are based on an overall distribution revenue increase of $5.1M offset by an increase in various regulatory liability rate adders of $1.3.

Capital expenditures in 2011 will increase plan-over-plan to reflect the implementation of the AMP developed from the findings in the ACA, partially offset by a reduction to capital for disallowable costs.

OM&A changes are mainly related to meter reading, changes in work force requirements, regulatory compliance requirements and the timing of underground and overhead maintenance inspection work.

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.

LABOUR STRATEGY AND STAFF LEVELS

Staff levels will increase in 2011. Continued customer growth will require additional staff in Human Resources, Engineering, Lines and Customer Service. These additions to staff are to address succession planning and to meet service quality expectations and maintain acceptable levels of reliability. There are an expected number of retirements throughout the planning period, and this will present an opportunity for continued activity in apprenticeship programs. These programs were very successful in the past and are expected to continue throughout the planning period.

In a typical year, it is expected that about eight terminations, resignations or retirements will occur and this trend is expected to continue in future years.

		Projected 2010	2011	
Regular staff headcount:				[redacted]
Beginning Year Staff		204	218	
Vacant positions carried forward		10	-	
Annual Regular Staff Attrition		(8)	(8)	
Annual New Hires –	**Replacements**	8	7	
	New positions	4	7	
	Total (Year End Staff)	218	224	
Regular Staff	2011 Plan	218	224	
(headcount)	2010 Plan	218	221	
	Difference	-	3	

SIGNIFICANT ASSUMPTIONS AND INTERDEPENDENCIES

The regulated ROE was increased to 9.85% in 2010 based on the Ontario Energy Board's December 11, 2009 *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities.*

This plan incorporates the costing assumptions as outlined in the corporate guidance as applicable to the Company. No adjustment has been made in this plan for the potential impacts of the harmonization of the Ontario Retail Sales Tax and the Federal Goods and Services Tax. To the extent that differences can be tracked, these will be recorded in a variance account of which 50% will be shared with consumers, consistent with the recent decision on the Company's 2010 rate filing.

RISKS TO PLAN AND MITIGATION STRATEGIES

Regulatory/Political Change

There are several considerations with respect to the regulatory and political environment. The following risks may impact this plan:

- There are a number of new/current regulatory, legislative and compliance requirements including the approval of the 2011 rate application, introduction of Time-Of-Use pricing, Smart Grid and the GEA which may in aggregate generate upward cost pressures on OM&A.

- The GEA was introduced by the Province in early 2009. Hydro One Brampton is aware of the requirements to accommodate renewable generation a connection. What remains unclear at this time is the level of customer participation and the mechanism to be used for regulatory treatment and recovery of these "Green Energy" costs. As a result, Hydro One Brampton has added $0.9M to Capital in the business plan for anticipated costs for potential green initiatives.

- A "memo" account was established by the OEB to track and record variances that result from the difference between the OEB approved PILs amount and the actual billings that relate to the recovery of PILs for the years 2001 to 2006. The OEB also provided a mechanism to make annual adjustments for variances between estimated liabilities resulting from the OEB approved PILs methodology and actual tax liabilities.

  The OEB has indicated that the accounting for these differences has been inconsistent and further analysis of these amounts is required prior to any disposition decision, which is expected before the Company's 2011 rate application is filed. With interest, this amount will increase to approximately $2.8M by January 2011. Assuming that there are no changes to this account associated with the OEB's review process, disposition of this account over a three year period could have an annual impact of approximately $0.9M in reduced distribution revenue from January 2011 to December 2013.

- With the added focus on conservation and demand management, LDCs may continue to experience decreases in consumption, which could lead to reduction in revenues. The current plan provides for an estimate for reduction in consumption. Future rate adjustments will be based on a forward test year, which will provide for changes associated with CDM impacts.

- Currently the OEB has not formally addressed how Smart Metering stranded costs are to be recovered. These costs will be included in the 2011 rate application for disposition and have been included in the Plan. In this plan, we have assumed that these costs will remain in fixed assets and be amortized over the remaining useful life.

- Further rationalization of the distribution sector could have positive or negative impacts on the future operating results. The government has suspended the transfer tax on the sale of electricity assets between publicly owned utilities in Ontario indefinitely.

- The introduction of time-of-use rates combined with the implementation of HST for residential customers carries a high risk of negative customer reactions. This could be felt in escalated call volumes to our contact centre, as well as negative media attention. In the Plan period we will develop and implement a customer communication plan concerning time-of-use rates and HST to aid in the mitigation of this risk.

- A risk still continues as a result of the recent economic downturn to our customer revenue base, as well as increased bad debts due to customer defaults. Hydro One Brampton is closely monitoring larger accounts to mitigate the impact of this risk on the financial results.

- A key factor in this business plan is the assumed 1.1% increase in customer additions and a 10% tariff increase. If there are any further downward trends in economic conditions, such as reduced GDP growth or increased inflation and interest rates, our customer growth rate will be unfavourably impacted. For instance, decreased economic activity would likely have a renewed dampening effect on the residential housing market and slow down subdivision development and new customer growth rates. Hydro One Brampton has the ability to adjust its workforce for changes in workload by utilizing contractors.

Operational Risks

- Hydro One Brampton has a risk related to in-service PCB contaminated oil-filled equipment. Due to continuing conversion projects over the last number of years a large number of contaminated units have been removed from service. Hydro One Brampton has determined the locations of remaining in-service units and is actively working on a remedial testing and phase-out plan consistent with current legislation. There is a risk that the number of contaminated transformers may be higher than anticipated which could have a major material impact on capital and maintenance budgets.

- Employee demographics are similar to the rest of Hydro One. Approximately 42% of staff are 50 years old or over and may be eligible to retire in the next five years. The average age of all employees is in the mid 40's. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. The Company has developed a succession plan for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

- Changes in weather contribute significantly to reliability, OM&A and revenues. While the plan provides for a normal level of storm activity and the Company's system is designed to standards that meet a high level of reliability, abnormal storm activity could materially affect restoration of the distribution system. To address these abnormal activities, there are existing emergency plans and mutual aid agreements in place with several neighbouring utilities which could be activated in a timely manner if necessary.

- The ACA identified several power transformers that require replacement in the next five years. While there are replacement plans in place over this period, should any of these transformers fail prior to replacement, extended outages could occur and have a negative impact on reliability.

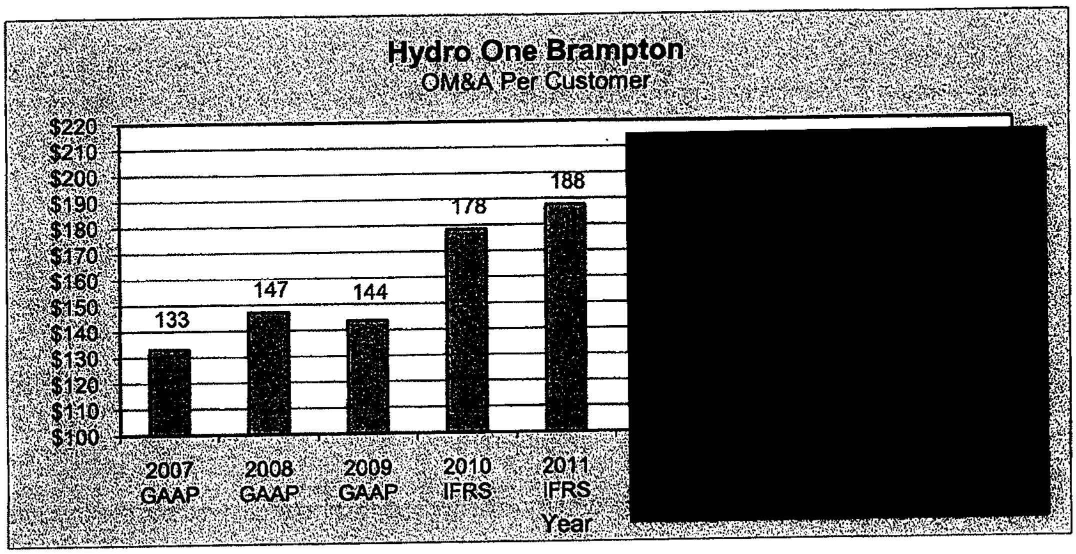
- There is an operational risk should there be a loss of a transformer at HOBNI's Jim Yarrow TS during summer peaks. A system loading report conducted by the Planning and Standards department in 2009 indicates that due to the loading forecast and lack of available capacity at the adjoining stations, a spare 27.6 kV transformer will be required before the summer peak of 2012. Engineering and Operations are currently investigating alternative plans to mitigate this risk which must be implemented in 2011.

- Hydro One Brampton's assets are widely distributed throughout our community and as such there is always a risk to public safety. We have a robust Public Safety program which includes safety programs through schools, participation in community programs such as "safe city" and various emergency preparedness exercises, "call before you dig" communication programs, and education programs for civilian emergency responders.

- A Pandemic could have serious impacts on the operation of the business and reliability of supply. Hydro One Brampton's Pandemic Plan was developed and tested to mitigate the impact of this risk.

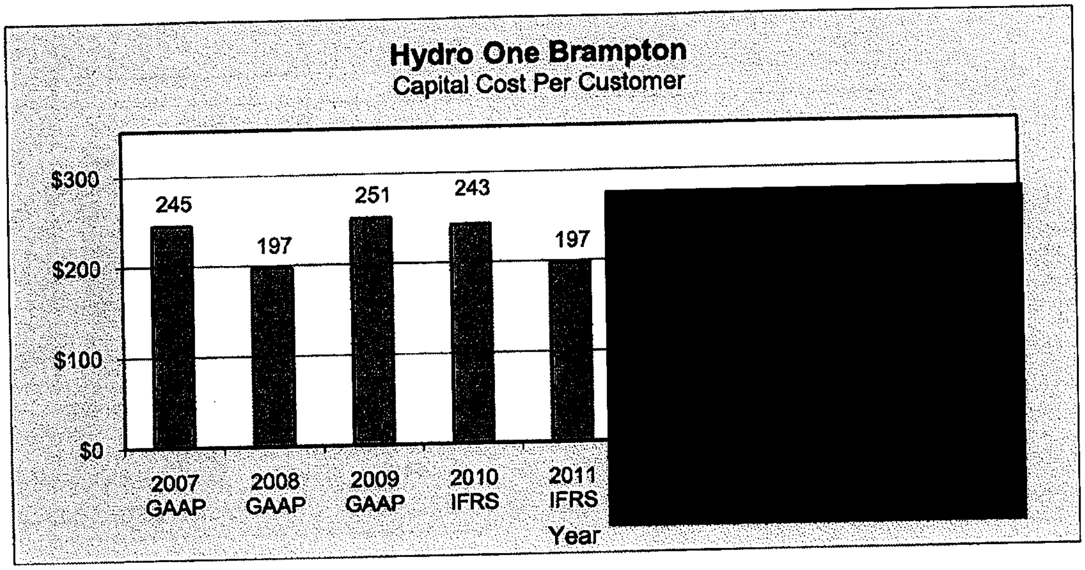
KEY SUPPLEMENTARY DATA
(Note years prior to 2010 use Canadian GAAP figures)

The following graph depicts controllable cost per customer. OM&A will increase at a fairly constant rate, driven mainly by labour costs and anticipated economic adjustments to materials and supplies. OM&A per customer will stabilize/rise slightly after 2011 due to increases in OM&A offset by continued customer growth. Based on the latest information, Hydro One Brampton has one of the lowest OM&A cost per customer in the industry. Hydro One Brampton has the lowest costs in its peer grouping. Hydro One Brampton was 24% lower than the average LDC in its respective peer group.



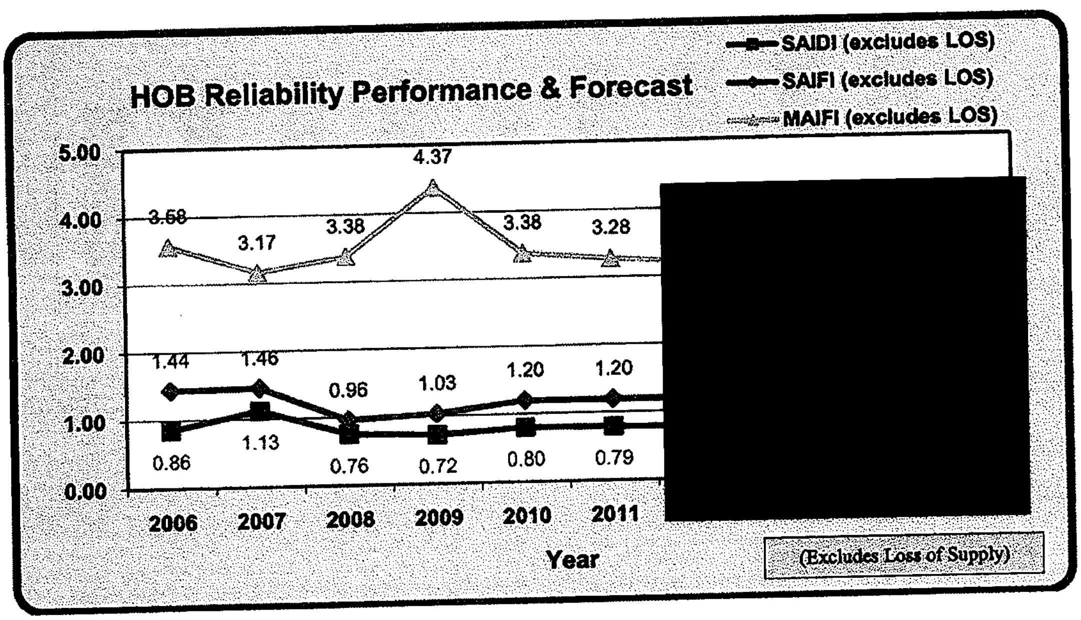
Note: Includes capital tax*

For the years 2008 through 2010 inclusive, Hydro One Brampton will incur higher than normal levels of capital expenditures mainly due to Smart Metering, capital contributions towards the construction of new T.S.'s and IESO requirement for wholesale metering upgrades.



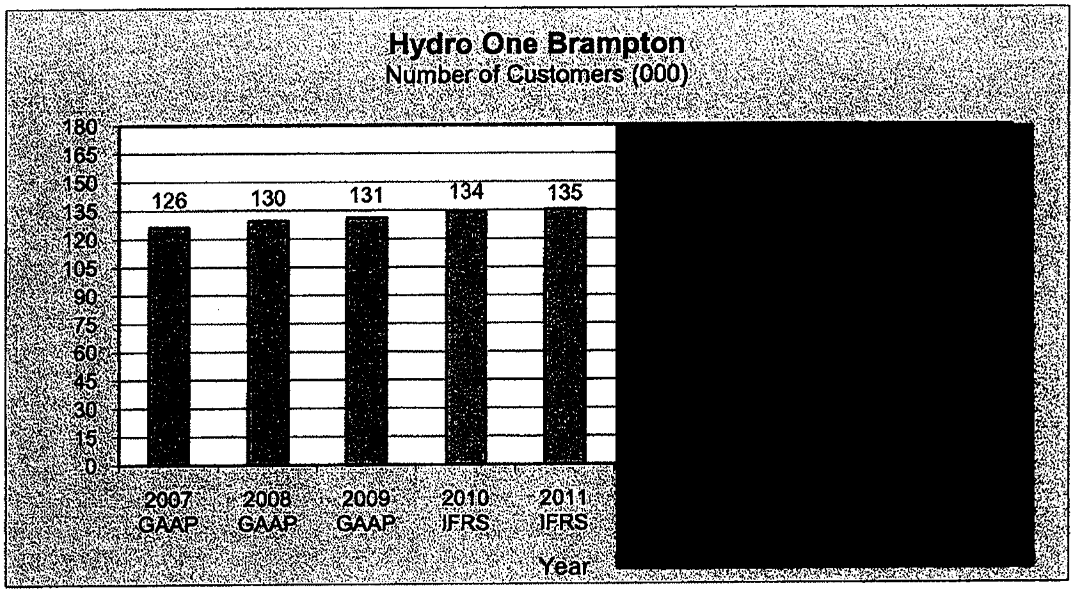
[redacted]

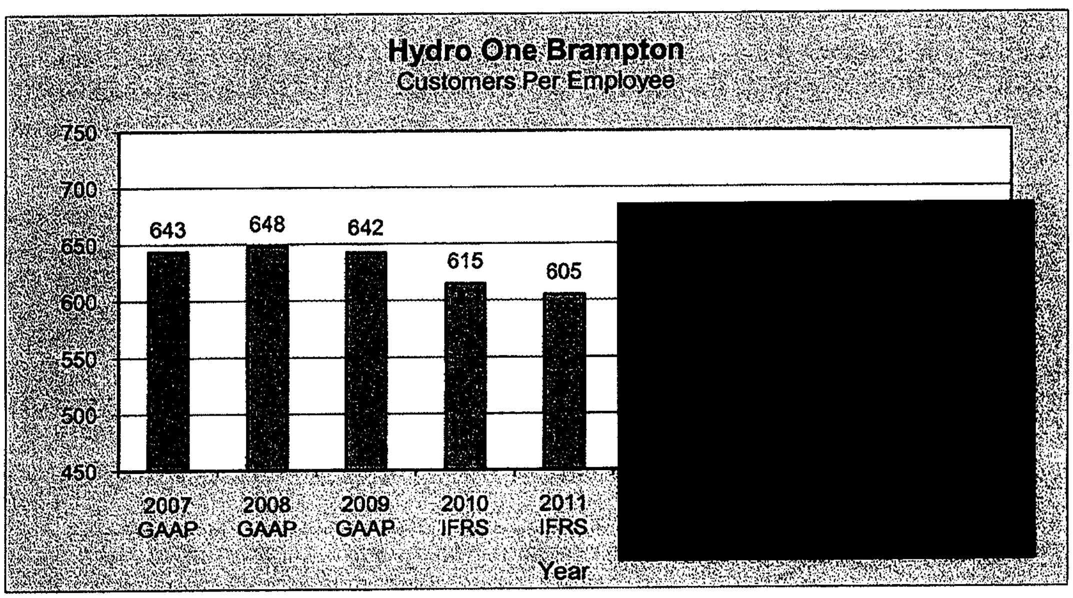
The System Average Interruption Frequency Index (SAIFI), the System Average Interruption Duration Index (SAIDI) and Momentary Average Interruption Frequency Index (MAIFI) are graphically depicted below. Efforts will be focused on reducing the length of outages (thereby improving SAIDI) by introducing procedures, monitoring equipment and the implementation of the Outage Management System (OMS).



[redacted]

While the number of customers is increasing, the number of employees will increase at a lower rate. Continued growth will increase workloads resulting in staffing pressures and accordingly moderate increases in staff are planned.





APPENDIX "A"

Productivity Initiatives

Cost Containment/Efficiency Gains

- In order to increase recoveries of accounts sent for collection, Hydro One Brampton is undertaking an opportunity to have the ability to re-assign accounts sent initially to a credit and collection agency to an alternative second credit and collection agency.

- With the introduction of Smart Meters we will be changing our existing process of producing paper based meter reading edits to on-line edits for Customer Service Representatives to review. This process will provide an enhanced level of editing which will allow for expedited resolutions to meter reading issues and thereby further reduce the number of bills requiring cancellation and rebilling.

- Enterprise Content Management is a set of tools that will enable the organization to store, index and retrieve any computer object within a single domain, whether it be a word, excel, PowerPoint document, email, voice recording or engineering drawing. It will also have the ability to have collaborative tools whereby users can share information and have results and ideas tracked. Savings would be achieved in man hours saved in the retrieval of all documents pertaining to one job, work order, purchase, etc. A user would no longer have to go to several areas to get all the information. A more timely decision could also be made based on having all the documentation in one place. Additional savings will be achieved with the implementation of collaborative tools which will allow users to share and track ideas based on any project. Meetings can take place on-line with immediate storage.

- The Company is going to re-evaluate requirements to complete external Public Utilities Coordinating Committee (PUCC) requests. The anticipated process improvement will result in a reduction in time spent in processing PUCC requests. This process improvement will help contain costs.

- Hydro One Brampton will evaluate a new Mobile Workforce Management system in the Substations and P&C departments which is designed to allow for simplified issuing of work to field crews aimed at improving customer response time. The result of this evaluation will determine whether we proceed with an implementation in others areas of the utility.

Green Energy Initiatives

These initiatives represent Hydro One Brampton's plan to bring itself into alignment with the Province's "Green" initiative:

- Establish contacts with the City of Brampton and the Region of Peel to create a collaborative working relationship specifically focused on facilitating "Green" projects.

- The Company is considering the purchase of more environmentally friendly and energy efficient vehicles such as hybrids in the interest of minimizing its environmental impact and carbon footprint.

- Smart Grid with Hydro One Networks - Hydro One Brampton is going to work towards integration of OMS and AMR and monitor progress made by Hydro One Networks as part of their Smart Grid initiative.

- To remove all PCB contaminated equipment - As a requirement to meet PCB free equipment, the Company has commenced in 2008 a program to manage the testing, destruction and disposal of all PCB's found in its transformer equipment.

APPENDIX B
2011 Score Card

Strategic Objective		Performance Measure	Target
Financial	Increase Shareholder Value[1]	Net Income after Tax ($M)	IFRS $13.3 GAAP $12.5
		Controllable Cost Index *(OM&A actual / OM&A budget)*	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Indices *(% of measures meeting target)*	8 of 9 indicators met
		Reliability Indices *(# of measures meeting target SAIDI, SAIFI & MAIFI)*	3 of 3 indicators met
	Satisfying our customers	Customer satisfaction *(% satisfied)*	≥90%
Business Excellence	Achieve Operational Excellence[1]	Work Program Achievement *(% of projects under the control of HOB completed within budget)*	≥90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety *(Lost-time injuries)*	0
		Employee safety *(Medical aids – WSIB accepted)*	6
	Achieve Environmental Excellence	Connect FIT and MICROFIT applications as per OPA requirements	(100% of applications processed within OPA requirements)
		Meet OPA CDM targets (if any)	100%

[1] *A variance from plan of + or – 5% is considered on plan*

2010 Score Card

Strategic Objective		Performance Measures	Target
Financial	Increase Shareholder Value	Net Income after Tax ($M)	IFRS $14.3 GAAP $10.4
		Controllable Cost Index ($OM\&A_{actual} / OM\&A_{budget}$)	$\leq$ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Index (# of measures meeting targets)	8 of 9 indicators met
		Reliability Index (meet both SAIDI & SAIFI targets)	SAIDI $\leq$ 0.81 SAIFI $\leq$ 1.35
Business Excellence	Achieve Operational Excellence	Work Program Achievement (% of projects under the control of HOB completed within the total budget)	$\geq$90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety (Lost-time injuries)	0

APPENDIX C
SWOT Analysis

Strengths
- Growth
- Experienced staff
- Highly motivated management team
- Robust asset base (over half assets are less than 20 years old)
- One of the most efficient LDC's in Ontario
- Ranked high in the PEG report for efficiency
- Well positioned for future growth
- Good reliability focused
- 95% satisfaction on recent customer survey
- Excellent safety record and program

Weaknesses
- Aging work force
  - 41% of all employees over 50 years of age
  - 45 % of management over 50 years of age
- One of the lowest staffed utilities in the province
- Have not replaced experienced staff prior to retirement
- Difficulty in attracting qualified employees
- Information Technology systems are custom and qualified people difficult to attract
- Implementation of new technologies and procedures have not been kept current due to short staffing issues
- Inconsistent level of documentation of processes across the organization

Opportunities
- "Green the fleet" plan being developed
- Good load and customer growth potential
- Changing workforce presents opportunity to explore new ideas
- More opportunities to share Co op apprentice programs
- GEA/CDM provides opportunity to increase customer contact
- Journey to Zero
- Growth in franchise territory

Threats
- Expiration of Collective Agreements March 31, 2011 with mandate of zero percent adjustment creates inequitable comparison with neighbouring utilities
- Added regulatory and compliance burdens could negatively impact our staff
- Economic conditions – loss of large customers, interest rates increases, slowdown in customer growth
- Sabotage of equipment or theft of equipment
- Pandemic
- Adverse weather conditions

1. 2010 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2010 Projection[1] (a)	59	116	43	218
2010 Plan[2] (b)	58	116	44	218
Additional Approval[3] (c)	0	0	0	0
2010 Approved (d=b + c)	58	116	44	218
2010 Projection higher/(lower) than 2010 Approved (a-d)	**1**	**0**	**(1)**	**0**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010-14 BP approved.
[3] Additional positions already approved by the EC after the 2010-14 BP approval. For any positions already approved by the EC that are above the 2010-14 business plan levels please provide a brief description of the details of approval (i.e. – date of EC approval, description and number of positions approved) in the written section below.

This results in the overall staff level being equal to the 2010 Approved.

2. 2011 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Approved[2]	58	116	44	218
2011 Budget higher/(lower) than 2010 Approved	**3**	**2**	**1**	**6**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010 Approved per 2010 Hiring Table in section 1 above.

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Projection[2]	59	116	43	218
2011 Budget higher/(lower) than 2010 Projection	**2**	**2**	**2**	**6**

- This is a request for approval to hire 7 staff - 4 MGMT, 3 CAW, and 2 IBEW in 2011, to enable Hydro One Brampton to achieve the proposed staffing level in the above table. One anticipated retirement in 2011 will not be replaced.
- This request results in the overall staff level being higher than the 2010 Projection.

Resourcing Strategy:

- The overall strategy for Hydro One Brampton is:
  1. Demographics and succession planning related with the aging of current existing staffing. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified and plans are being developed for mitigating this risk. The Company has developed a succession plan

for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

2. Support for the Asset Management Program

The importance of filling these positions is the maintenance and strengthening of our operational capability.

- The new hires are derived from the known total staff level requirement and an estimated attrition rate. As such, the actual level of new hires (as well as skill categories and labour groups) may vary depending on how the attrition variable materializes.
- Hydro One Brampton will need to manage the forecast uncertainty with regard to new hires and attrition. As such, to allow for some flexibility, it is being requested that accountability be focused on the overall staff level. Hydro One Brampton will need to manage within this overall staff level. Any action which may result in increasing the overall staff level will have to be brought forward again to the Executive Committee for approval.
- This is a request for approval to hire 7 staff - 3 Management (1 Manager, 1 Project Engineer and 1 Health Safety and Environment Coordinator), 2 CAW (1 Apprentice Linesperson and 1 CDM Representative), and 2 IBEW (1 Customer Service Rep and 1 Credit Representative) in 2011, to enable Brampton to achieve the proposed staffing level in the above table.

Human Resource Manager (1 position)	**Duties** • Negotiations • Human resources functions and labour relations **Justification** • Bill 168 • Succession planning (combination of HR and HSE)

Project Engineer (1 position)	**Duties** • Accountable for the certification of Engineering, Technical Service and other department construction projects in a timely manner as required by Ontario Regulation 22/04. This will include deviation of approval for construction projects and the construction verification process. • Accountable for special projects as assigned to provide technical input in the form of design, review or implementation. **Justification** • Supports succession plan • Supports the GEA

Health Safety and	**Duties**

Environment Coordinator (1 position)	• Ensures that the HSE department continues to be capable of adequately supporting ongoing HSE initiatives. • Journey to zero initiatives **Justification** • Succession plan to accommodate two possible retirements in the next two or three years

Apprentice Lineperson (1 position)	**Duties** • Maintenance and construction of overhead and underground distribution lines. • This job is to be done safely and efficiently. **Justification** • To reduce reliance on contractors • Provide succession planning • To reflect increased work program

CDM Representative (1 position)	**Duties** • Assist in the design, development and implementation of various CDM programs • Interface with external organizations to promote energy efficiency • Work with customers to improve their overall energy efficiency of their systems • Implement new CDM initiatives and directives separate from existing OPA programs **Justification** • Ensure that Hydro One Brampton achieves its share of the provincial CDM targets as defined in the April 1, 2010 Ministers Directive • Hydro One Brampton's distribution license will be amended to reflect these reductions. Currently there is insufficient staff to achieve the necessary success of the OPA targets and the new provincial requirements

Customer Service Rep (1 position)	**Duties** • Answers customer account inquiries. • Prepares billing data and reviewing edits. • Processes billings and updating records. • Prepares billing adjustments as required. • Follow-up activities on accounts. **Justification** The Customer Service Representative scheduled for 2011 will be utilized to handle the increased workload from customer growth and the increasing

	call trend which saw a 9.5% increase in calls 2009 over 2008. We also anticipate calls for Time of Use customers to take longer to discuss with customers based on knowledge that the customer will now have questions based on 24x7 historical usage data available to them.

Credit Representative (1 position)	**<u>Duties</u>** • Analyze and manage overdue residential and commercial accounts to execute appropriate action to collect monies owing to Hydro One Brampton, in a timely and efficient manner. • Assess risk factors and analyze customer's ability to pay. • Request security deposits on new or delinquent accounts. • Maintain security deposits and customer credit information. **<u>Justification</u>** • The Credit Representative position for 2011 will be required due to an 11% increase in the number of residential and commercial disconnects 2009 over 2008. The additional changes coming in the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code will mean developing new criteria for moving accounts into collections sooner thereby increasing the number of accounts that will be monitored.

3. Overall Staff Level Comparisons

	2010[5]	**2011**	[redacted]
Per 2011-15 Business Plan	**218**	**224**	
Per 2010 Staffing Approval	218	221	
2011 higher/(lower) than 2010	**-**	**3**	

[5] 2011-15 Business Plan reflects 2010 year-end projection; 2010 Staf[redacted]

2010 Submission to Board

Hydro One Brampton Networks Inc.
Submission to the Board of Directors

hydro one

Date: June 9, 2010

Subject: 2011 Draft Business Plan and Financial Summary

Recommended and Approved for Submission to the Board by:

[redacted]

Roger A. Albert
President and Chief Executive Officer

RECOMMENDATION:

That the Board of Directors approve the 2011 Business Plan and Financial Summary.

KEY HIGHLIGHTS

- The 2011 plan is based on IFRS accounting but the 2010 plan was based on GAAP.

- Plan-over-plan changes may seem quite significant in view of the comparison of GAAP numbers to IFRS numbers.

- We expect to meet the estimated regulated rate of return over the life of the plan.

- The growth over the planning period is expected to continue, albeit at a slower pace than recent years.

- The plan-over-plan capital expenditures in 2011 increase primarily due to additional costs identified in the Asset Management Plan ($2M), which was derived from the Asset Condition Assessment. The increases are offset by a reduction to capital for disallowable costs under IFRS. The net result is a decrease in capital expenditures post 2011.

- OM&A increases are mainly due to the reduction of capital for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements. In 2011, the increase in the work force will add approximately $700k to OM&A.

- No economic increases have been included in the plan for 2011 and 2012. Should a settlement with the Unions result in an increase, this would negatively impact net income by approximately $0.1M per 1% increase.

EXECUTIVE SUMMARY

1. **Strategic Significance:** The 2011 Business Plan establishes Hydro One Brampton Networks Inc.'s corporate direction for the next five years consistent with the Board approved mission statement.

2. **Purpose and Cost:** This plan is consistent with Hydro One Inc.'s business planning model. The Plan enables management to execute specific programs and actions in order to meet the overall objectives of its shareholder. The specific targets included on the "Scorecard" for the year 2011 will also allow the Board of directors to assess management's performance in meeting these targets. Some of the highlights include:

   - We expect to meet the estimated regulated rate of return over the life of the plan.
   - Net Income plan-over-plan is expected to increase slightly under IFRS.
   - The growth over the planning period is expected to continue, albeit at a slower pace than recent years.
   - Capital expenditures in the Plan were derived from our Asset Management Plan. The Asset Management Plan, which was derived from the Asset Condition Assessment, indicates an increase in capital spending in the earlier years (approximately $2M in 2011). The increases to capital expenditures are offset by a reduction for disallowable costs under IFRS.
   - The 2011 Business Plan provides for the implementation of Smart Metering to all remaining commercial and industrial customers by the end of 2011.
   - OM&A increases substantially plan-over-plan mainly due to the reduction of capital expenditures for disallowable costs which are charged to expense under IFRS, as well as estimated MDMR costs, increased work force and regulatory compliance requirements.
   - Staffing numbers will increase to address succession planning, to meet service quality expectations and reliability and to meet regulatory requirements for CDM, Green Energy Act and other regulations. The customer per employee ratio is still expected to be in the top quartile for large utilities in Ontario over the life of the plan.
   - The plan assumes that we will maintain the frequency of outages at 2010 levels but that we will slowly improve the duration of outages and reduce momentary interruptions.

- Based on this plan, Hydro One Brampton customers can expect an increase of approximately 6.83% on the distribution portion of their bill in 2011, which represents an increase of 0.9% on total bill.

3. **Regulatory:** This plan is the foundation for the Company's 2011 cost of service rate application. All defined regulatory requirements are included in the plan (such as PCB legislation, smart metering, time-of-use billing) but new regulations or those not defined are not included.

4. **Risk Analysis:** A detailed description of the risks against the 2011 Business Plan is contained within the document submitted for approval. Impacts arising from the new *Green Energy and Green Economy Act* and potential changes to regulatory instruments arising from the transition to International Financial Reporting Standards (IFRS) (such as the Exposure Draft) will be incorporated into the plan as more information becomes available.

hydro one Brampton

<u>"DRAFT"</u>

Hydro One Brampton Networks Inc.

IFRS Business Plan,

Financial Summary and

Staffing Request

2011-2015

Submitted to the Board for Approval June 9, 2010

Hydro One Brampton Networks Inc. 2011-2015 IFRS Business Plan

Vision

The Vision for Hydro One Brampton Networks Inc. (Hydro One Brampton) is to be the leading electricity delivery company in Ontario.

Mission

The Company's Mission is to improve shareholder value by achieving the regulated return while supplying safe and reliable distribution of electricity to our customers and continuing to accommodate new development within our service area.

Strategy

Hydro One Brampton's strategy is to continue to improve our operations, with reliability and employee safety being of foremost importance. The current plan continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies such as Outage Management System (OMS), Automated Meter Reading (AMR) and Smart Metering (SM). As Hydro One Brampton's customer base continues to grow, efficiencies will be realized that will help mitigate the pressure of rising costs, and, as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company will continue to invest capital to accommodate future growth and maintain reliability of existing plant.

The draft report card outlining our proposed key performance measures and targets is attached as Appendix "B".

The 2011 Business Plan provides for the continued implementation of Smart Metering technologies to all remaining commercial and industrial customers currently metered with demand meters by the end of 2011. This represents $1.1M in capital expenditures in 2011. All expenditures associated with Smart Metering are expected to be recovered through incremental rates over the planning period and additions to the rate base in 2011.

In 2010 Hydro One Brampton will begin evaluating the Mobile Workforce Management module through a pilot installation. This module will allow simplified issuing and tracking of work and the crews assigned to complete tasks. The results of this evaluation will determine whether we proceed with a Company-wide implementation in 2011.

In 2011, Hydro One Brampton will begin the evaluation of an Enterprise Content Management solution which will provide a consistent platform for all document storage and retrieval. The platform will leverage purchase order processing, invoicing, engineering project management, bill processing, regulatory compliance, financial reporting and other tasks.

Rates for the 2011 year will be determined by using a cost-of-service rate application based on Chapter 2 of the Ontario Energy Board's (OEB) filing requirements, reissued May 27, 2009.

Hydro One Brampton submitted its 2010 rate application in November 2009 for rate adjustments effective May1, 2010, and the OEB's decision was received on April 13, 2010. Essentially all of the items included in the rate application were approved. Overall revenue requirement will be lower by 1.8%, due primarily to changes in tax rates and productivity improvements. In addition, customers will see a further reduction to rates as a result of approval of a rate rider to dispose of Group One regulatory balances of approximately $8.8M over a two-year period.

This plan is consistent with the Hydro One strategic objectives:

- Creating an injury-free workplace and maintaining public safety
- Satisfying our customers
- Focusing on continuous innovation to ensure a modern, flexible and smart electricity grid
- Building and maintaining reliable cost-effective transmission and distribution systems
- Protecting and sustaining the environment for future generations
- Developing critical skills and knowledge retention in the face of demographic change
- Maintaining a commercial culture that increases value for our shareholder
- Achieving productivity improvements and cost-effectiveness

Hydro One Brampton has one of the industry's best safety records, and in the first quarter of 2010 we reached over 1.25 million hours worked without a lost-time injury. As we move forward we will continue to focus on reducing the number of incidents and medical aids while searching for new innovative approaches to keep safety in the forefront. Hydro One Brampton will also recognize the successes achieved in the safety program.

The Company will continue to strive for improved customer relations and increased customer contacts by senior management. A customer survey completed in 2009 confirmed positive customer opinions of the service levels provided at Hydro One Brampton. To maintain continued focus in this area, customer satisfaction has been added as a scorecard measure in 2010, and another customer survey will be conducted in 2010 to monitor that these levels of performance are being maintained at or above the current levels. The Company is proud of these achievements and is committed to maintaining and improving customer service levels and reliability and will measure the results against other LDCs in the industry. The Company will also continue to focus on staff development and training throughout the planning period. Hydro One Brampton is committed to continual Health & Safety Training and skills upgrade for all of its employees.

The Company is proud to support its employees in their involvement in community activities and encourages them to be ambassadors of Hydro One Brampton through participation in the School Electrical Safety Education Program, United Way, various other charities, the EDA and the Brampton Board of Trade.

Frequent changes continue to impact on the industry, including those made by the *Green Energy and Green Economy Act* (GEGEA) and by potential changes to regulatory instruments arising out of the transition to International Financial Reporting Standards (IFRS). Estimated impacts are incorporated into the plan. Improved communication with the introduction of electronic bill delivery will further enhance the solid working relationships with customers.

Distribution revenues will improve over the planning period as the result of additions to the rate base and modest customer growth.

There is an ongoing mandate to manage growth, meet customer expectations and focus on improvement in service reliability. The emphasis for improvement here will be to accommodate new customer connections and to support customers' embedded generation requests as they arise, and to facilitate these connections to the system in a safe and expedient manner.

Hydro One Brampton will continue to work closely with the OEB and support the government's initiatives on industry issues. The Company will continue to be cost-effective compared to other LDCs and will confirm this by monitoring its performance through ongoing benchmarking of key indicators.

OM&A increases are driven by an increase in meter reading costs associated with Smart Metering, labour costs and regulatory activities noted below. Other drivers for the increase in 2011 include the inflationary impacts of cost inputs, the addition of six staff, PCB remediation, increased asset removal costs, additional preventative maintenance costs and the GEGEA. Hydro One Brampton is currently one of the lowest-cost utilities in the Province, a result accomplished by contracting out when there is an economic benefit to be derived and by negotiating favourable collective agreements over a number of years. A focus on cost control is achieved through continuous improvement of management systems, reporting and monitoring of productivity. OM&A under IFRS will be higher than GAAP OM&A because of the reclassification of disallowable costs otherwise included in capital.

The current projection for 2010 is reflected in the business plan. The current 2010 projection reflects higher net income than the 2010 Canadian GAAP plan, due to IFRS-related adjustments. The most significant adjustment is the reduction in depreciation for changes in useful lives of assets, which is partially offset by the increase to OM&A due to the reduction to capital for disallowable costs.

PLAN HIGHLIGHTS

Growth

Residential development within the City of Brampton continues to expand, albeit at a slower pace than in recent years. The 2011 business plan includes a customer growth rate of 1.1%, reflective of the current economic climate. New residential customer connections in 2011 are expected to be approximately 1,450. The expected energy sales relative to the customer growth rate reflect primarily residential customer growth and relatively little commercial and industrial customer growth. Other non-quantifiable influences such as sub-metering and provincial and regional planning for intensification are not impactful in the near term and therefore not specifically incorporated into this plan.

[redacted]

Labour Agreements

The current labour agreements extend to March 31, 2011. There is no provision for inflationary adjustments to employee wages.

Rebuild Costs

Hydro One Brampton will continue to monitor the age and reliability of all its plant to optimize the existing in-service life of its system and determine the priority of future rehabilitation projects. The Company is continuing with 13.8 kV "main feeder" cable replacements in the Bramalea area. This will be followed by the replacement of distribution cables to improve the reliability of service to customers.

Operations and Reliability

In 2011, Hydro One Brampton will continue to expand the automation available in the Outage Management System (OMS) through the development of new applications designed to eliminate all manual processes in the Control Room. Included in this initiative are plans to further integrate the OMS with a new Integrated Voice Response system and to complete the interface with Advanced Meter Infrastructure (AMI) that was started in 2009. These initiatives support Hydro One Brampton's strategic goal to continually improve the reporting and operating capabilities of the OMS system.

In 2009, Hydro One Brampton completed two major projects, an Asset Condition Assessment (ACA) of all primary distribution equipment and the development of an Asset Management Plan (AMP) for the utility. The AMP was used to support the capital program included in the Business Plan.

In 2010, the Company completed a five-year loading study on the 13.8 kV system originating from four transformer stations, namely MS19, 20, 21 and 22, all of which are located on the east side of the City of Brampton. The study was based on the risks associated with the loss of a transformer at any one of the stations and the resulting contingencies. The health issues of these same transformers was also taken into consideration as part of this study, as they were all reported in the ACA as being in either "very poor" or "poor" condition. [redacted]

The Company will complete the PCB Oil Testing program on all overhead transformers in 2010, in compliance with the *Canadian Environmental Protection Act*. Contaminated transformers will be replaced over the next fifteen years as required under the Act.

As part of the Province's "Green Energy" initiative, the Company will be working cooperatively with Hydro One Networks Inc. toward the OMS/AMI integration, as part of the "Smart Grid" initiative. The scope of this work is still to be defined, so a detailed cash flow has yet to be determined. However, it is expected that the costs associated with this integration will be minimal and will therefore be covered under the yearly budget for software upgrades to our existing OMS system.

Smart Metering

Hydro One Brampton's Smart Metering Plan is consistent with that of Hydro One Networks Inc. and is intended to meet the requirements of the Ministry of Energy and Infrastructure. The government's directive required the installation of 800,000 smart meters by 2007 and the entire province by 2010. The meters must report consumption to customers by the next business day and be able to provide time-of-use billing or other possible pricing plans. Hydro One Brampton plans to extend this program in 2011 to all commercial and industrial customers that are not currently interval-metered or smart-metered, thereby facilitating a fully-automated meter reading system and providing all customers access to their hourly consumption data.

In its 2011 cost-of-service rate application, Hydro One Brampton will be seeking disposition of all smart metering costs up to and including 2009 expenditures. All Smart Meter costs associated with this time frame will become part of the rate base and revenue requirement and will thereby be included in the base distribution rates. A Smart Meter funding adder will be required beyond 2010 to fund 2010 and 2011 smart metering investments.

PLANNED RESULTS

		Version	2010	2011	[redacted]
Net Income	**(M$)**	2011 IFRS	14.2	13.6	
		2010 Plan	11.6	12.7	
Plan-over-plan difference			2.6	0.9	
Regulatory ROE (%)		2011 IFRS	11.00	9.92	
		2010 Plan	9.06	9.55	
Plan-over-plan difference			1.94	0.37	
Capital Expenditures	**(M$)**	2011 IFRS	32.2	22.1	
		2010 Plan	36.7	21.9	
Plan-over-plan difference			(4.5)	0.2	
OM&A	**(M$)**	2011 IFRS	24.1	25.4	
		2010 Plan	19.9	20.9	
Plan-over-plan difference			4.2	4.5	

Material Variance Analysis

Plan net income for 2011 compared to the 2010 plan reflects the transition to IFRS and the adoption of new useful lives of assets for depreciation purposes. Under IFRS, OM&A is increased due to the reduction of capital for disallowable costs. Adoption of new useful lives of assets, as a result of a recent review, will offset this IFRS impact by reducing depreciation expense. The overall effect of these changes is an increase in plan net income. Plan net income for 2011 compared to the 2010 plan reflects continued cost control and revisions to tariff revenues as a result of the additions to rate base and a higher projected ROE. As a result, the plan reflects stable new customer connections, economic contraction impacts and CDM-related reductions in consumption.

Based on the 2011 rate application currently being prepared, Hydro One Brampton customers can expect an increase of 6.83% on the distribution portion of their bill, representing an increase of approximately 0.9% on total bill. The total revenue requirement is approximately $58.8M for distribution services in 2010, rising to $62.6M in 2011. It should be noted that these numbers are based on an overall distribution revenue increase of $5.0M, offset by an increase in various regulatory liability rate adders of $1.1M.

Overall capital expenditures in 2011 will increase slightly plan-over-plan to reflect the implementation of the AMP developed from the findings in the ACA, largely offset by a reduction to capital for disallowable costs.

OM&A changes are related mainly to the reduction in capital for disallowable costs which are charged to OM&A under IFRS, as well as processing costs for meter reads, changes in work force demands and regulatory compliance requirements.

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 for such expenditures. The Company also anticipates that such future expenditures will be minimal and will be recoverable in future electricity rates.

LABOUR STRATEGY AND STAFF LEVELS

Staff levels will increase in 2011. Continued customer growth will require additional staff in Human Resources, Engineering, Lines and Customer Service. These additions to staff are to address succession planning and to meet service-quality expectations and maintain acceptable levels of reliability. The expected number of retirements throughout the planning period will present an opportunity for continued activity in apprenticeship programs, which were very successful in the past and are expected to continue throughout the planning period.

In a typical year, it is expected that about eight terminations, resignations or retirements will occur, a trend expected to continue in future years.

		Projected 2010	2011	[redacted]
Regular staff headcount:				
Beginning Year Staff		204	218	
Vacant positions carried forward		10	-	
Annual Regular Staff Attrition		(8)	(8)	
Annual New Hires –	**Replacements**	8	7	
	New positions	4	7	
	Total (Year-End Staff)	218	224	
Regular Staff	2011 Plan	218	224	
(headcount)	2010 Plan	218	221	
	Difference	-	3	

SIGNIFICANT ASSUMPTIONS AND INTERDEPENDENCIES

The regulated return on equity was increased to 9.92% in 2010, based on the OEB's December 11, 2009, *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities.*

This plan incorporates the costing assumptions outlined in the corporate guidance, as applicable to the Company. No adjustment has been made in this plan for the potential impacts of the harmonization of the Ontario Retail Sales Tax and the federal Goods and Services Tax. To the extent that Harmonized Sales Tax (HST) impacts can be tracked, these will be recorded in a variance account of which 50% will be shared with consumers, consistent with the recent decision on the Company's 2010 rate filing.

RISKS TO PLAN AND MITIGATION STRATEGIES

Regulatory/Political Change

There are several considerations with respect to the regulatory and political environment. The following risks may impact this plan:

- This 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.

- There are a number of new/current regulatory, legislative and compliance requirements, including the approval of the 2011 rate application, introduction of time-of-use pricing, Smart Grid and the GEGEA, all of which may, in aggregate, generate upward cost pressures on OM&A.

- The statutory changes brought by the GEGEA became law in the summer of 2009, and Hydro One Brampton is aware of the requirements to accommodate renewable generation connections. What remains unclear at this time is the level of customer participation and the mechanism to be used for regulatory treatment and recovery of these "Green Energy" costs. As a result, Hydro One Brampton has added $0.9M to Capital in the business plan for anticipated costs of potential green initiatives.

- A "memo" account was established by the OEB to track and record variances that result from the difference between the OEB-approved PILs amount and the actual billings that relate to the recovery of PILs for the years 2001 to 2006. The OEB also provided a mechanism to make annual adjustments for variances between estimated liabilities resulting from the OEB-approved PILs methodology and actual tax liabilities.

  The OEB has indicated that the accounting for these differences has been inconsistent and that further analysis of these amounts is required prior to any disposition decision, which is expected before the Company's 2011 rate application is filed. With interest, this amount will increase to approximately $2.8M by January 2011. Assuming that there are no changes to this account associated with the OEB's review process, disposition of this account over a three-year period could have an annual impact of approximately $0.9M in reduced distribution revenue from January 2011 through December 2013.

- With the added focus on conservation and demand management (CDM), LDCs may continue to experience decreases in consumption, which could lead to a reduction in revenue. The current plan incorporates an estimate for this reduction in consumption. Future rate adjustments will be based on a forward test year, which will provide for changes associated with CDM impacts.

- Currently the OEB has not formally addressed how Smart Metering stranded costs are to be recovered. These costs will be included in the 2011 rate application for disposition and have been included in the Plan. In this plan, we have assumed that these costs will remain in fixed assets and be amortized over the remaining useful life.

- Further rationalization of the distribution sector could have positive or negative impacts on the future operating results. The government has indefinitely suspended the transfer tax on the sale of electricity assets between publicly-owned utilities in Ontario.

- The introduction of time-of-use (TOU) rates combined with the implementation of HST for residential customers carries a high risk of negative customer reactions. This could result in escalated call volumes to our contact centre, as well as negative media attention. In the Plan period, we will develop and implement a customer communication plan concerning TOU rates and HST to aid in the mitigation of this risk.

- A risk still continues as a result of the current economic climate to our customer revenue base, as well as increased bad debts due to customer defaults. Hydro One Brampton is closely monitoring larger accounts to mitigate the impact of this risk on the financial results.

- A key factor in this business plan is the assumed 1.1% increase in customer additions and the 8.68% tariff increase, before reduction for regulatory offsets. If there are any further downward trends in economic conditions, such as reduced GDP growth or increased inflation and interest rates, our customer growth rate will be unfavourably impacted. For instance, decreased economic activity would likely have a renewed dampening effect on the residential housing market and slow down subdivision development and new customer growth rates. Hydro One Brampton has the ability to utilize contractors to adjust its work force for changes in workload.

Operational Risks

- Hydro One Brampton has a risk related to in-service PCB-contaminated, oil-filled equipment. Due to continuing conversion projects over the last number of years, a large number of contaminated units have been removed from service. Hydro One Brampton has determined the locations of remaining in-service units and is actively working on a remedial testing and phase-out plan consistent with current legislation. There is a risk that the number of contaminated transformers may be higher than anticipated, which could have a material impact on capital and maintenance budgets.

- Employee demographics are similar to the rest of Hydro One. Approximately 42% of staff are 50 years old or over and may be eligible to retire during the next five years. The average age of all employees is in the mid-40's. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified, and plans are being developed for mitigating this risk. The Company has developed a succession plan for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.

- Changes in weather can significantly influence reliability, OM&A and revenues. While the plan provides for a normal level of storm activity and the Company's system is designed to standards that meet a high level of reliability, abnormal storm activity could materially affect restoration of the distribution system. To address these abnormal activities, there are existing emergency plans and mutual aid agreements in place with several neighbouring utilities, which plans and agreements could be activated in a timely manner if necessary.

- The ACA identified several power transformers that will require replacement over the next five years. While there are replacement plans in place covering this period, should any of these transformers fail prior to planned replacement, extended outages could occur and have a negative impact on reliability.

- There is an operational risk should there be a loss of a transformer at Hydro One Brampton's Jim Yarrow TS during a summer peak. A system loading report conducted by the Company in 2009 indicated that due to the loading forecast and lack of available capacity at the adjoining stations, a spare 27.6 kV transformer will be required before the summer peak of 2012. To mitigate this risk, Engineering and Operations are currently investigating alternative plans which must be implemented in 2011.

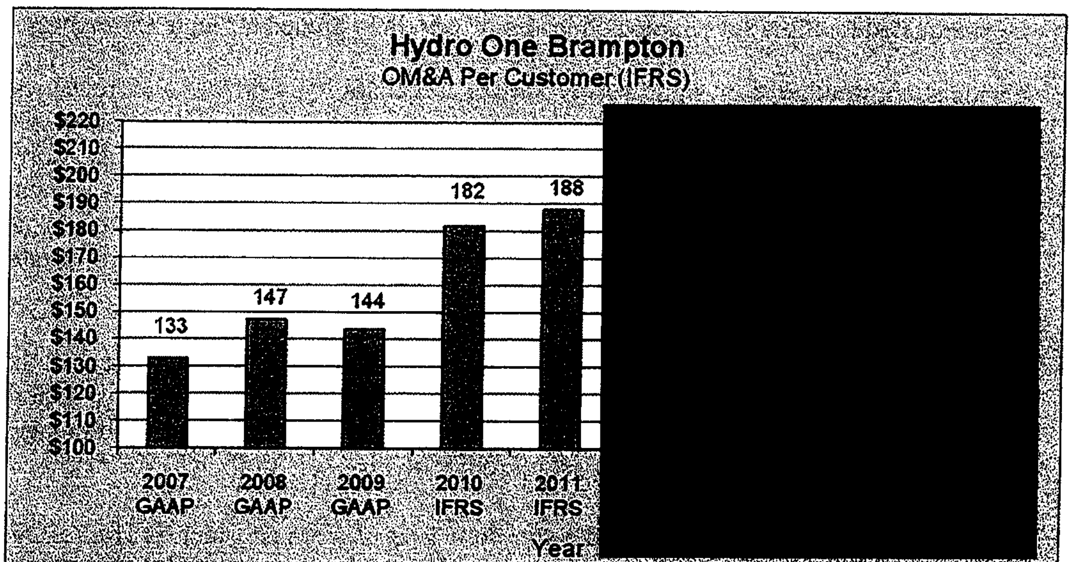
- Hydro One Brampton's assets are widely-distributed throughout our community, and as such there is always a risk to public safety. We have a robust Public Safety program, which includes safety programs through schools, participation in community programs such as "safe city" and various emergency preparedness exercises, "call before you dig" communication programs, and education programs for civilian emergency responders.

- A pandemic could have serious impacts on the operation of the business and reliability of supply. Hydro One Brampton's Pandemic Plan was developed and tested to mitigate the impact of this risk.

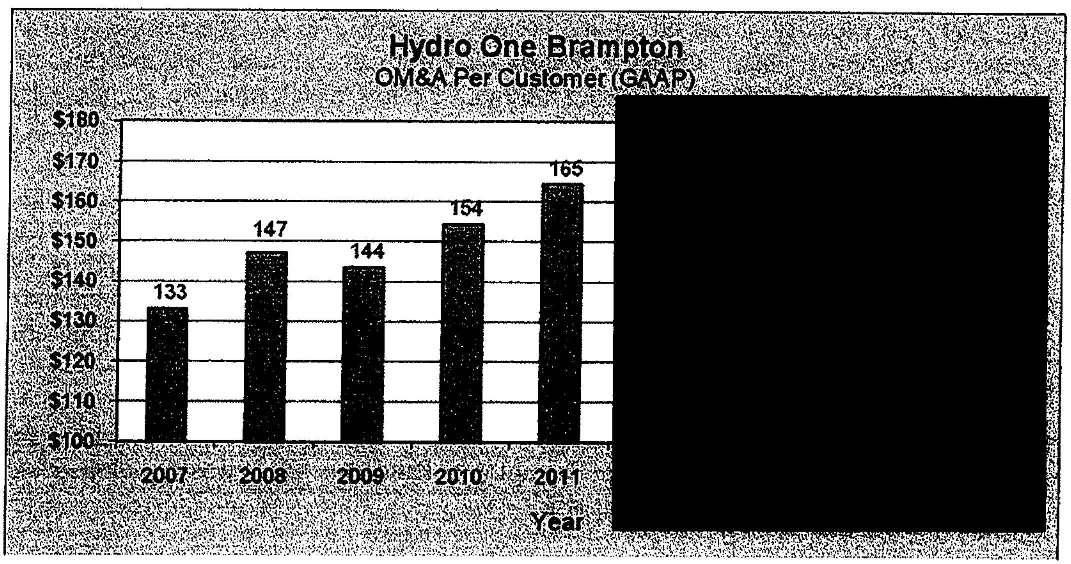
KEY SUPPLEMENTARY DATA

(Note years prior to 2010 use Canadian GAAP figures)

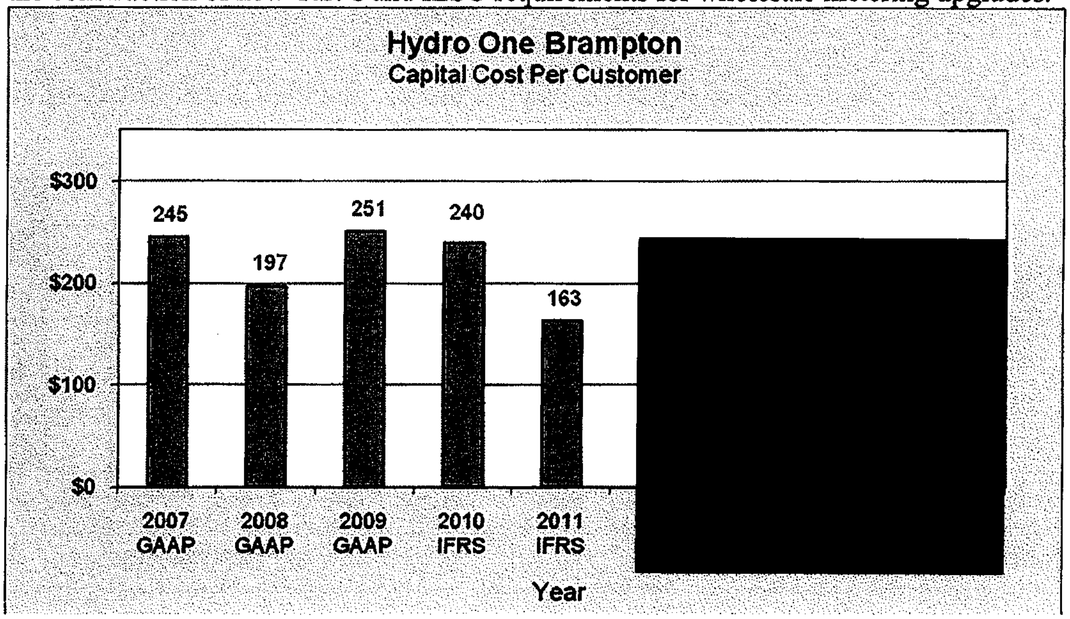
The following graphs depict controllable cost per customer. IFRS OM&A per customer will increase ~~and will then decrease slightly after 2013 due to the changes to IFRS OM&A and continued customer growth.~~ The changes are driven mainly by increases in labour costs and anticipated economic adjustments to materials and supplies. IFRS OM&A also increases compared to GAAP OM&A due to disallowable costs otherwise included in capital. Based on the latest information, Hydro One Brampton has one of the industry's lowest OM&A costs per customer, and Hydro One Brampton has the lowest costs in its peer grouping. Hydro One Brampton's OM&A cost was 24% lower than that of the average LDC in its respective peer group.



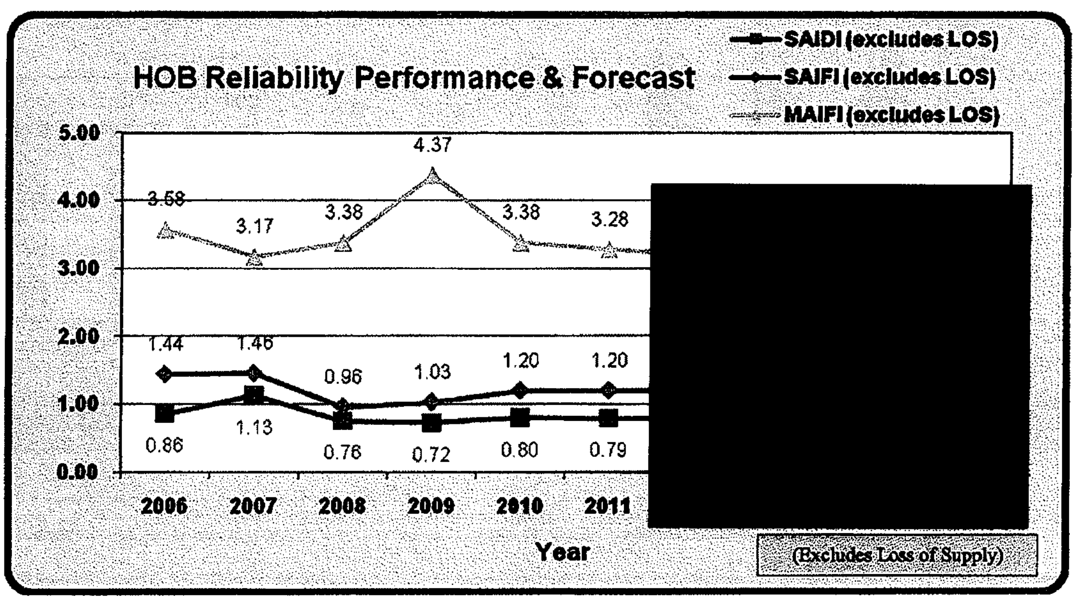
*Note: * Includes capital tax*



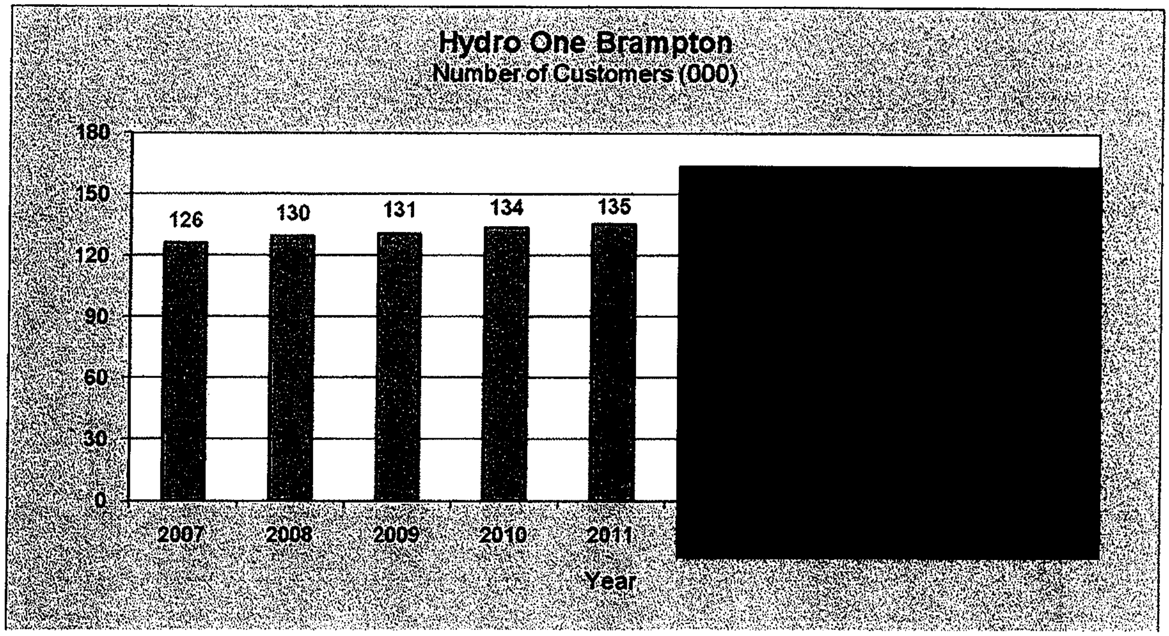
For the years 2008 through 2010, Hydro One Brampton will incur higher-than-normal levels of capital expenditures, due mainly to Smart Metering, capital contributions toward the construction of new T.S.'s and IESO requirements for wholesale metering upgrades.

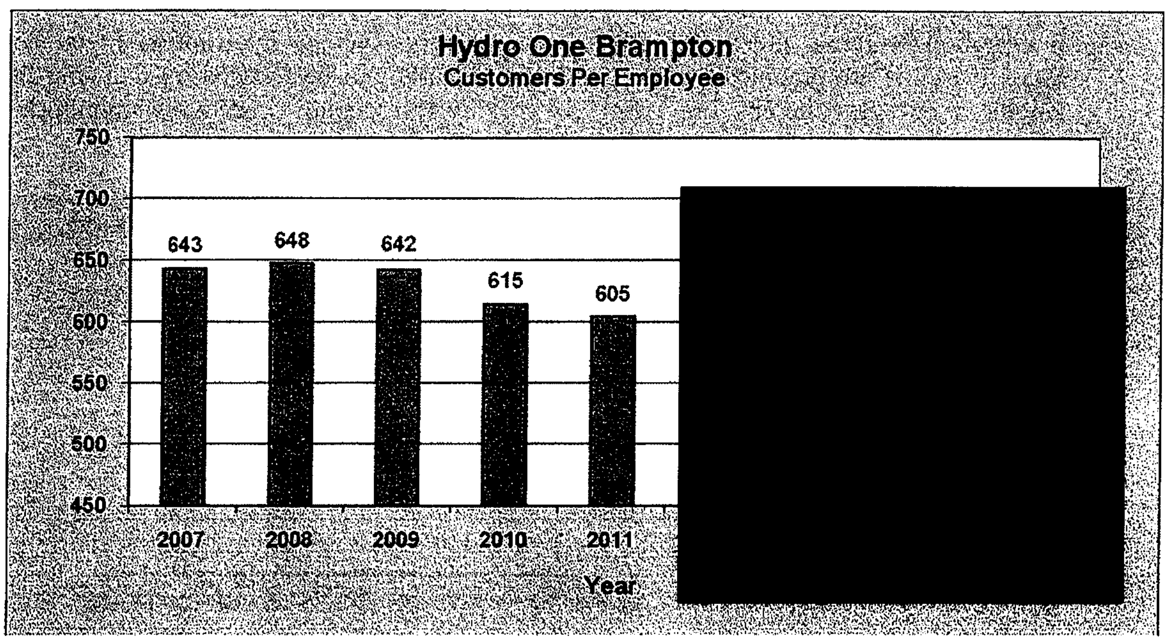


The System Average Interruption Frequency Index (SAIFI), the System Average Interruption Duration Index (SAIDI) and Momentary Average Interruption Frequency Index (MAIFI) are graphically depicted below. Efforts will be focused on reducing the length of outages (thereby improving SAIDI) by introducing procedures, monitoring equipment and the implementation of the Outage Management System (OMS).



While the number of customers is increasing, the number of employees will increase at a lower rate. Continued growth will increase workloads, resulting in staffing pressures. Accordingly, moderate increases in staff are planned.





APPENDIX "A"

Productivity and Green Energy Initiatives

Cost Containment/Efficiency Gains

- To increase recoveries of accounts sent for collection, Hydro One Brampton is undertaking an opportunity to have the ability to reassign accounts sent initially to a credit and collection agency to an alternative second credit and collection agency.

- With the introduction of Smart Meters, we will be changing our existing process of producing paper-based meter-reading edits to on-line edits for Customer Service Representatives to review. This process will provide an enhanced level of editing, allowing for expedited resolutions to meter reading issues and thereby further reducing the number of bills requiring cancellation and rebilling.

- Enterprise Content Management is a set of tools that will enable the organization to store, index and retrieve any computer object within a single domain, whether it be a Word, Excel, or PowerPoint document, email, voice recording or engineering drawing. It will also have the ability to have collaborative tools whereby users can share information and have results and ideas tracked. Savings would be achieved in man-hours saved in the retrieval of all documents pertaining to one job, work order, purchase, etc. A user would no longer need to go to several areas to get all the information. A timelier decision could also be made as a result of having all the documentation in one place. Additional savings will be achieved with the implementation of collaborative tools, which will allow users to share and track ideas based on any project. Meetings can take place on-line, with immediate storage.

- The Company is going to re-evaluate requirements to complete external Public Utilities Coordinating Committee (PUCC) requests. The anticipated process improvement will result in a reduction in time spent in processing PUCC requests, thereby helping to contain costs.

- Hydro One Brampton will evaluate a new Mobile Workforce Management system in the Substations and P&C departments, to allow for simplified issuing of work to field crews aimed at improving customer response time. The result of this evaluation will determine whether we proceed with an implementation in others areas of the utility.

Green Energy Initiatives

These initiatives represent Hydro One Brampton's plan to bring itself into alignment with the Province's "Green" initiative:

- Establish contacts with the City of Brampton and the Region of Peel to create a collaborative working relationship specifically focused on facilitating "Green" projects.

- The Company is considering the purchase of more environmentally-friendly and energy-efficient vehicles, such as hybrids, to minimize its environmental impact and carbon footprint.

- Smart Grid with Hydro One Networks Inc. - As part of its Smart Grid initiative, Hydro One Brampton will work toward integration of OMS and AMR and monitor progress made by Hydro One Networks Inc. as part of the latter's Smart Grid initiative.

- Remove all PCB-contaminated equipment - As a requirement to have PCB-free equipment, in 2008 the Company commenced a program to manage the testing, destruction and disposal of all PCBs found in its transformer equipment.

APPENDIX B
2011 Score Card

	Strategic Objective	Performance Measure	Target
Financial	Increase Shareholder Value[1]	Net Income after Tax ($M) *(Forecast)*	IFRS $13.6 GAAP $9.2
		Controllable Cost Index *(OM&A actual / OM&A budget)*	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Indices *(% of measures meeting target)*	8 of 9 indicators met
		Reliability Indices *(# of measures meeting target SAIDI, SAIFI & MAIFI)*	3 of 3 indicators met
	Satisfying our customers	Customer satisfaction *(% satisfied)*	≥90%
Business Excellence	Achieve Operational Excellence[1]	Work Program Achievement *(% of projects under the control of HOB completed within budget)*	≥90%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety *(Lost-time injuries)*	0
		Employee safety *(Medical aids – WSIB accepted)*	6
	Achieve Environmental Excellence	Connect FIT and MICROFIT applications as per OPA requirements	(100% of applications processed within OPA requirements)
		Meet OPA CDM targets (if any)	100%

[1] *A variance from plan of + or – 5% is considered on plan*

2010 Score Card

Strategic Objective		Performance Measures	Target
Financial	Increase Shareholder Value	Net Income after Tax ($M)	IFRS $14.2 GAAP $11.6
		Controllable Cost Index ($OM\&A_{actual} / OM\&A_{budget}$)	≤ 100%
Customer Commitment	Meet Service Quality Commitments	Customer Service Index *(# of measures meeting targets)*	8 of 9 indicators met
		Reliability Indices *(# of measures meeting target SAIDI, SAIFI & MAIFI)*	3 of 3 indicators met
	Satisfying our customers	Customer satisfaction *(% satisfied)*	≥90%
Business Excellence	Achieve Operational Excellence	Work Program Achievement *(% of projects under the control of HOB completed within budget)*	≥90%
		2011 Rate Application	By June 30th
		Convert financial systems to IFRS by year-end	100%
Organizational Strength	Achieve Health & Safety Excellence	Employee Safety *(Lost-time injuries)*	0
		Employee Safety *(Medical aids – WSIB accepted)*	≤ 6
	Achieve Environmental Excellence	Connect FIT and MICROFIT applications as per OPA requirements[4] *(100% of applications processed within OPA requirements)*	100%
		Meet OPA CDM targets	3 of 4
		Prepare plan to green the fleet *(Plan prepared by April 30th)*	By April 30th
		Smart meters enabled to support time-of-use billing *(90% of smart meters with reliable network)*	≥90%

APPENDIX C
SWOT Analysis

Strengths

- Growth
- Experienced staff
- Highly motivated management team
- Robust asset base (over half of assets are less than 20 years old)
- One of the most efficient LDCs in Ontario
- Ranked high for efficiency in the PEG report
- Well-positioned for future growth
- Focused on good reliability
- 95% satisfaction on recent customer survey
- Excellent safety record and program

Weaknesses

- Aging work force
  - 41% of all employees over 50 years of age
  - 45 % of management over 50 years of age
- One of the lowest-staffed utilities in the Province
- Have not replaced experienced staff prior to retirement
- Difficulty in attracting qualified employees
- Information Technology systems are customized, and qualified people are difficult to attract
- Implementation of new technologies and procedures have not been kept current due to short-staffing issues
- Inconsistent level of documentation of processes across the organization
- Lack of clear direction for the Company

Opportunities

- "Green the fleet" plan being developed
- Good load and customer growth potential
- Changing workforce presents opportunity to explore new ideas
- More opportunities to share co-op apprentice programs
- GEGEA/CDM provides opportunity to increase customer contact
- Journey to Zero
- Growth in service territory
- Slower growth allows an opportunity to focus more resources to reliability, customer service and system improvements

Threats

- Expiration of Collective Agreements March 31, 2011, with mandate of zero percent adjustment creates inequitable comparison with neighbouring utilities. If zero percent is not attained, it will negatively impact upon net income.
- Added regulatory and compliance burdens could negatively impact our staff
- Economic conditions – loss of large customers, interest rates increases, slowdown in customer growth
- Sabotage of equipment or theft of equipment
- Pandemic
- Adverse weather conditions

1. 2010 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2010 Projection[1] (a)	59	116	43	218
2010 Plan[2] (b)	58	116	44	218
Additional Approval[3] (c)	0	0	0	0
2010 Approved (d=b + c)	58	116	44	218
2010 Projection higher/(lower) than 2010 Approved (a-d)	**1**	**0**	**(1)**	**0**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010-14 BP approved.
[3] Additional positions already approved by the EC after the 2010-14 BP approval. For any positions already approved by the EC that are above the 2010-14 business plan levels, please provide a brief description of the details of approval (i.e. – date of EC approval, description and number of positions approved) in the written section below.

This results in the overall staff level being equal to the 2010 Approved.

2. 2011 Hiring

Summary

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Approved[2]	58	116	44	218
2011 Budget higher/(lower) than 2010 Approved	**3**	**2**	**1**	**6**

[1] Ties to 2011-15 BP submission.
[2] Ties to 2010 Approved per 2010 Hiring Table in section 1 above.

	Mgmt	CAW	IBEW	Total
2011 Budget[1]	61	118	45	224
2010 Projection[2]	59	116	43	218
2011 Budget higher/(lower) than 2010 Projection	**2**	**2**	**2**	**6**

- This is a request for approval to hire 7 staff - 3 MGMT, 2CAW, and 2 IBEW in 2011, to enable Hydro One Brampton to achieve the proposed staffing level in the above table. One anticipated retirement in 2011 will not be replaced.
- This request results in the overall staff level being higher than the 2010 Projection.

Resourcing Strategy:

- The overall strategy for Hydro One Brampton is:
  1. Demographics and succession planning related with the aging of current existing staffing. Key vulnerabilities exist in senior management and in IT specialty areas, and it is anticipated that "Green Energy" and infrastructure investment initiatives will increase the demand for electricity energy specialists. Known challenges associated with human resources have been identified, and plans are being developed for mitigating this risk. The Company has developed a succession plan

for key positions in the organization and will be ensuring that this plan is kept up-to-date. In addition, the staffing strategy has been adjusted to allow for anticipated losses of key trade groups through retirements.
2. Support for the Asset Management Program

The maintenance and strengthening of our operational capability requires that these positions be filled.

- The new hires are derived from the known total staff level requirement and an estimated attrition rate. As such, the actual level of new hires (as well as skill categories and labour groups) may vary, depending on how the attrition variable materializes.
- Hydro One Brampton will need to manage the forecast uncertainty with regard to new hires and attrition. As such, to allow for some flexibility, it is being requested that accountability be focused on the overall staff level. Hydro One Brampton will need to manage within this overall staff level. Any action which may result in increasing the overall staff level will need to be brought forward again to the Executive Committee for approval.
- This is a request for approval to hire 7 staff - 3 Management (1 Manager, 1 Project Engineer and 1 Health Safety and Environment Coordinator), 2 CAW (1 Apprentice Linesperson and 1 CDM Representative), and 2 IBEW (1 Customer Service Rep and 1 Credit Representative) in 2011, to enable Hydro One Brampton to achieve the proposed staffing level shown in the above table.

Human Resource Manager (1 position)	**Duties** • Negotiations • Human resources functions and labour relations **Justification** • Bill 168 • Succession planning (combination of HR and HSE)

Project Engineer (1 position)	**Duties** • Accountable for the certification of Engineering, Technical Service and other department construction projects in a timely manner as required by Ontario Regulation 22/04 under the *Electricity Act, 1998*. This will include deviation of approval for construction projects and the construction verification process. • Accountable for special projects as assigned to provide technical input in the form of design, review or implementation. **Justification** • Supports succession plan • Supports the GEGEA

Health Safety and Environment Coordinator (1 position)	**Duties** • Ensures that the HSE department continues to be capable of adequately supporting ongoing HSE initiatives. • Journey to zero initiatives **Justification** • Succession plan to accommodate two possible retirements in the next two or three years

Apprentice Lineperson (1 position)	**Duties** • Maintenance and construction of overhead and underground distribution lines. • This job is to be done safely and efficiently. **Justification** • To reduce reliance on contractors • Provide succession planning • To reflect increased work program

CDM Representative (1 position)	**Duties** • Assist in the design, development and implementation of various CDM programs • Interface with external organizations to promote energy efficiency • Work with customers to improve their overall energy efficiency of their systems • Implement new CDM initiatives and directives separate from existing OPA programs **Justification** • Ensure that Hydro One Brampton achieves its share of the provincial CDM targets as defined in the April 1, 2010, Minister's Directive • Hydro One Brampton's distribution licence will be amended to reflect these reductions. Currently there is insufficient staff to achieve the necessary success of the OPA targets and the new provincial requirements

Customer Service Rep (1 position)	**Duties** • Answers customer account inquiries. • Prepares billing data and reviewing edits. • Processes billings and updating records. • Prepares billing adjustments as required. • Follow-up activities on accounts. **Justification** The Customer Service Representative scheduled for 2011 will be utilized to handle the increased

	workload from customer growth and the increasing call trend, which saw a 9.5% increase in calls 2009 over 2008. We also anticipate calls for time-of-use customers to take longer to discuss with customers based on knowledge that the customer will now have questions as a result of 24x7 historical usage data available to them.

Credit Representative (1 position)	**<u>Duties</u>** • Analyze and manage overdue residential and commercial accounts to execute appropriate action to collect monies owing to Hydro One Brampton in a timely and efficient manner. • Assess risk factors and analyze customers' ability to pay. • Request security deposits on new or delinquent accounts. • Maintain security deposits and customer credit information. **<u>Justification</u>** • The Credit Representative position for 2011 will be required due to an 11% increase in the number of residential and commercial disconnects 2009 over 2008. The additional changes coming in the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code will mean developing new criteria for moving accounts into collections sooner, thereby increasing the number of accounts that will be monitored.

3. Overall Staff Level Comparisons

	2010[5]	**2011**	[redacted]
Per 2011-15 Business Plan	**218**	**224**	
Per 2010 Staffing Approval	218	221	
2011 higher/(lower) than 2010	**-**	**3**	

5 2011-15 Business Plan reflects 2010 year-end projection; 2010 Staffing Approval reflects approved complement.