

REGULATORY ACCOUNTS

1.0 INTRODUCTION

The purpose of this evidence is to provide a description of Hydro One Transmission's Regulatory Accounts.

All of the Regulatory Accounts reported by Hydro One Transmission have been established consistent with the Board's requirements as set out in the Accounting Procedures Handbook, subsequent Board direction, or as per specific requests initiated by Hydro One Transmission.

Hydro One Transmission's outstanding deferral and variance accounts balances are summarized in Table 1 below:

Table 1
Transmission
Summary of Regulatory Accounts Balances For Approval (\$ Millions)

Description	Balance as at Dec 31, 2010	Balance as at Dec. 31, 2011	Balance as at Dec. 31, 2012
Total Regulatory Accounts	(17.8)	(28.9)	(30.3)

The forecast interest for 2012 is calculated by applying simple interest on the December 31, 2011 year-end principal balances using the forecast bankers' acceptance-3 month rate of 1.22% plus 0.25% spread.

Information on each account and its balance is described in Section 2.0 and Section 3.0 of this exhibit. Detail on regulatory accounts requests is discussed in Exhibit F1, Tab 1, Schedule 2. Detail on the disposition of the account balances is discussed in Exhibit F1, Tab 1, Schedule 3. Further details on deferral and variance accounts are provided in:

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- 2 • Exhibit F2, Tab 1, Schedule 1: Regulatory Accounts for Approval
- 3 • Exhibit F2, Tab 1, Schedule 2: Planned Disposition of Regulatory Accounts -
- 4 Schedule of Annual Recoveries
- 5 • Exhibit F2, Tab 1, Schedule 3: Continuity Schedule Regulatory Accounts

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7 **2.0 REGULATORY ACCOUNTS REQUESTED FOR APPROVAL**

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9 The Board's decision on Hydro One's Transmission Rates for 2011 and 2012 (EB-2010-
10 0002) approved or required the establishment or continuance of certain regulatory
11 accounts. Table 2 below, provides a listing of the Transmission Regulatory Account
12 balances requested for approval and disposition as part of 2013 and 2014 Transmission
13 Rates.

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Table 2
Transmission
Regulatory Accounts Requested for Approval (\$ Millions)

Description	US of A Account Ref.	Balance as at Dec. 31, 2010	Balance as at Dec 31, 2011	Balance as at Dec 31, 2012
Deferred Export Service Credit Revenue	2405	(3.0)	(2.9)	(2.9)
Excess Export Service Revenue	2405	(9.2)	(18.7)	(19.0)
External Secondary Land Use Revenue	2405	(9.4)	(14.4)	(14.6)
External Station Maintenance and E&CS Revenue	2405	(10.9)	(5.2)	(5.2)
Tax Rate Changes	1592	(4.2)	(4.2)	(4.3)
Rights Payments	2405	0.0	(1.7)	(1.8)
Long Term Project Development Costs	1508	6.5	4.6	4.7
Pension Cost Differential	2405	11.3	12.7	12.8
Total Regulatory Accounts for Disposition		(18.7)	(29.8)	(30.3)
Market Ready Costs	1570	0.8	0.8	0.0
OEB Incremental Assessment Costs	1508	(0.1)	(0.1)	0.0
IFRS Incremental Transition Costs	1508	0.2	0.2	0.0
Total Regulatory Accounts Not Seeking Disposition		1.0	0.9	0.0
Total Regulatory Accounts		(17.8)	(28.9)	(30.3)

2.1 Deferred Export Service Credit Revenue

As at December 31, 2011, Hydro One Transmission had completed the disposition of this account over a four-year period, consistent with the Board's decision of August 16, 2007 (EB-2006-0501). The remaining balance represents undisposed interest accrued over the disposition period. This account is reported to the Board on a quarterly basis consistent with the Board's Reporting and Record Keeping Requirements.

Simple interest is no longer applied to the monthly opening principal balance in this account due to the fact that it is a balance consisting of interest only.

1 **2.2 Excess Export Service Revenue**

2
3 This variance account was initially created as a result of the Board's decision of May 28,
4 2009 (EB-2008-0272). In its EB-2010-0002 decision, the OEB approved continuance of
5 this account. The Board requested that Hydro One Transmission continue to capture any
6 differences between forecast export service revenue approved by the Board as part of
7 2011 and 2012 Transmission Rates and actual export service revenue. As part of its
8 decision, the Board ordered that the Export Transmission Services (ETS) rate be
9 increased from \$1/MWh to \$2/MWh and that the Hydro One Transmission forecast of
10 \$12 million in revenue for both 2011 and 2012 be increased to \$16 million for both years.
11 The balance in this account is reported to the Board on a quarterly basis, consistent with
12 the Board's Reporting and Record Keeping Requirements.

13
14 Simple interest is applied to the monthly opening principal balance in this account
15 according to the Board prescribed interest rate.

16
17 Included in the balance submitted for approval is interest forecast through to December
18 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
19 date.

20
21 **2.3 External Secondary Land Use Revenue**

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23 This variance account was created as a result of the Board's decision of May 28, 2009
24 (EB-2008-0272). The Board approved continuance of the account in its decision of
25 December 23, 2010 (EB-2010-0002) and requested that Hydro One Transmission
26 establish a variance account to capture any difference between the \$12.6 million and the
27 \$12.5 million forecast of external secondary land use revenues approved by the Board as

1 part of 2011 and 2012 Transmission Rates, and the actual secondary land use revenues
2 for each of these years.

3
4 As at December 31, 2011, Hydro One Transmission had an excess external secondary
5 land use revenue balance of \$14.4 million, inclusive of accrued interest and an approved
6 disposition of \$3.2 million. This account is reported to the Board on a quarterly basis
7 consistent with the Board's Reporting and Record Keeping Requirements.

8
9 Simple interest is applied to the monthly opening principal balance in this account
10 according to the Board prescribed interest rate.

11
12 Included in the balance submitted for approval is interest forecast through to December
13 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
14 date.

15 16 **2.4 External Station Maintenance and E&CS Revenue Account**

17
18 This variance account was created as a result of the Board's decision of May 28, 2009
19 (EB-2008-0272) and the Board approved continuance of this account in its decision of
20 December 23, 2010 (EB-2010-0002). The Board requested that Hydro One Transmission
21 continue to capture any differences between the Board approved and actual net external
22 station maintenance and E&CS revenue. Refer to Table 3 for a detailed breakdown of the
23 Board approved net revenues for this account.

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Table 3
Transmission
Board Approved External Revenues for
Station Maintenance and E&CS (\$ Millions)

Description	Board Approved 2011	Board Approved 2012
Revenue	18.0	13.0
Cost of Sales	(14.4)	(8.0)
Net	3.6	5.0

As at December 31, 2011, Hydro One Transmission had excess external station maintenance and engineering and construction services net revenues of \$5.2 million, inclusive of interest accrued and an approved disposition of \$4.4 million. The balance in this account is reported to the Board on a quarterly basis consistent with the Board's Reporting and Record Keeping Requirements.

Simple interest is applied to the monthly opening principal balance in this account according to the Board prescribed interest rate.

Included in the balance submitted for approval is interest forecast through to December 31, 2012 to reflect carrying charges anticipated through to the proposed implementation date.

2.5 Tax Rate Changes

This variance account was created as a result of the Board's decision of August 16, 2007 (EB-2006-0501) and the Board approved continuance of this account in its decision of December 23, 2010 (EB-2010-0002). The variance account captures the tax impact to Hydro One Transmission of:

- 1 • differences that result from a legislative or regulatory change to the tax rates or rules;
2 and
- 3 • differences that result from a change in, or a disclosure of, a new assessment or
4 administrative policy that is published in the public tax administration or
5 interpretation bulletins by relevant federal or provincial tax authorities.

6

7 Specifically, relative to this filing, this account captures the reduction (saving) in PST
8 cost due to the introduction of flow-through Harmonized Sales Tax (HST). Impacts of
9 \$2.5 million have been recorded in the account from the HST introduction date of July 1,
10 2010 to December 31, 2010. Hydro One Transmission's Rates for 2011 and 2012 years
11 were submitted assuming an HST regime and no additional amounts were recognized.
12 Additionally, in 2010, \$1.7 million of savings were recognized as a result of the
13 difference between the actual effective tax rate (31%) and the rate incorporated in
14 approved rates (32%). In 2011, the effective and Board-approved tax rates were equal.
15 This account is reported to the Board on a quarterly basis consistent with the Board's
16 Reporting and Record Keeping Requirements.

17

18 As at December 31, 2011, Hydro One Transmission has recognized a liability balance of
19 \$4.2 million, inclusive of interest accrued.

20

21 Simple interest is applied to the monthly opening principal balance in this account
22 according to the Board prescribed interest rate.

23

24 Included in the balance submitted for approval is interest forecast through to December
25 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
26 date.

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1 **2.6 Rights Payments**

2
3 This account was established based on the Board's decision on Hydro One's
4 Transmission Rates for 2011 and 2012 (EB-2010-0002). The Board requested that Hydro
5 One Transmission use a variance account to capture the difference between the forecast
6 \$4.5 million approved by the Board for both test years as part of 2011 and 2012
7 Transmission Rates and the actual Rights Payments. This account is reported to the Board
8 on a quarterly basis consistent with the Board's Reporting and Record Keeping
9 Requirements.

10
11 As at December 31, 2011, Hydro One Transmission has recorded a liability balance of
12 \$1.7 million, inclusive of interest accrued.

13
14 Simple interest is applied to the monthly opening principal balance in this account
15 according to the Board prescribed interest rate.

16
17 Included in the balance submitted for approval is interest forecast through to December
18 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
19 date.

20
21 **2.7 Long-Term Project Development Costs**

22
23 This account was created as a result of the Board's decision of May 28, 2009 (EB-2008-
24 0272), which approved the establishment of a deferral account to capture preliminary
25 planning costs for transmission related projects identified in the Integrated Power System
26 Plan (IPSP) and other long-term energy projects.

1 Table 4, below, provides a list of the pre-engineering expenditures of individual projects
 2 that have contributed to this account, consistent with the Board's decision of May 28,
 3 2009 (EB-2008-0272). Further project detail is filed as part of the Hydro One's Green
 4 Energy Plan filed as Exhibit A, Tab 14, Schedule 1.

5
 6 Contributing to the balance of this account during 2011 was the disposition of \$2.0
 7 million of approved IPSP costs consistent with the Board's decision of December 23,
 8 2010 (EB-2010-0002).

9 **Table 4**
 10 **Transmission**
 11 **Summary of Development OM&A for Approval (\$ Millions)**

Current Investment Description	Balance as at Dec. 31, 2010	Balance as at Dec. 31, 2011	Balance as at Dec. 31, 2012
Northwest Transmission Line [Pickle Lake x Nipigon]	2.6	1.4	1.5
Bowmanville x GTA	0.3	0.0	0.0
Manitoulin Island Enabler Line	0.4	0.2	0.2
North-South Transmission Expansion	1.2	1.2	1.2
West of London TX Line Development	0.7	0.7	0.7
East-West Tie TX Development	0.4	0.4	0.4
Hamner x Mississagi	0.5	0.5	0.5
Goderich Area Enabler	0.3	0.2	0.2
Total	6.5	4.6	4.7

12
 13 This account is reported to the Board on a quarterly basis consistent with the Board's
 14 Reporting and Record Keeping Requirements.

15
 16 Simple interest is applied to the monthly opening principal balance in this account
 17 according to the Board prescribed interest rate.

1 Included in the balance submitted for approval is interest forecast through to December
2 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
3 date.

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5 **2.8 Pension Cost Differential**

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7 This account tracks the difference between the pension cost estimates based on actuarial
8 assessments used for Hydro One's Transmission Rate application and the actual pension
9 contributions.

10

11 This account was established based on the Board's decision on Hydro One
12 Transmission's Rates for 2011 and 2012 (EB-2010-0002) which accepted the
13 continuation of the Pension Cost Differential account. This account is reported to the
14 Board on a quarterly basis consistent with the Board's Reporting and Record Keeping
15 Requirements.

16

17 As at December 31, 2011, Hydro One Transmission has recognized an asset balance of
18 \$12.7 million, inclusive of interest accrued.

19

20 Simple interest is applied to the monthly opening principal balance in this account
21 according to the Board prescribed interest rate.

22

23 Included in the balance submitted for approval is interest forecast through to December
24 31, 2012 to reflect carrying charges anticipated through to the proposed implementation
25 date.

26

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1 **3.0 REGULATORY ACCOUNTS NOT BEING REQUESTED FOR**
2 **RECOVERY**

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4 **3.1 Market Ready Costs**
5

6 This account was approved in the Board decision RP-2004-0117/0118 for the disposition
7 of costs incurred in preparation of Market Opening over a four year period. This account
8 is reported to the Board on a quarterly basis consistent with the Board's Reporting and
9 Record Keeping Requirements.
10

11 As at December 31, 2011, Hydro One Transmission had recorded an asset balance of
12 \$0.8 million, which represents accrued interest accumulated during the four year
13 disposition period. Hydro One is not requesting approval for disposition of this account,
14 will write off any remaining balance in 2012, and subsequently close the account.
15

16 **3.2 OEB Incremental Assessment Costs**
17

18 This account was established based on the Board's decision on Hydro One's
19 Transmission Rates for 2007 and 2008 (EB-2006-0501) and approval was given to
20 continue this account in the Board's decision of December 23, 2010 for 2011 and 2012
21 (EB-2010-0002). This account is reported to the Board on a quarterly basis consistent
22 with the Board's Reporting and Record Keeping Requirements.
23

24 Simple interest is applied to the monthly opening principal balance in this account
25 according to the Board prescribed interest rate.

1

2 As at December 31, 2011, Hydro One Transmission had recognized a liability balance of
3 \$0.1 million. Hydro One is not requesting approval for disposition of this account, will
4 write off any remaining balance in 2012, and subsequently close the account.

5

6 **3.3 IFRS Incremental Transition Cost**

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8 This account was established based on the Board's decision on Hydro One's
9 Transmission Rates per EB-2010-0002 and the Board approved continuation of this
10 account in its decision of December 23, 2010 (EB-2010-0002) to record the variance
11 between the forecast IFRS transition implementation costs and the actual costs incurred.
12 This account is reported to the Board on a quarterly basis consistent with the Board's
13 Reporting and Record Keeping Requirements.

14

15 Simple interest is applied to the monthly opening principal balance in this account
16 according to the Board prescribed interest rate.

17

18 As at December 31, 2011, Hydro One Transmission had recognized an asset balance of
19 \$0.2 million. Hydro One is not requesting approval for disposition of this account, will
20 write off any remaining balance in 2012, and subsequently close the account.

REGULATORY ACCOUNTS REQUESTED

1.0 INTRODUCTION

This Exhibit requests approval to continue or to establish new deferral accounts for Hydro One Transmission as follows:

- Excess Export Service Revenue Account
- External Secondary Land Use Revenue Variance Account
- External Station Maintenance and E&CS Revenue Variance Account
- Tax Rate Changes Account
- Rights Payments Variance Account
- Pension Cost Differential Account
- Impact for Changes in USGAAP Account
- USGAAP Incremental Transition Costs Account
- East West Tie Deferral Account
- External Revenue - Partnership Transmission Projects Account
- Long-Term Transmission Future Corridor Acquisition and Development Account

The need for these accounts and the accounting and control process is described in further detail in the remainder of this exhibit.

1.1 Regulatory Accounts Not Requesting Approval

Hydro One is not seeking continuance of the following accounts in 2013 and 2014:

- Deferred Export Service Credit Revenue
- Long Term Project Development Costs

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2.0 DESCRIPTION OF REGULATORY ACCOUNTS REQUESTED

2.1 Excess Export Service Revenue Account

This account is a continuation of the account accepted in EB-2010-0002. Export transmission revenues are directly dependent on the findings of the Board on the Export Transmission Service rate.

Hydro One Transmission proposes to continue to record the difference between the actual export service revenue and the revenues approved by the Board as part of 2013 and 2014 Transmission Rates.

2.2 External Secondary Land Use Revenue Variance Account

This account is a continuation of the account approved in EB-2010-0002.

Hydro One Transmission proposes to continue to record the difference between the actual External Secondary Land Use Revenues and the revenues approved by the Board as part of 2013 and 2014 Transmission Rates.

2.3 External Station Maintenance and E&CS Revenue Variance Account

This account is a continuation of the account approved in EB-2010-0002.

Hydro One Transmission proposes to continue to record the difference between the actual External Station Maintenance and E&CS Revenues and the estimated revenues approved by the Board as part of 2013 and 2014 Transmission Rates.

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2.4 Tax Rate Changes Account

This account is a continuation of the account accepted in EB-2010-0002.

This account will track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the Board as part of 2013 and 2014 Transmission Rates.

2.5 Rights Payments Variance Account

This account is a continuation of the account accepted in EB-2010-0002.

Hydro One Transmission proposes to continue to record the difference between the actual Rights Payments paid and those approved by the Board as part of 2013 and 2014 Transmission Rates.

2.6 Pension Cost Differential Account

This account is a continuation of the account accepted in EB-2010-0002.

Hydro One Transmission proposes to continue to record the difference between the actual pension costs booked using the actuarial assessment provided by Mercer and filed with the Financial Services Commission of Ontario in September 2010, and the estimated pension costs approved by the Board as part of 2013 and 2014 Transmission Rates.

1 **2.7 Impact for Changes in US GAAP Account**

2

3 This account is the continuation of the account approved by the Board in EB-2011-0268.

4

5 Hydro One Transmission proposes to record any impacts of changes to US GAAP
6 compared to the basis of those approved in this filing by the OEB as part of 2013 and
7 2014 Transmission Rates test years.

8

9 **2.8 USGAAP Incremental Transition Costs Account**

10

11 This account was approved by the Board in EB-2011-0268.

12

13 Hydro One Transmission proposes to record the differences between actual USGAAP
14 incremental transition costs and estimated USGAAP incremental transition costs for the
15 2013 and 2014 Transmission Rate test years.

16

17 **2.9 East West Tie Deferral Account**

18

19 Hydro One Transmission applied to the Board on March 22, 2012 for an Accounting
20 Order authorizing it to establish a new “East West Tie Deferral Account” (EWTDA) for
21 the purpose of recording expenditures relating to the East West Tie Line proceeding. The
22 Board has assigned File Number EB-2012-0180 to this application.

23

24 Hydro One proposes to track costs in the EWTDA that relate to:

25

- 26 1. proceeding costs assigned to Hydro One Transmission by the Board to be recovered
27 through Ontario Uniform Transmission Rates;

- 1 2. costs incurred by Hydro One Transmission as incumbent transmitter to support the
2 Board through the designation process and to eventually facilitate the line's
3 connection; and
- 4 3. expenditures incurred relating to preliminary engineering and other station connection
5 work required to accommodate the East West Tie line.

6 7 **2.10 External Revenue – Partnership Transmission Projects Account**

8
9 The intent of this new deferral account is to record costs for services provided by Hydro
10 One employees for work they are performing for partnership companies, whether
11 partnered with Hydro One Networks Inc. or Hydro One Inc., working on competitive or
12 other partnership transmission projects.

13
14 Hydro One has and/or will identify specific employees to work with partnership
15 companies in which the company has a vested interest. The company will track
16 employee time and any expenses and the resulting costs will be invoiced to the
17 appropriate partnered company. The amount of invoiced costs will be recorded in the
18 External Revenue Partnership Transmission Project Account for reduction to future
19 revenue requirements.

20 21 **2.11 Long-Term Transmission Future Corridor Acquisition and Development** 22 **Account**

23
24 This new deferral account is requested to record transmission planning and study costs
25 associated with preliminary corridor routing considerations for new transmission
26 infrastructure. In order to ensure land corridor availability in near-urban areas, long term
27 investment planning is required. The costs recorded in the proposed account will be
28 associated with land assessment work such as environmental studies and assessments,

1 preliminary engineering studies, public and First Nations/Métis consultations, etc. The
2 outcome of this work will be helpful in making siting determinations for new corridors
3 and in setting aside the required land for planning purposes, thus ensuring its availability
4 and affordability when the project proceeds.

5

6 Hydro One Transmission has not included the costs for the above-noted unplanned work
7 as part of its 2013 or 2014 requested revenue requirement. Due to the variable and
8 unpredictable nature of the work and the materiality of the costs, Hydro One
9 Transmission proposes to collect the costs in this new deferral account.

10

11 **3.0 ACCOUNTING AND CONTROL PROCESS**

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13 The accounts requested above will be managed in the same manner as existing Hydro
14 One Transmission variance and deferral accounts. They will be updated monthly and
15 interest applied consistent with the Board-approved rate. Balances will be reported to the
16 Board as part of the quarterly reporting process. The outstanding balances, whether in a
17 debit or credit position, will be submitted for approval by the Board as part of a future
18 Hydro One Transmission filing.

1 **PLANNED DISPOSITION OF REGULATORY ACCOUNTS**

2
3 **1.0 INTRODUCTION**

4
5 The purpose of this evidence is to outline the planned disposition of Hydro One
6 Transmission's Regulatory Accounts.

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8 **2.0 PLANNED DISPOSITION OF REGULATORY ACCOUNTS**

9
10 Hydro One Transmission is requesting disposition of the actual audited Regulatory
11 Account values as at December 31, 2011, plus forecast interest for 2012 on the principal
12 balances as at December 31, 2011.

13
14 It is expected that new Transmission rates will be effective and implemented on January
15 1, 2013 and that disposition of the accounts requested will commence on that date.
16 Hydro One Transmission's requested reduction to the Revenue Requirement of \$(30.3)
17 million is detailed in Table 1:

18
19 **Table 1**
20 **Transmission**
21 **Disposition of Regulatory Account Balances (\$ Millions)**

Description	Balance as at Dec 31, 2012
Deferred Export Service Credit	(2.9)
Excess Export Service Revenue	(19.0)
External Secondary Land Use Revenue	(14.6)
External Station Maintenance and E&CS Revenue	(5.2)
Tax Rate Changes	(4.3)
Rights Payments	(1.8)
Long-Term Project Development	4.7
Pension Cost Differential	12.8
Total Regulatory Accounts for Approval	(30.3)

1
2 With the setting of new uniform Transmission rates in 2013 and 2014, Hydro One
3 Transmission is requesting an adjustment to the Revenue Requirement over the standard
4 24-month period, which is consistent with the test years of this application.

5
6 For 2013 and 2014, this reduction will be factored into the Revenue Requirement per
7 Exhibit E1, Tab 1, Schedule 1.

HYDRO ONE NETWORKS INC.
TRANSMISSION
Regulatory Accounts for Approval
 As at December 31, 2011
 (\$ Millions)

Line No.	Particulars	Balance as at Dec 31, 2011	Balance as at Dec 31, 2012
		(a)	
	Total Regulatory Accounts seeking Disposition		
1	Deferred Export Service Credit Revenue	(2.9)	(2.9)
2	Excess Export Service Revenue	(18.7)	(19.0)
3	External Secondary Land Use Revenue	(14.4)	(14.6)
4	External Station Maintenance and E&CS Revenue	(5.2)	(5.2)
5	Tax Rate Changes	(4.2)	(4.3)
6	Rights Payments	(1.7)	(1.8)
7	Long Term Project Development Costs	4.6	4.7
8	Pension Cost Differential	12.7	12.8
9	Total Regulatory Accounts seeking Disposition	(29.8)	(30.3)
	Total Regulatory Accounts not Seeking Disposition		
10	Market Ready Costs	0.8	-
11	OEB Incremental Assessment Costs	(0.1)	-
12	IFRS Incremental Transition Costs	0.2	-
13	Total Regulatory Accounts not Seeking Dispositior	0.9	0.0
14	Total Regulatory Accounts	(28.9)	(30.3)

(a) 2010 and 2011 interest is based on the OEB prescribed rates.

(a) 2011 interest is based on the OEB prescribed rates.

HYDRO ONE NETWORKS INC.
TRANSMISSION
Planned Disposition of Regulatory Accounts
Schedule of Annual Recoveries*
Year Ending December 31
(\$ Millions)

<u>Line</u> <u>No.</u>	<u>Particulars</u>	<u>2013</u> (a)	<u>2014</u> (b)	<u>Total</u> (c)
1	Adjustment to Revenue Requirement	(15.1)	(15.1)	(30.2)

* Note: Above figures do not include interest improvement during the recovery period

**HYDRO ONE NETWORKS INC.
TRANSMISSION**

Continuity Schedules - Regulatory Accounts

Year Ending December 31, 2009

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Deferred Export Service Credit Revenue	2405	(\$23.7)	\$12.0	(\$11.7)	(\$3.3)	(\$0.2)	(\$3.6)	(\$15.3)
Excess Export Service Revenue	2405	0.0	(4.8)	(4.8)	0.0	(0.0)	(0.0)	(4.8)
External Secondary Land Use Revenue	2405	0.0	(3.2)	(3.2)	0.0	(0.0)	(0.0)	(3.2)
External Station Maintenance and E&CS Revenue	2405	0.0	(4.4)	(4.4)	0.0	(0.0)	(0.0)	(4.4)
Tax Rate Changes	1592	(9.7)	1.0	(8.7)	(0.2)	(0.1)	(0.4)	(9.1)
Rights Payments	2405	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Project Development Costs	1508	0.0	1.9	1.9	0.0	0.0	0.0	1.9
Pension Cost Differential	2405	0.5	2.7	3.2	(0.1)	0.0	(0.1)	3.1
Total		(\$32.9)	\$5.2	(\$27.7)	(\$3.7)	(\$0.4)	(\$4.0)	(\$31.8)

Year Ending December 31, 2010

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Deferred Export Service Credit Revenue	2405	(\$11.7)	\$12.4	\$0.6	(\$3.6)	(\$0.0)	(\$3.6)	(\$3.0)
Excess Export Service Revenue	2405	(4.8)	(4.3)	(9.1)	(0.0)	(0.1)	(0.1)	(9.2)
External Secondary Land Use Revenue	2405	(3.2)	(6.1)	(9.3)	(0.0)	(0.0)	(0.0)	(9.4)
External Station Maintenance and E&CS Revenue	2405	(4.4)	(6.4)	(10.8)	(0.0)	(0.1)	(0.1)	(10.9)
Tax Rate Changes	1592	(8.7)	4.9	(3.8)	(0.4)	(0.0)	(0.4)	(4.2)
Rights Payments	2405	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Project Development Costs	1508	1.9	4.6	6.5	0.0	0.0	0.0	6.5
Pension Cost Differential	2405	3.2	8.1	11.3	(0.1)	0.1	(0.0)	11.3
Total		(\$27.7)	\$13.2	(\$14.6)	(\$4.0)	(\$0.1)	(\$4.1)	(\$18.7)

Year Ending December 31, 2011

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Deferred Export Service Credit Revenue	2405	\$0.6	\$0.0	\$0.7	(\$3.6)	\$0.0	(\$3.6)	(\$2.9)
Excess Export Service Revenue	2405	(9.1)	(9.4)	(18.5)	(0.1)	(0.1)	(0.2)	(18.7)
External Secondary Land Use Revenue	2405	(9.3)	(4.8)	(14.2)	(0.0)	(0.2)	(0.3)	(14.4)
External Station Maintenance and E&CS Revenue	2405	(10.8)	5.8	(5.1)	(0.1)	(0.0)	(0.1)	(5.2)
Tax Rate Changes	1592	(3.8)	0.0	(3.8)	(0.4)	(0.1)	(0.5)	(4.2)
Rights Payments	2405	0.0	(1.7)	(1.7)	0.0	(0.0)	(0.0)	(1.7)
Long Term Project Development Costs	1508	6.5	(1.9)	4.6	0.0	0.0	0.1	4.6
Pension Cost Differential	2405	11.3	1.1	12.4	(0.0)	0.2	0.2	12.7
Total		(\$14.6)	(\$10.9)	(\$25.5)	(\$4.1)	(\$0.2)	(\$4.3)	(\$29.8)

HYDRO ONE NETWORKS INC.
TRANSMISSION
Continuity Schedules - Regulatory Accounts

Continuity Schedule of Regulatory Accounts Not Requesting Disposition
Year Ending December 31, 2009

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Market Ready Costs	1570	\$7.8	(\$4.0)	\$3.8	\$1.1	\$0.1	\$1.2	\$5.0
OEB Incremental Assessment Costs	1508	(3.2)	0.6	(2.6)	(0.1)	(0.0)	(0.1)	(2.8)
IFRS Incremental Transition Costs	1508	0.0	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)
Total		\$4.6	(\$3.5)	\$1.1	\$1.0	\$0.0	\$1.1	\$2.2

Year Ending December 31, 2010

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Market Ready Costs	1570	\$3.8	(\$4.2)	(\$0.4)	\$1.2	\$0.0	\$1.2	\$0.8
OEB Incremental Assessment Costs	1508	(2.6)	2.7	0.1	(0.1)	(0.0)	(0.1)	(0.1)
IFRS Incremental Transition Costs	1508	(0.0)	0.2	0.2	0.0	0.0	0.0	0.2
Total		\$1.1	(\$1.2)	(\$0.1)	\$1.1	\$0.0	\$1.1	\$1.0

Year Ending December 31, 2011

Account Description	Account Number	Opening Principal Amounts	Transactions During Year	Closing Principal Balance	Opening Interest Amounts	Interest	Closing Interest Balance	Total Principal plus Interest
Market Ready Costs	1570	(\$0.4)	\$0.4	(\$0.0)	\$1.2	(\$0.4)	\$0.8	\$0.8
OEB Incremental Assessment Costs	1508	0.1	0.0	0.1	(0.1)	0.0	(0.1)	(0.1)
IFRS Incremental Transition Costs	1508	0.2	(0.1)	0.1	0.0	0.0	0.0	0.2
Total		(\$0.1)	\$0.3	\$0.2	\$1.1	(\$0.4)	\$0.7	\$0.9