OVERVIEW (2.2.1.1)

The rate base used for the purpose of calculating the revenue requirement used in this Application follows Chapter 2 of the *Filing Requirements for Electricity Distribution Applications* issued by the Ontario Energy Board ("Board") on July 16, 2015 (the "Filing Requirements"). In accordance with the Filing Requirements, HHHI has calculated the rate base as the average of the net capital balances at the beginning and the end of the 2016 Test Year, plus a working capital allowance of 7.5% of the sum of the cost of power and controllable expenses.

In its 2012 Cost of Service Rate Application (EB-2011-0271), HHHI adopted the Revised CGAAP basis of reporting beginning January 1, 2012. As part of the change-over to Revised CGAAP in 2012, HHHI changed its depreciation rates and capitalization policy. HHHI also adjusted the CGAAP book value of its assets based on new useful lives provided in the HHHI specific Kinectrics report. The book value variance of assets between original CGAAP and Revised CGAAP was recorded in Deferral and Variance account 1575 and amortized from 2012 to 2016. The implementation of Revised CGAAP, the new useful lives of assets and capitalization policy were approved by the Board in HHHI's 2012 Cost of Service Rate Application (EB-2011-0271).

Net capital assets include in-service assets that are associated with activities that enable the conveyance of electricity for distribution purposes, minus accumulated depreciation and contributed capital from third parties. For the purposes of this Exhibit, distribution assets refer to those assets that are most directly related to the distribution system, such as poles, overhead and underground lines, and transformers. General plant refers to assets that support the operation of the distribution system such as computer hardware and software, vehicles, buildings, equipment. The rate base calculation excludes all non-distribution assets. HHHI has not applied for, nor received, any Incremental Capital Module ("ICM") adjustments.

Controllable expenses include operations and maintenance, billing and collecting, community relations and administration expenses.

HHHI has provided its rate base calculations for the years 2012 Board Approved, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year in Table 2-1 below:

Table 2-1: Summary of Rate Base

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Gross Fixed Assets, Opening Balance	52,728,694	51,414,622	61,628,381	67,278,598	75,569,434	82,837,245
Gross Fixed Assets, Closing Balance	59,628,695	61,628,381	67,278,598	75,569,434	82,837,245	91,048,205
Average Gross Fixed Assets	**56,178,694**	**56,521,502**	**64,453,490**	**71,424,016**	**79,203,340**	**86,942,725**
Accumulated Depreciation, Opening Balance	20,775,844	21,159,703	23,231,005	24,953,518	26,713,501	28,986,750
Accumulated Depreciation, Closing Balance	22,514,364	23,231,005	24,953,518	26,713,501	28,986,750	31,516,772
Average Accumulated Depreciation	**21,645,104**	**22,195,354**	**24,092,261**	**25,833,510**	**27,850,126**	**30,251,761**
Average Net Book Value	**34,533,590**	**34,326,148**	**40,361,229**	**45,590,506**	**51,353,214**	**56,690,964**
Working Capital	52,636,102	51,479,758	55,512,724	60,582,688	72,309,529	72,761,304
Working Capital Allowance (%)	15%	15%	15%	15%	15%	7.5%
Working Capital Allowance	7,895,415	7,721,964	8,326,909	9,087,403	10,846,429	5,457,098
Rate Base	**42,429,005**	**42,048,112**	**48,688,137**	**54,677,910**	**62,199,643**	**62,148,062**

HHHI has calculated its 2016 rate base as $62,148,062, an increase of $19,719,056 over the 2012 Board Approved rate base of $42,429,005. This increase in rate base is attributable to an increase in the average net book value of capital assets of $22,157,374 and a reduction in the working capital allowance of $2,438,318. HHHI has reinvested significantly in its distribution system since the 2012 Cost of Service application and this is reflected in the net book value variance. Approximately 96% of the working capital increase of $20,125,202 is related to cost of power. Controllable OM&A expenses increased 13% over the 2012 Board-Approved amounts for working capital.

A summary of HHHI's working capital calculations, including cost of power and controllable expenses, for the years 2012 Board Approved, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year are shown in Table 2-2. Further details of HHHI's calculation of cost of power are provided in Table 2-31. The calculation of cost of power for the 2015 bridge year is based on forecasted data.

Table 2-2: Summary of Working Capital Calculations

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Distribution Expenses - Operation	1,122,101	797,619	800,456	791,622	1,419,193	1,355,647
Distribution Expenses - Maintenance	808,985	1,905,957	742,555	615,219	341,000	374,125
Billing and Collecting	1,548,690	1,072,259	1,210,087	1,203,346	1,584,893	1,890,937
Community Relations	-	-	-	-	-	-
Administrative and General Expenses	2,313,625	2,036,642	2,331,334	2,568,754	2,917,017	3,122,070
Donations - LEAP	-	4,875	2,975	24,054	12,000	12,027
Taxes Other than Income Taxes	106,600	99,638	90,207	100,799	101,896	104,440
Less Allocated Depreciation		(184,231)	(159,509)	(131,339)	(153,830)	(173,580)
Total Eligible Distribution Expenses	5,900,000	5,732,759	5,018,105	5,172,456	6,222,169	6,685,666
Power Supply Expenses	46,736,102	45,746,999	50,494,619	55,410,232	66,099,360	66,075,638
Total Working Capital Expenses	**52,636,102**	**51,479,758**	**55,512,724**	**60,582,688**	**72,321,529**	**72,761,304**

Steeles Avenue Capital Addition Variance Account

In HHHI's 2012 Cost of Service Rate Application, Partial Settlement Agreement, Section 2, Rate Base, Item 2.1 states;

> *"There shall be an asymmetrical sharing arrangement with respect to capital expenditures for two projects forecast for 2012: (a) the Steeles Avenue – Trafalgar Rd to 5th Line South (Phase 2 – Stage 2)(capital cost of $496,638); and (b) Pole Relocations on Steeles Avenue between Winston Churchill Boulevard and Trafalgar Road (capital cost of $1,047,701) (collectively the "Steeles Avenue Projects"). The Parties have agreed to include the impact of the Steeles Avenue Projects in the Test Year revenue requirement. However, the Parties have also agreed that, in the event that the Steeles Avenue Projects are not closed to rate base in the Test Year, or if the overall capital cost is less than the amount forecasted, the revenue requirement impact will be credited to the asymmetrical variance account established for this purpose (the "Steeles Avenue Capital Addition Variance Account"). This account would provide for the return to customers of the revenue requirement impact related to the difference between the $1,544,339 of forecast capital expenditures on these two projects, and the actual*

> *capital expenditures of these two projects closed to rate base in 2012. The Steeles Ave Capital Additions Variance Account would record the difference in all components of annual revenue requirement (including, but not limited to, depreciation, interest, return on equity and PILs) resulting from any under-spending on capital expenditures for these two projects closed to rate base in the Test Year. That is, if the capital expenditures closed to rate base in 2012 are less than $1,544,339 on these two projects, the revenue requirement impact of the shortfall will be calculated and credited to the variance account in each year (between 2012 and HHH's next rebasing application) that the underspending on these two projects persists. For example, if the projects are completed in 2012 but come in under budget by $300,000, then the variance account will capture the revenue requirement impact of removing that $300,000 of capital spending from 2012, including the impact in 2013 to 2015. The account would be subject to disposition in accordance with the Board's normal policies from time to time on the disposition of applicable variance accounts."*

The Steeles Avenue Projects referenced in the partial settlement agreement were started in 2012. The Steeles Avenue – Trafalgar Rd to 5th Line South (Phase 2 – Stage 2) project was completed in 2014 and the Pole Relocations on Steeles Avenue between Winston Churchill Boulevard and Trafalgar Road was completed in 2013. The actual costs of both projects were greater than the approved amounts of $496,638 and $1,047,701 respectively.

Upon request by the Region of Halton, the scope of both projects was changed and HHHI was required to make the necessary adjustments. The changes to the projects resulted in completion dates extending beyond 2012 and increased the total cost of the projects. Given that the actual cost of Steeles Avenue Projects was greater in totality than the Board Approved amount, HHHI is proposing that there be no adjustment to revenue requirement and to close the asymmetrical variance account established for this purpose. Table 2-3 provides a summary of the costs for the Steeles Avenue Projects.

Table 2-3: Summary of Costs for Steeles Avenue Projects

Description	Amount as per Partial Settlement Agreement	2012 Actual	2013 Actual	2014 Actual	Total Actual	Variance
Steeles Avenue – Trafalgar Rd to 5th Line South (Phase 2 – Stage 2)	496,638	1,507	4,401	435,955	441,863	(54,775)
Pole Relocations on Steeles Avenue between Winston Churchill Boulevard and Trafalgar Road	1,047,701	765,414	935,311		1,700,725	653,024
Total	**1,544,339**	**766,921**	**939,712**	**435,955**	**2,142,588**	**598,249**

Variance Analysis of Rate Base

In accordance with the Filing Requirements, HHHI has calculated a materiality threshold of $62,364 HHHI's proposed rate base of $62,148,062 for 2016. HHHI has elected to use a materiality threshold of $65,000. The materiality calculation is summarized in Table 2-4 below:

Table 2-4: Materiality Threshold

Description	2016 Test Year
Distribution Revenue Requirement	12,472,736
Materiality Threshold	0.50%
Materiality Calculated	62,364
Materiality Used	**65,000**

Table 2-5 details HHHI's rate base and working capital calculations for the 2016 Test Year, 2015 Bridge Year, 2014 Actual, 2013 Actual, 2012 Actual, and Board Approved and the following variances:

- 2016 Test Year against 2015 Bridge Year;
- 2015 Bridge Year against 2014 Actual;
- 2014 Actual against 2013 Actual;

- 2013 Actual against 2012 Actual; and
- 2012 Actual against 2012 Board Approved.

Table 2-5: Rate Base Variances

Description	2012 Board Approved	2012 Actual	Variance from 2012 Board Approved	2013 Actual	Variance from 2012 Actual	2014 Actual	Variance from 2013 Actual	2015 Bridge Year	Variance from 2014 Actual	2016 Test Year	Variance from 2015 Bridget Year
Average Gross Fixed Assets	56,178,694	56,521,502	342,807	64,453,490	7,931,988	71,424,016	6,970,526	79,203,340	7,779,324	86,942,725	7,739,385
Less: Average Accumulated Depreciation	21,645,104	22,195,354	550,249	24,092,261	1,896,908	25,833,510	1,741,248	27,850,126	2,016,616	30,251,761	2,401,635
Average Net Book Value	34,533,590	34,326,148	(207,442)	40,361,229	6,035,080	45,590,506	5,229,278	51,353,214	5,762,707	56,690,964	5,337,750
Working Capital	52,636,102	51,479,758	(1,156,344)	55,512,724	4,032,965	60,582,688	5,069,964	72,309,529	11,726,842	72,761,304	451,775
Working Capital Allowance (%)	15.0%	15.0%		15.0%		15.0%		15.0%		7.5%	
Working Capital Allowance	7,895,415	7,721,964	(173,452)	8,326,909	604,945	9,087,403	760,495	10,846,429	1,759,026	5,457,098	(5,389,332)
Rate Base	**42,429,005**	**42,048,112**	**(380,894)**	**48,688,137**	**6,640,025**	**54,677,910**	**5,989,772**	**62,199,643**	**7,521,734**	**62,148,062**	**(51,582)**

HHHI offers the following comments in respect of the variances shown in Table 2-5.

2016 Test Year

As shown in Table 2-6, the total rate base for the 2016 Test Year is forecast to be $62,148,062. Average net fixed assets account for $56,690,964 of this total. The allowance for working capital totals $5,457,098 of which $4,955,673 (or 91%) is related to cost of power expenses.

Table 2-6: 2016 Rate Base Calculation

Description	2016 Test Year
Gross Fixed Assets, Opening Balance	82,837,245
Gross Fixed Assets, Closing Balance	91,048,205
Average Gross Fixed Assets	**86,942,725**
Accumulated Depreciation, Opening Balance	28,986,750
Accumulated Depreciation, Closing Balance	31,516,772
Average Accumulated Depreciation	**30,251,761**
Average Net Book Value	**56,690,964**
Working Capital	72,761,304
Working Capital Allowance (%)	7.5%
Working Capital Allowance	**5,457,098**
Rate Base	**62,148,062**

2016 Test Year vs. 2015 Bridge Year

As indicated in Table 2-7, the total rate base is expected to be $51,582 lower in the 2016 Test Year than in the 2015 Bridge Year. An increase in average net book value of $5,337,750 is offset by a decrease in working capital allowance of $5,389,332. The addition to gross fixed assets in 2016 is forecasted to be $8,210,959. Table 2-7 provides a more detailed variance of year over year changes to gross assets. Details with respect to HHHI's 2016 capital expenditure program are provided in HHHI's Distribution System Plan ("DSP"), found in Appendix 2-A. The decrease in working capital allowance of $5,389,332 is the result of a reduction in working capital allowance percentage from

15% to 7.5%. Detailed calculations of the cost of power expense for the 2016 Test Year can be found in Table 2-32.

Table 2-7: Variance - 2016 Test Year vs. 2015 Bridge Year

Description	2016 Test Year	2015 Bridge Year	Variance from 2015 Bridge Year
Gross Fixed Assets	91,048,205	82,837,245	8,210,959
Accumulated Depreciation	31,516,772	28,986,750	2,530,022
Net Book Value	59,531,433	53,850,495	5,680,938
Average Net Book Value	**56,690,964**	**51,353,214**	**5,337,750**
Working Capital	72,761,304	72,309,529	451,775
Working Capital Allowance	5,457,098	10,846,429	(5,389,332)
Rate Base	**62,148,062**	**62,199,643**	**(51,582)**

2015 Bridge Year vs. 2014 Actual

Total rate base for the 2015 Bridge Year is expected to be $62,199,643; an increase of $7,521,734 over the 2014 Actual amount. The increase is attributable primarily to an increase of $5,762,707 in the average net book value. The total variance of $7,267,811 in gross fixed assets is related to increases of $8,086,812 and $629,136 for distribution and general plant assets respectively. The increases are offset by contributed capital of ($1,448,137). Table 2-8 provides a more detailed explanation of the year over year change in gross assets. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

Approximately 91% of the increase in the 2015 working capital allowance can be attributed to the increase in cost of power expenses from 2014.

Table 2-8: Variance - 2015 Bridge Year vs. 2014 Actual

Description	2015 Bridge Year	2014 Actual	Variance from 2014 Actual
Gross Fixed Assets	82,837,245	75,569,434	7,267,811
Accumulated Depreciation	28,986,750	26,713,501	2,273,249
Net Book Value	53,850,495	48,855,933	4,994,562
Average Net Book Value	**51,353,214**	**45,590,506**	**5,762,707**
Working Capital	72,309,529	60,582,688	11,726,842
Working Capital Allowance	10,846,429	9,087,403	1,759,026
Rate Base	**62,199,643**	**54,677,910**	**7,521,734**

2014 Actual vs. 2013 Actual

The 2014 Actual rate base of $54,677,910 increased by $5,989,772 over 2013 Actuals. The variance is driven by an increase of $5,229,278 in the average net book value. The total change of $8,290,836 in gross fixed assets results from increases of $8,254,726 and $1,231,176 to distribution and general plant assets respectively. This increase to gross fixed assets is offset by contributed capital of ($1,195,066). Table 2-9 provides a more detailed explanation of the year over year change in gross assets. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The primary driver of the increase in working capital of $5,069,964 is related to an increase in cost of power expense of $4,915,613. A summary of the cost of power expenses for 2012 through 2016 can be found in Table 2-31.

Table 2-9: Variance - 2014 Actual vs. 2013 Actual

Description	2014 Actual	2013 Actual	Variance from 2013 Actual
Gross Fixed Assets	75,569,434	67,278,598	8,290,836
Accumulated Depreciation	26,713,501	24,953,518	1,759,983
Net Book Value	48,855,933	42,325,080	6,530,852
Average Net Book Value	**45,590,506**	**40,361,229**	**5,229,278**
Working Capital	60,582,688	55,512,724	5,069,964
Working Capital Allowance	9,087,403	8,326,909	760,495
Rate Base	**54,677,910**	**48,688,137**	**5,989,772**

2013 Actual vs. 2012 Actual

The rate base of $48,688,137 for 2013 Actual increased over 2012 Actual by $6,640,025. This increase is due to capital expenditures resulting in a change in average net assets of $6,035,080.

The total change of $5,650,217 in gross fixed assets results from increases of $6,036,638 and $521,201 to distribution and general plant assets respectively. This increase to gross fixed assets is offset by contributed capital of ($907,623). Table 2-10 provides a more detailed explanation of the year over year change in gross assets. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The primary driver of the increase in working capital is related to an increase in cost of power expense of $4,032,965. A summary of the cost of power expenses for 2012 through 2016 can be found in Table 2-31.

Table 2-10: Variance - 2013 Actual vs. 2012 Actual

Description	2013 Actual	2012 Actual	Variance from 2012 Actual
Gross Fixed Assets	67,278,598	61,628,381	5,650,217
Accumulated Depreciation	24,953,518	23,231,005	1,722,514
Net Book Value	42,325,080	38,397,377	3,927,703
Average Net Book Value	**40,361,229**	**34,326,148**	**6,035,080**
Working Capital	55,512,724	51,479,758	4,032,965
Working Capital Allowance	8,326,909	7,721,964	604,945
Rate Base	**48,688,137**	**42,048,112**	**6,640,025**

2012 Actual vs. 2012 Board Approved

The rate base of $42,048,112 for 2012 Actual is less than the 2012 Board Approved amount by $380,894. The decrease is a result of a change in Working Capital Allowance of $173,452 and the Average Net Book Value of $207,442. The lower 2012 Actual Working Capital Allowance over the 2012 Board Approved amount is a result of lower 2012 Actual cost of power than the 2012 Board Approved amount.

Distribution assets of $9,307,002 were added in 2012, as well as general plant assets of $906,758 for a total amount of $10,213,760 in gross fixed assets. Table 2-26 provides a more detailed explanation of the change in gross assets, year over year.

Included in the 2012 capital addition amount of $10,213,759 is $3,860,771 for smart meter disposition. This amount was transferred from the Deferral and Variance Account 1555 into Accounts 1860, 1920 and 1925 as a result of Board approved smart meter disposition in HHHI's 2012 Cost of Service Rate Application, EB-2011-0271.

Table 2-11: Variance - 2012 Actual vs. 2012 Board Approved

Description	2012 Actual	2012 Board Approved	Variance from 2012 Board Approved
Gross Fixed Assets	61,628,381	59,628,695	1,999,687
Accumulated Depreciation	23,231,005	22,514,364	716,640
Net Book Value	38,397,377	37,114,330	1,283,047
Average Net Book Value	**34,326,148**	**34,533,590**	**(207,442)**
Working Capital	51,479,758	52,636,102	(1,156,344)
Working Capital Allowance	7,721,964	7,895,415	(173,452)
Rate Base	**42,048,112**	**42,429,005**	**(380,894)**

Fixed Asset Continuity Schedules, Including Work in Progress

Tables 2-13 through 2-17 provide the Fixed Asset Continuity Schedules, including Work In Progress ("WIP") for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge, and 2016 Test Years. For the years 2012, 2013 and 2014, actuals are based on Revised CGAAP. The 2015 Bridge and 2016 Test Years are based on MIFRS.

The total gross asset balances in HHHI's Fixed Asset Continuity Statements do not balance to the opening and closing balances of gross assets used to calculate the fixed asset component of rate base. WIP has been removed from the fixed asset continuity schedule balances for rate base calculation purposes, as mandated by the Board. A reconciliation of year-end NBV by year is provided in Table 2-12 below. The opening and closing balances of accumulated depreciation used to calculate the fixed asset component of rate base correspond to the fixed asset continuity schedule. As such there is no reconciliation required for accumulated depreciation.

Table 2-12: Reconciliation of Year End Net Book Value Balances

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Total Gross Assets for Rate Base	59,628,695	61,628,381	67,278,598	75,569,434	82,837,245	91,048,205
Work in Progress	2,596,729	1,570,979	3,144,067	3,133,245	86,420,491	94,631,450
Total Gross Assets Including WIP	**62,225,424**	**63,199,360**	**70,422,665**	**78,702,679**	**169,257,736**	**185,679,655**
Total Accumulated Depreciation for Rate Base	22,514,364	23,231,005	24,953,518	26,713,501	28,986,750	31,516,772
Total Accumulated Depreciation, including WIP	**22,514,364**	**23,231,005**	**24,953,518**	**26,713,501**	**28,986,750**	**31,516,772**
Total Net Book Value for Rate Base	37,114,330	38,397,377	42,325,080	48,855,933	53,850,495	59,531,433
Work in Progress	2,596,729	1,570,979	3,144,067	3,133,245	3,583,245	3,583,245
Total Net Book Value Including WIP	**39,711,059**	**39,968,356**	**45,469,147**	**51,989,178**	**57,433,740**	**63,114,678**

1

Table 2-13: Fixed Asset Continuity Schedule as at December 31, 2012 - Revised CGAAP

CCA Class	OEB USofA	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1805	Land	591,591	(250)		591,341		-		-	591,341
CEC	1806	Land Rights	4,738	0		4,738		-		-	4,738
47	1808	Buildings and Fixtures	3,233,684	356,930		3,590,614	672,970	82,160		755,130	2,835,484
13	1810	Leasehold Improvements	-	-		-		-		-	-
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	-	-		-		-		-	-
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	5,145,637	567,968		5,713,606	1,117,451	88,877		1,206,328	4,507,278
47	1825	Storage Battery Equipment	-	-		-		-		-	-
47	1830	Poles, Towers and Fixtures	17,179,058	1,896,201		19,075,259	12,881,791	230,103		13,111,893	5,963,365
47	1835	Overhead Conductors and Devices	6,240,894	688,861		6,929,755	761,222	170,997		932,219	5,997,536
47	1840	Underground Conduit	970,548	107,128		1,077,676	98,677	20,488		119,165	958,511
47	1845	Underground Conductors and Devices	5,875,827	648,566		6,524,393	607,731	217,241		824,972	5,699,420
47	1850	Line Transformers	7,238,728	799,001		8,037,729	790,428	221,002		1,011,430	7,026,298
47	1855	Services	2,730,647	301,405		3,032,052	418,500	-		418,500	2,613,552
47	1860	Meters	1,179,057	3,790,635		4,969,692	76,329	391,136		467,465	4,502,227
N/A	1865	Other Installations on Customer's Premises	-	-		-		-		-	-
N/A	1905	Land	-	-		-		-		-	-
CEC	1906	Land Rights	-	-		-		-		-	-
47	1908	Buildings and Fixtures	-	-		-		-		-	-
13	1910	Leasehold Improvements	-	-		-		-		-	-
8	1915	Office Furniture and Equipment	384,354	42,424		426,778	255,489	10,290		265,779	161,000
10	1920	Computer Equipment - Hardware	1,086,223	266,567		1,352,790	1,025,028	242,839		1,267,867	84,923
12	1925	Computer Software	1,236,063	190,042		1,426,105	1,108,834	237,178		1,346,012	80,093
10	1930	Transportation Equipment	2,485,912	274,392		2,760,304	1,481,219	184,231		1,665,450	1,094,854
8	1935	Stores Equipment	53,152	5,867		59,018	52,043	-		52,043	6,975
8	1940	Tools, Shop and Garage Equipment	584,699	64,538		649,237	350,102	52,040		402,141	247,096
8	1945	Measurement and Testing Equipment	-	-		-		-		-	-
8	1950	Power Operated Equipment	-	-		-		-		-	-
8	1955	Communication Equipment	-	-		-	6,507	51,625		58,133	(58,133)
8	1960	Miscellaneous Equipment	-	-		-		-		-	-
47	1970	Load Management Controls - Customer Premises	570,108	62,928		633,035	298,141	-		298,141	334,894
47	1975	Load Management Controls - Utility Premises	-	-		-		-		-	-
47	1980	System Supervisory Equipment	1,009,299	111,405		1,120,704	425,242	-		425,242	695,462
47	1985	Sentinel Lighting Rentals	-	-		-		-		-	-
47	1990	Other Tangible Property	-	-		-		-		-	-
47	1995	Contributions and Grants	(6,385,598)	39,153		(6,346,445)	(1,268,002)	(128,903)		(1,396,905)	(4,949,540)
	2005	Property under Capital Lease	-	-		-		-		-	-
47	2440	Deferred Revenue	51,414,622	10,213,759	-	61,628,381				-	
		Total before Work in Process	**51,414,622**	**10,213,759**	**-**	**61,628,381**	**21,159,703**	**2,071,302**		**23,231,005**	**38,397,377**
	2070	Other utility plant									
WIP	2055	Work in Process	1,088,850	482,129		1,570,979					1,570,979
		Total after Work in Process	**52,503,472**	**10,695,889**	**-**	**63,199,360**	**21,159,703**	**2,071,302**		**23,231,005**	**39,968,356**

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Table 2-14: Fixed Asset Continuity Schedule as at December 31, 2013 - Revised CGAAP

CCA Class	OEB USofA	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	591,341	250		591,591		-		-	591,591
CEC	1806	Land Rights	4,738	-		4,738		-		-	4,738
47	1808	Buildings and Fixtures	3,590,614	-		3,590,614	755,130	82,317		837,447	2,753,167
13	1810	Leasehold Improvements	-	-		-		-		-	-
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	-	-		-		-		-	-
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	5,713,606	-		5,713,606	1,206,328	91,165		1,297,492	4,416,114
47	1825	Storage Battery Equipment	-	-		-		-		-	-
47	1830	Poles, Towers and Fixtures	19,075,259	3,191,693		22,266,952	13,111,893	293,107		13,405,000	8,861,952
47	1835	Overhead Conductors and Devices	6,929,755	1,079,885		8,009,640	932,219	187,415		1,119,633	6,890,006
47	1840	Underground Conduit	1,077,676	73,112		1,150,788	119,165	21,655		140,820	1,009,968
47	1845	Underground Conductors and Devices	6,524,393	619,154		7,143,546	824,972	246,926		1,071,899	6,071,647
47	1850	Line Transformers	8,037,729	694,253		8,731,981	1,011,430	232,734		1,244,164	7,487,817
47	1855	Services	3,032,052	22,489		3,054,541	418,500	-		418,500	2,636,041
47	1860	Meters	4,969,692	339,265		5,308,957	467,465	159,421		626,886	4,682,071
N/A	1865	Other Installations on Customer's Premises	-	-		-		-		-	-
N/A	1905	Land	-	-		-		-		-	-
CEC	1906	Land Rights	-	-		-		-		-	-
47	1908	Buildings and Fixtures	-	-		-		-		-	-
13	1910	Leasehold Improvements	-	-		-		-		-	-
8	1915	Office Furniture and Equipment	426,778	3,137		429,916	265,779	12,406		278,184	151,731
10	1920	Computer Equipment - Hardware	1,352,790	144,237		1,497,027	1,267,867	115,155		1,383,023	114,005
12	1925	Computer Software	1,426,105	156,819		1,582,924	1,346,012	179,415		1,525,427	57,498
10	1930	Transportation Equipment	2,760,304	67,746		2,828,050	1,665,450	159,509		1,824,959	1,003,091
8	1935	Stores Equipment	59,018	-		59,018	52,043	-		52,043	6,975
8	1940	Tools, Shop and Garage Equipment	649,237	48,101		697,339	402,141	54,524		456,666	240,673
8	1945	Measurement and Testing Equipment	-	-		-		-		-	-
8	1950	Power Operated Equipment	-	-		-		-		-	-
8	1955	Communication Equipment	633,035	-		633,035	58,133	4,634		62,767	570,268
8	1960	Miscellaneous Equipment	-	-		-		-		-	-
47	1970	Load Management Controls - Customer Premises	-	101,160		101,160	298,141	-		298,141	(196,981)
47	1975	Load Management Controls - Utility Premises	-	-		-		-		-	-
47	1980	System Supervisory Equipment	1,120,704	16,538		1,137,242	425,242	47,811		473,053	664,189
47	1985	Sentinel Lighting Rentals	-	-		-		-		-	-
47	1990	Other Tangible Property	-	-		-		-		-	-
47	1995	Contributions and Grants	(6,346,445)	(907,623)		(7,254,067)	(1,396,905)	(165,680)		(1,562,585)	(5,691,482)
	2005	Property under Capital Lease	-	-		-		-		-	-
47	2440	Deferred Revenue						-		-	-
		Total before Work in Process	**61,628,381**	**5,650,217**	**-**	**67,278,598**	**23,231,005**	**1,722,514**	**-**	**24,953,518**	**42,325,080**
	2070	Other utility plant									
WIP	2055	Work in Process	1,570,979	1,573,088		3,144,067					3,144,067
		Total after Work in Process	**63,199,360**	**7,223,305**	**-**	**70,422,665**	**23,231,005**	**1,722,514**	**-**	**24,953,518**	**45,469,147**

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Table 2-15: Fixed Asset Continuity Schedule as at December 31, 2014 - Revised CGAAP

CCA Class	OEB USofA	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	591,591	-		591,591		-		-	591,591
CEC	1806	Land Rights	4,738	-		4,738		-		-	4,738
47	1808	Buildings and Fixtures	3,590,614	43,442		3,634,056	837,447	80,998		918,444	2,715,611
13	1810	Leasehold Improvements	-	-		-		-		-	-
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	-	-		-		-		-	-
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	5,713,606	40,422		5,754,028	1,297,492	78,714		1,376,207	4,377,821
47	1825	Storage Battery Equipment	-	-		-		-		-	-
47	1830	Poles, Towers and Fixtures	22,266,952	4,605,229		26,872,181	13,405,000	370,688		13,775,687	13,096,493
47	1835	Overhead Conductors and Devices	8,009,640	688,985		8,698,625	1,119,633	200,128		1,319,761	7,378,863
47	1840	Underground Conduit	1,150,788	40,463		1,191,251	140,820	22,918		163,737	1,027,514
47	1845	Underground Conductors and Devices	7,143,546	1,048,667		8,192,213	1,071,899	266,116		1,338,015	6,854,198
47	1850	Line Transformers	8,731,981	1,703,294		10,435,275	1,244,164	238,026		1,482,190	8,953,085
47	1855	Services	3,054,541	-		3,054,541	418,500	-		418,500	2,636,041
47	1860	Meters	5,308,957	81,419		5,390,375	626,886	167,243		794,129	4,596,247
N/A	1865	Other Installations on Customer's Premises	-	-		-		-		-	-
N/A	1905	Land	-	-		-		-		-	-
CEC	1906	Land Rights	-	-		-		-		-	-
47	1908	Buildings and Fixtures	-	-		-		-		-	-
13	1910	Leasehold Improvements	-	-		-		-		-	-
8	1915	Office Furniture and Equipment	429,916	1,040		430,956	278,184	40,381		318,566	112,390
10	1920	Computer Equipment - Hardware	1,497,027	46,162		1,543,189	1,383,023	35,621		1,418,644	124,545
12	1925	Computer Software	1,582,924	772,756		2,355,680	1,525,427	232,948		1,758,374	597,306
10	1930	Transportation Equipment	2,828,050	385,211		3,213,261	1,824,959	131,339		1,956,298	1,256,963
8	1935	Stores Equipment	59,018	-		59,018	52,043	-		52,043	6,975
8	1940	Tools, Shop and Garage Equipment	697,339	23,530		720,869	456,666	37,616		494,282	226,587
8	1945	Measurement and Testing Equipment	-	-		-		-		-	-
8	1950	Power Operated Equipment	-	-		-		-		-	-
8	1955	Communication Equipment	633,035	2,477		635,513	62,767	2,576		65,343	570,170
8	1960	Miscellaneous Equipment	-	-		-		-		-	-
47	1970	Load Management Controls - Customer Premises	101,160	-		101,160	298,141	-		298,141	(196,981)
47	1975	Load Management Controls - Utility Premises	-	-		-		-		-	-
47	1980	System Supervisory Equipment	1,137,242	2,806		1,140,049	473,053	45,158		518,212	621,837
47	1985	Sentinel Lighting Rentals	-	-		-		-		-	-
47	1990	Other Tangible Property	-	-		-		-		-	-
47	1995	Contributions and Grants	(7,254,067)	(1,195,066)		(8,449,133)	(1,562,585)	(190,487)		(1,753,072)	(6,696,061)
	2005	Property under Capital Lease	-	-		-		-		-	-
47	2440	Deferred Revenue								-	-
		Total before Work in Process	**67,278,598**	**8,290,836**	**-**	**75,569,434**	**24,953,518**	**1,759,983**	**-**	**26,713,501**	**48,855,933**
	2070	Other utility plant									
WIP	2055	Work in Process	3,144,067	(10,822)		3,133,245					3,133,245
		Total after Work in Process	**70,422,665**	**8,280,014**	**-**	**78,702,679**	**24,953,518**	**1,759,983**	**-**	**26,713,501**	**51,989,178**

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Table 2-16: Fixed Asset Continuity Schedule as at December 31, 2015 – MIFRS

CCA Class	OEB USofA	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	591,591	933,000		1,524,591	-	-		-	1,524,591
CEC	1806	Land Rights	4,738			4,738	-	-		-	4,738
47	1808	Buildings and Fixtures	3,634,056	150,000		3,784,056	918,444	65,813		984,258	2,799,798
13	1810	Leasehold Improvements	-			-	-	-		-	-
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	-			-	-	-		-	-
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	5,754,028	267,445		6,021,473	1,376,207	61,228		1,437,434	4,584,038
47	1825	Storage Battery Equipment	-			-	-	-		-	-
47	1830	Poles, Towers and Fixtures	26,872,181	2,877,676		29,749,857	13,775,687	419,333		14,195,021	15,554,836
47	1835	Overhead Conductors and Devices	8,698,625	1,223,235		9,921,860	1,319,761	210,006		1,529,767	8,392,092
47	1840	Underground Conduit	1,191,251	364,390		1,555,641	163,737	24,714		188,451	1,367,190
47	1845	Underground Conductors and Devices	8,192,213	498,591		8,690,804	1,338,015	286,513		1,624,528	7,066,276
47	1850	Line Transformers	10,435,275	794,064		11,229,339	1,482,190	256,704		1,738,894	9,490,445
47	1855	Services	3,054,541	342,263		3,396,804	418,500	4,278		422,778	2,974,025
47	1860	Meters	5,390,375	343,186		5,733,561	794,129	154,835		948,963	4,784,598
N/A	1865	Other Installations on Customer's Premises	-			-	-	-		-	-
N/A	1905	Land	-			-	-	-		-	-
CEC	1906	Land Rights	-			-	-	-		-	-
47	1908	Buildings and Fixtures	-			-	-	-		-	-
13	1910	Leasehold Improvements	-			-	-	-		-	-
8	1915	Office Furniture and Equipment	430,956	51,136		482,092	318,566	30,332		348,897	133,194
10	1920	Computer Equipment - Hardware	1,543,189	121,500		1,664,689	1,418,644	178,182		1,596,826	67,863
12	1925	Computer Software	2,355,680	85,500		2,441,180	1,758,374	648,404		2,406,779	34,401
10	1930	Transportation Equipment	3,213,261	329,000		3,542,261	1,956,298	153,830		2,110,127	1,432,133
8	1935	Stores Equipment	59,018			59,018	52,043	-		52,043	6,975
8	1940	Tools, Shop and Garage Equipment	720,869	30,000		750,869	494,282	36,802		531,084	219,785
8	1945	Measurement and Testing Equipment	-	5,000		5,000	-	-		-	5,000
8	1950	Power Operated Equipment	-			-	-	-		-	-
8	1955	Communication Equipment	635,513	7,000		642,513	65,343	4,365		69,708	572,805
8	1960	Miscellaneous Equipment	-			-	-	-		-	-
47	1970	Load Management Controls - Customer Premises	101,160			101,160	298,141	-		298,141	(196,981)
47	1975	Load Management Controls - Utility Premises	-			-	-	-		-	-
47	1980	System Supervisory Equipment	1,140,049	292,962		1,433,011	518,212	-		518,212	914,799
47	1985	Sentinel Lighting Rentals	-			-	-	-		-	-
47	1990	Other Tangible Property	-			-	-	-		-	-
47	1995	Contributions and Grants	(8,449,133)			(8,449,133)	(1,753,072)	-		(1,753,072)	(6,696,061)
	2005	Property under Capital Lease	-			-	-	-		-	-
47	2440	Deferred Revenue	-	(1,448,137)		(1,448,137)	-	(262,091)		(262,091)	(1,186,046)
		Total before Work in Process	**75,569,434**	**7,267,811**	**-**	**82,837,245**	**26,713,501**	**2,273,249**	**-**	**28,986,751**	**53,850,495**
	2070	Other utility plant	-			-					-
WIP	2055	Work in Process	3,133,245	450,000		3,583,245	-			-	3,583,245
		Total after Work in Process	**78,702,679**	**7,717,811**	**-**	**86,420,490**	**26,713,501**	**2,273,249**	**-**	**28,986,751**	**57,433,740**

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Table 2-17: Fixed Asset Continuity Schedule as at December 31, 2016 - MIFRS

CCA Class	OEB USofA	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	1,524,591	-		1,524,591	-	-		-	1,524,591
CEC	1806	Land Rights	4,738	-		4,738	-	-		-	4,738
47	1808	Buildings and Fixtures	3,784,056	285,000		4,069,056	984,258	70,992		1,055,249	3,013,806
13	1810	Leasehold Improvements	-	-		-	-	-		-	-
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	-	-		-	-	-		-	-
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	6,021,473	1,008,609		7,030,082	1,437,434	93,129		1,530,563	5,499,518
47	1825	Storage Battery Equipment	-	-		-	-	-		-	-
47	1830	Poles, Towers and Fixtures	29,749,857	3,706,539		33,456,395	14,195,021	485,175		14,680,196	18,776,199
47	1835	Overhead Conductors and Devices	9,921,860	1,501,254		11,423,114	1,529,767	240,278		1,770,046	9,653,068
47	1840	Underground Conduit	1,555,641	546,812		2,102,453	188,451	33,826		222,277	1,880,176
47	1845	Underground Conductors and Devices	8,690,804	208,164		8,898,968	1,624,528	296,064		1,920,592	6,978,376
47	1850	Line Transformers	11,229,339	893,285		12,122,624	1,738,894	278,906		2,017,801	10,104,823
47	1855	Services	3,396,804	387,911		3,784,715	422,778	13,405		436,184	3,348,531
47	1860	Meters	5,733,561	294,710		6,028,271	948,963	164,802		1,113,765	4,914,506
N/A	1865	Other Installations on Customer's Premises	-	-		-	-	-		-	-
N/A	1905	Land	-	-		-	-	-		-	-
CEC	1906	Land Rights	-	-		-	-	-		-	-
47	1908	Buildings and Fixtures	-	-		-	-	-		-	-
13	1910	Leasehold Improvements	-	-		-	-	-		-	-
8	1915	Office Furniture and Equipment	482,092	70,000		552,092	348,897	42,445		391,342	160,749
10	1920	Computer Equipment - Hardware	1,664,689	75,000		1,739,689	1,596,826	210,932		1,807,759	(68,070)
12	1925	Computer Software	2,441,180	2,800		2,443,980	2,406,779	670,479		3,077,258	(633,278)
10	1930	Transportation Equipment	3,542,261	145,000		3,687,261	2,110,127	173,580		2,283,707	1,403,553
8	1935	Stores Equipment	59,018	-		59,018	52,043	-		52,043	6,975
8	1940	Tools, Shop and Garage Equipment	750,869	32,000		782,869	531,084	39,902		570,987	211,882
8	1945	Measurement and Testing Equipment	5,000	-		5,000	-	-		-	5,000
8	1950	Power Operated Equipment	-	-		-	-	-		-	-
8	1955	Communication Equipment	642,513	100,000		742,513	69,708	15,065		84,773	657,740
8	1960	Miscellaneous Equipment	-	-		-	-	-		-	-
47	1970	Load Management Controls - Customer Premises	101,160	-		101,160	298,141	-		298,141	(196,981)
47	1975	Load Management Controls - Utility Premises	-	-		-	-	-		-	-
47	1980	System Supervisory Equipment	1,433,011	86,579		1,519,590	518,212	-		518,212	1,001,378
47	1985	Sentinel Lighting Rentals	-	-		-	-	-		-	-
47	1990	Other Tangible Property	-	-		-	-	-		-	-
47	1995	Contributions and Grants	(8,449,133)			(8,449,133)	(1,753,072)	-		(1,753,072)	(6,696,061)
	2005	Property under Capital Lease	-			-	-	-		-	-
47	2440	Deferred Revenue	(1,448,137)	(1,132,703)		(2,580,840)	(262,091)	(298,960)		(561,051)	(2,019,789)
		Total before Work in Process	**82,837,245**	**8,210,959**	**-**	**91,048,205**	**28,986,751**	**2,530,022**	**-**	**31,516,772**	**59,531,432**
	2070	Other utility plant	-			-					-
WIP	2055	Work in Process	3,583,245			3,583,245	-			-	3,583,245
		Total after Work in Process	**86,420,490**	**8,210,959**	**-**	**94,631,450**	**28,986,751**	**2,530,022**	**-**	**31,516,772**	**63,114,677**

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Fixed Asset Continuity Schedules, Excluding Work in Progress

Tables 2-18 through 2-22 provide the Fixed Asset Continuity Schedules, excluding WIP for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge, and 2016 Test Years. For the years 2012, 2013 and 2014, actuals are based on Revised CGAAP. The 2015 Bridge and 2016 Test Years are based on MIFRS. Tables 2-18 through 2-22 are as shown in Board Appendix 2-BA as required by the Filing Requirements.

The "CCA Class" for fixed assets shown in Appendix 2-BA is as provided by the Board and agrees with the CCA Class used for tax purposes in HHHI's tax returns.

Upon the date of IFRS adoption, customer contributions are no longer recorded in Account 1995 Contributions & Grants, but are recorded in Account 2440, Deferred Revenue and amortized to revenue over the service life of the related asset. In addition, historical amounts recorded in Account 1995 prior to the transition year are to be netted against the assets in PP&E that they relate to and no longer accounted for separately as an offset to PP&E. For purposes of cost allocation, and consistency within this application, HHHI has continued to utilize Account 1995 to track customer contributions, including contributed capital forecast for the 2015 Bridge Year and the 2016 Test Year.

A breakdown of account 1995, showing the reclassification, is provided in Table 2-23. Further detailed explanation of depreciation is provided in Exhibit 2, Tab 2, Schedule 3 and Exhibit 4, Tab 4, Schedule 1.

The calculation of rate base for the 2015 Bridge and 2016 Test Years does not include retirement of assets as no material asset retirements are planned for the Bridge and the Test Years.

Table 2-18: Appendix 2-BA - Fixed Asset Continuity Schedule as at December 31, 2012 - Revised CGAAP

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	1,236,063	190,042	-	1,426,105	(1,108,835)	(237,178)	-	(1,346,012)	80,093
CEC	1612	Land Rights (Formally known as Account 1906)	4,738	-	-	4,738	-	-	-	-	4,738
N/A	1805	Land	591,591	(250)	-	591,341	-	-	-	-	591,341
47	1808	Buildings								-	-
13	1810	Leasehold Improvements	-	-	-	-	-	-	-	-	-
47	1815	Transformer Station Equipment >50 kV	-	-	-	-	-	-	-	-	-
47	1820	Distribution Station Equipment <50 kV	5,145,637	567,968	-	5,713,606	(1,117,451)	(88,877)	-	(1,206,328)	4,507,278
47	1825	Storage Battery Equipment	-	-	-	-	-	-	-	-	-
47	1830	Poles, Towers & Fixtures	17,179,058	1,896,201	-	19,075,259	(12,881,791)	(230,103)	-	(13,111,894)	5,963,365
47	1835	Overhead Conductors & Devices	6,240,894	688,861	-	6,929,755	(761,222)	(170,997)	-	(932,219)	5,997,536
47	1840	Underground Conduit	970,548	107,128	-	1,077,676	(98,676)	(20,488)	-	(119,163)	958,512
47	1845	Underground Conductors & Devices	5,875,827	648,566	-	6,524,393	(607,731)	(217,241)	-	(824,972)	5,699,420
47	1850	Line Transformers	7,238,728	799,001	-	8,037,729	(790,428)	(221,002)	-	(1,011,430)	7,026,298
47	1855	Services (Overhead & Underground)	2,730,647	301,405	-	3,032,052	(418,500)	-	-	(418,500)	2,613,552
47	1860	Meters	1,179,057	3,790,635	-	4,969,692	(76,329)	(391,136)	-	(467,465)	4,502,227
47	1860	Meters (Smart Meters)				-				-	-
N/A	1905	Land	-	-	-	-	-	-	-	-	-
47	1908	Buildings & Fixtures	3,233,684	356,930	-	3,590,614	(672,970)	(82,160)	-	(755,130)	2,835,484
13	1910	Leasehold Improvements	-	-	-	-	-	-	-	-	-
8	1915	Office Furniture & Equipment (10 years)	384,354	42,424	-	426,778	(255,489)	(10,290)	-	(265,779)	161,000
8	1915	Office Furniture & Equipment (5 years)				-				-	-
10	1920	Computer Equipment - Hardware	1,086,223	266,567	-	1,352,790	(1,025,029)	(242,839)	-	(1,267,868)	84,922
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)				-				-	-
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)				-				-	-
10	1930	Transportation Equipment	2,485,912	274,392	-	2,760,304	(1,481,219)	(184,231)	-	(1,665,450)	1,094,854
8	1935	Stores Equipment	53,152	5,867	-	59,018	(52,043)	-	-	(52,043)	6,975
8	1940	Tools, Shop & Garage Equipment	584,699	64,538	-	649,237	(350,102)	(52,040)	-	(402,142)	247,096
8	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-	-
8	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-
8	1955	Communications Equipment	-	-	-	-	(6,507)	(51,625)	-	(58,132)	(58,132)
8	1955	Communication Equipment (Smart Meters)				-				-	-
8	1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
47	1970	Load Management Controls Customer Premises	570,108	62,928	-	633,035	(298,141)	-	-	(298,141)	334,894
47	1975	Load Management Controls Utility Premises	-	-	-	-	-	-	-	-	-
47	1980	System Supervisor Equipment	1,009,299	111,405	-	1,120,704	(425,242)	-	-	(425,242)	695,462
47	1985	Miscellaneous Fixed Assets	-	-	-	-	-	-	-	-	-
47	1990	Other Tangible Property	-	-	-	-	-	-	-	-	-
47	1995	Contributions & Grants	(6,385,598)	39,153	-	(6,346,445)	1,268,002	128,903	-	1,396,905	(4,949,540)
47	2440	Deferred Revenue[5]									
						-				-	-
		Sub-Total	**51,414,622**	**10,213,760**	**-**	**61,628,381**	**(21,159,704)**	**(2,071,302)**	**-**	**(23,231,005)**	**38,397,376**
		Less Socialized Renewable Energy Generation Investments (input as negative)				-				-	-
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-				-	-
		Total PP&E	**51,414,622**	**10,213,760**	**-**	**61,628,381**	**(21,159,704)**	**(2,071,302)**	**-**	**(23,231,005)**	**38,397,376**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicab									
		Total						**(2,071,302)**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*
Transportation
Stores Equipment
Net Depreciation **(2,071,302)**

Table 2-19: Appendix 2-BA - Fixed Asset Continuity Schedule as at December 31, 2013 - Revised CGAAP

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	1,426,105	156,819	-	1,582,924	(1,346,012)	(179,415)	-	(1,525,427)	57,497
CEC	1612	Land Rights (Formally known as Account 1906)	4,738	-	-	4,738	-	-	-	-	4,738
N/A	1805	Land	591,341	250	-	591,591	-	-	-	-	591,591
47	1808	Buildings	-				-			-	-
13	1810	Leasehold Improvements	-	-	-	-	-	-	-	-	-
47	1815	Transformer Station Equipment >50 kV	-	-	-	-	-	-	-	-	-
47	1820	Distribution Station Equipment <50 kV	5,713,606	-	-	5,713,606	(1,206,328)	(91,165)	-	(1,297,492)	4,416,114
47	1825	Storage Battery Equipment	-	-	-	-	-	-	-	-	-
47	1830	Poles, Towers & Fixtures	19,075,259	3,191,693	-	22,266,952	(13,111,894)	(293,107)	-	(13,405,000)	8,861,951
47	1835	Overhead Conductors & Devices	6,929,755	1,079,885	-	8,009,640	(932,219)	(187,415)	-	(1,119,633)	6,890,007
47	1840	Underground Conduit	1,077,676	73,112	-	1,150,788	(119,163)	(21,655)	-	(140,818)	1,009,969
47	1845	Underground Conductors & Devices	6,524,393	619,154	-	7,143,546	(824,972)	(246,926)	-	(1,071,899)	6,071,648
47	1850	Line Transformers	8,037,729	694,253	-	8,731,981	(1,011,430)	(232,734)	-	(1,244,164)	7,487,817
47	1855	Services (Overhead & Underground)	3,032,052	22,489	-	3,054,541	(418,500)	-	-	(418,500)	2,636,041
47	1860	Meters	4,969,692	339,265	-	5,308,957	(467,465)	(159,421)	-	(626,886)	4,682,071
47	1860	Meters (Smart Meters)	-			-	-			-	-
N/A	1905	Land	-	-	-	-	-	-	-	-	-
47	1908	Buildings & Fixtures	3,590,614	-	-	3,590,614	(755,130)	(82,317)	-	(837,447)	2,753,167
13	1910	Leasehold Improvements	-	-	-	-	-	-	-	-	-
8	1915	Office Furniture & Equipment (10 years)	426,778	3,137	-	429,916	(265,779)	(12,406)	-	(278,185)	151,731
8	1915	Office Furniture & Equipment (5 years)	-			-	-			-	-
10	1920	Computer Equipment - Hardware	1,352,790	144,237	-	1,497,027	(1,267,868)	(115,155)	-	(1,383,024)	114,004
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	-			-	-			-	-
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	-			-	-			-	-
10	1930	Transportation Equipment	2,760,304	67,746	-	2,828,050	(1,665,450)	(159,509)	-	(1,824,959)	1,003,091
8	1935	Stores Equipment	59,018	-	-	59,018	(52,043)	-	-	(52,043)	6,975
8	1940	Tools, Shop & Garage Equipment	649,237	48,101	-	697,339	(402,142)	(54,524)	-	(456,666)	240,673
8	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-	-
8	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-
8	1955	Communications Equipment	-	-	-	-	(58,132)	(4,634)	-	(62,767)	(62,767)
8	1955	Communication Equipment (Smart Meters)	-			-	-			-	-
8	1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
47	1970	Load Management Controls Customer Premises	633,035	101,160	-	734,195	(298,141)	-	-	(298,141)	436,054
47	1975	Load Management Controls Utility Premises	-	-	-	-	-	-	-	-	-
47	1980	System Supervisor Equipment	1,120,704	16,538	-	1,137,242	(425,242)	(47,811)	-	(473,053)	664,189
47	1985	Miscellaneous Fixed Assets	-	-	-	-	-	-	-	-	-
47	1990	Other Tangible Property	-	-	-	-	-	-	-	-	-
47	1995	Contributions & Grants	(6,346,445)	(907,623)	-	(7,254,067)	1,396,905	165,680	-	1,562,585	(5,691,482)
47	2440	Deferred Revenue[5]	-				-				-
			-			-	-			-	-
		Sub-Total	**61,628,381**	**5,650,217**	**-**	**67,278,598**	**(23,231,005)**	**(1,722,514)**	**-**	**(24,953,519)**	**42,325,079**
		Less Socialized Renewable Energy Generation Investments (input as negative)				-				-	-
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-				-	-
		Total PP&E	**61,628,381**	**5,650,217**	**-**	**67,278,598**	**(23,231,005)**	**(1,722,514)**	**-**	**(24,953,519)**	**42,325,079**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicab									
		Total						**(1,722,514)**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*
Transportation
Stores Equipment
Net Depreciation **(1,722,514)**

Table 2-20: Appendix 2-BA - Fixed Asset Continuity Schedule as at December 31, 2014 - Revised CGAAP

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	1,582,924	772,756	-	2,355,680	(1,525,427)	(232,948)	-	(1,758,375)	597,306
CEC	1612	Land Rights (Formally known as Account 1906)	4,738	-	-	4,738	-	-	-	-	4,738
N/A	1805	Land	591,591	-	-	591,591	-	-	-	-	591,591
47	1808	Buildings	-				-			-	-
13	1810	Leasehold Improvements	-	-	-	-	-	-	-	-	-
47	1815	Transformer Station Equipment >50 kV	-	-	-	-	-	-	-	-	-
47	1820	Distribution Station Equipment <50 kV	5,713,606	40,422	-	5,754,028	(1,297,492)	(78,714)	-	(1,376,207)	4,377,821
47	1825	Storage Battery Equipment	-	-	-	-	-	-	-	-	-
47	1830	Poles, Towers & Fixtures	22,266,952	4,605,229	-	26,872,181	(13,405,000)	(370,688)	-	(13,775,688)	13,096,493
47	1835	Overhead Conductors & Devices	8,009,640	688,985	-	8,698,625	(1,119,633)	(200,128)	-	(1,319,761)	7,378,864
47	1840	Underground Conduit	1,150,788	40,463	-	1,191,251	(140,818)	(22,918)	-	(163,736)	1,027,515
47	1845	Underground Conductors & Devices	7,143,546	1,048,667	-	8,192,213	(1,071,899)	(266,116)	-	(1,338,015)	6,854,198
47	1850	Line Transformers	8,731,981	1,703,294	-	10,435,275	(1,244,164)	(238,026)	-	(1,482,190)	8,953,085
47	1855	Services (Overhead & Underground)	3,054,541	-	-	3,054,541	(418,500)	-	-	(418,500)	2,636,041
47	1860	Meters	5,308,957	81,419	-	5,390,375	(626,886)	(167,243)	-	(794,129)	4,596,247
47	1860	Meters (Smart Meters)	-			-	-			-	-
N/A	1905	Land	-	-	-	-	-	-	-	-	-
47	1908	Buildings & Fixtures	3,590,614	43,442	-	3,634,056	(837,447)	(80,998)	-	(918,444)	2,715,611
13	1910	Leasehold Improvements	-	-	-	-	-	-	-	-	-
8	1915	Office Furniture & Equipment (10 years)	429,916	1,040	-	430,956	(278,185)	(40,381)	-	(318,566)	112,390
8	1915	Office Furniture & Equipment (5 years)	-			-	-			-	-
10	1920	Computer Equipment - Hardware	1,497,027	46,162	-	1,543,189	(1,383,024)	(35,621)	-	(1,418,645)	124,544
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	-			-	-			-	-
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	-			-	-			-	-
10	1930	Transportation Equipment	2,828,050	385,211	-	3,213,261	(1,824,959)	(131,339)	-	(1,956,298)	1,256,963
8	1935	Stores Equipment	59,018	-	-	59,018	(52,043)	-	-	(52,043)	6,975
8	1940	Tools, Shop & Garage Equipment	697,339	23,530	-	720,869	(456,666)	(37,616)	-	(494,282)	226,586
8	1945	Measurement & Testing Equipment	-	-	-	-	-	-	-	-	-
8	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-
8	1955	Communications Equipment	-	2,477	-	2,477	(62,767)	(2,576)	-	(65,343)	(62,865)
8	1955	Communication Equipment (Smart Meters)	-			-	-			-	-
8	1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
47	1970	Load Management Controls Customer Premises	734,195	-	-	734,195	(298,141)	-	-	(298,141)	436,054
47	1975	Load Management Controls Utility Premises	-	-	-	-	-	-	-	-	-
47	1980	System Supervisor Equipment	1,137,242	2,806	-	1,140,049	(473,053)	(45,158)	-	(518,212)	621,837
47	1985	Miscellaneous Fixed Assets	-	-	-	-	-	-	-	-	-
47	1990	Other Tangible Property	-	-	-	-	-	-	-	-	-
47	1995	Contributions & Grants	(7,254,067)	(1,195,066)	-	(8,449,133)	1,562,585	190,487	-	1,753,072	(6,696,061)
47	2440	Deferred Revenue [5]	-				-			-	-
			-			-	-			-	-
		Sub-Total	**67,278,598**	**8,290,836**	**-**	**75,569,434**	**(24,953,519)**	**(1,759,983)**	**-**	**(26,713,502)**	**48,855,932**
		Less Socialized Renewable Energy Generation Investments (input as negative)				-				-	-
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-				-	-
		Total PP&E	**67,278,598**	**8,290,836**	**-**	**75,569,434**	**(24,953,519)**	**(1,759,983)**	**-**	**(26,713,502)**	**48,855,932**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicat									
		Total						**(1,759,983)**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*
Transportation
Stores Equipment
Net Depreciation **(1,759,983)**

Table 2-21: Appendix 2-BA - Fixed Asset Continuity Schedule as at December 31, 2015 - MIFRS

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	2,355,680	85,500	-	2,441,180	(1,758,375)	(648,404)	-	(2,406,779)	34,401
CEC	1612	Land Rights (Formally known as Account 1906)	4,738	-	-	4,738	-	-	-	-	4,738
N/A	1805	Land	591,591	933,000	-	1,524,591	-	-	-	-	1,524,591
47	1808	Buildings	-			-	-			-	-
13	1810	Leasehold Improvements	-	-	-	-	-	-	-	-	-
47	1815	Transformer Station Equipment >50 kV	-	-	-	-	-	-	-	-	-
47	1820	Distribution Station Equipment <50 kV	5,754,028	267,445	-	6,021,473	(1,376,207)	(61,228)	-	(1,437,434)	4,584,038
47	1825	Storage Battery Equipment	-	-	-	-	-	-	-	-	-
47	1830	Poles, Towers & Fixtures	26,872,181	2,877,676	-	29,749,857	(13,775,688)	(419,333)	-	(14,195,021)	15,554,836
47	1835	Overhead Conductors & Devices	8,698,625	1,223,235	-	9,921,860	(1,319,761)	(210,006)	-	(1,529,767)	8,392,093
47	1840	Underground Conduit	1,191,251	364,390	-	1,555,641	(163,736)	(24,714)	-	(188,450)	1,367,191
47	1845	Underground Conductors & Devices	8,192,213	498,591	-	8,690,804	(1,338,015)	(286,513)	-	(1,624,528)	7,066,276
47	1850	Line Transformers	10,435,275	794,064	-	11,229,339	(1,482,190)	(256,704)	-	(1,738,894)	9,490,445
47	1855	Services (Overhead & Underground)	3,054,541	342,263	-	3,396,804	(418,500)	(4,278)	-	(422,778)	2,974,026
47	1860	Meters	5,390,375	343,186	-	5,733,561	(794,129)	(154,835)	-	(948,963)	4,784,598
47	1860	Meters (Smart Meters)	-			-	-			-	-
N/A	1905	Land	-	-	-	-	-	-	-	-	-
47	1908	Buildings & Fixtures	3,634,056	150,000	-	3,784,056	(918,444)	(65,813)	-	(984,258)	2,799,798
13	1910	Leasehold Improvements	-	-	-	-	-	-	-	-	-
8	1915	Office Furniture & Equipment (10 years)	430,956	51,136	-	482,092	(318,566)	(30,332)	-	(348,898)	133,194
8	1915	Office Furniture & Equipment (5 years)	-			-	-			-	-
10	1920	Computer Equipment - Hardware	1,543,189	121,500	-	1,664,689	(1,418,645)	(178,182)	-	(1,596,827)	67,862
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	-			-	-			-	-
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	-			-	-			-	-
10	1930	Transportation Equipment	3,213,261	329,000	-	3,542,261	(1,956,298)	(153,830)	-	(2,110,128)	1,432,133
8	1935	Stores Equipment	59,018	-	-	59,018	(52,043)	-	-	(52,043)	6,975
8	1940	Tools, Shop & Garage Equipment	720,869	30,000	-	750,869	(494,282)	(36,802)	-	(531,085)	219,784
8	1945	Measurement & Testing Equipment	-	5,000	-	5,000	-	-	-	-	5,000
8	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-
8	1955	Communications Equipment	2,477	7,000	-	9,477	(65,343)	(4,365)	-	(69,708)	(60,230)
8	1955	Communication Equipment (Smart Meters)	-			-	-			-	-
8	1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
47	1970	Load Management Controls Customer Premises	734,195	-	-	734,195	(298,141)	-	-	(298,141)	436,054
47	1975	Load Management Controls Utility Premises	-	-	-	-	-	-	-	-	-
47	1980	System Supervisor Equipment	1,140,049	292,962	-	1,433,011	(518,212)	-	-	(518,212)	914,799
47	1985	Miscellaneous Fixed Assets	-	-	-	-	-	-	-	-	-
47	1990	Other Tangible Property	-	-	-	-	-	-	-	-	-
47	1995	Contributions & Grants	(8,449,133)		-	(8,449,133)	1,753,072		-	1,753,072	(6,696,061)
47	2440	Deferred Revenue[5]	-	(1,448,137)		(1,448,137)	-	262,091		262,091	(1,186,046)
			-			-	-			-	-
		Sub-Total	**75,569,434**	**7,267,811**	**-**	**82,837,245**	**(26,713,502)**	**(2,273,249)**	**-**	**(28,986,751)**	**53,850,494**
		Less Socialized Renewable Energy Generation Investments (input as negative)				-				-	-
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-				-	-
		Total PP&E	**75,569,434**	**7,267,811**	**-**	**82,837,245**	**(26,713,502)**	**(2,273,249)**	**-**	**(28,986,751)**	**53,850,494**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicab									
		Total						**(2,273,249)**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*

Transportation	
Stores Equipment	
Net Depreciation	**(2,273,249)**

Table 2-22: Appendix 2-BA - Fixed Asset Continuity Schedule as at December 31, 2016 - MIFRS

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)	2,441,180	2,800	-	2,443,980	(2,406,779)	(670,479)	-	(3,077,259)	(633,278)
CEC	1612	Land Rights (Formally known as Account 1906)	4,738	-	-	4,738	-	-	-	-	4,738
N/A	1805	Land	1,524,591	-	-	1,524,591	-	-	-	-	1,524,591
47	1808	Buildings	-				-			-	-
13	1810	Leasehold Improvements	-	-	-	-	-	-	-	-	-
47	1815	Transformer Station Equipment >50 kV	-	-	-	-	-	-	-	-	-
47	1820	Distribution Station Equipment <50 kV	6,021,473	1,008,609	-	7,030,082	(1,437,434)	(93,129)	-	(1,530,563)	5,499,518
47	1825	Storage Battery Equipment	-	-	-	-	-	-	-	-	-
47	1830	Poles, Towers & Fixtures	29,749,857	3,706,539	-	33,456,395	(14,195,021)	(485,175)	-	(14,680,197)	18,776,199
47	1835	Overhead Conductors & Devices	9,921,860	1,501,254	-	11,423,114	(1,529,767)	(240,278)	-	(1,770,046)	9,653,069
47	1840	Underground Conduit	1,555,641	546,812	-	2,102,453	(188,450)	(33,826)	-	(222,276)	1,880,177
47	1845	Underground Conductors & Devices	8,690,804	208,164	-	8,898,968	(1,624,528)	(296,064)	-	(1,920,592)	6,978,376
47	1850	Line Transformers	11,229,339	893,285	-	12,122,624	(1,738,894)	(278,906)	-	(2,017,801)	10,104,823
47	1855	Services (Overhead & Underground)	3,396,804	387,911	-	3,784,715	(422,778)	(13,405)	-	(436,184)	3,348,531
47	1860	Meters	5,733,561	294,710	-	6,028,271	(948,963)	(164,802)	-	(1,113,765)	4,914,506
47	1860	Meters (Smart Meters)	-			-	-			-	-
N/A	1905	Land	-	-	-	-	-	-	-	-	-
47	1908	Buildings & Fixtures	3,784,056	285,000	-	4,069,056	(984,258)	(70,992)	-	(1,055,249)	3,013,806
13	1910	Leasehold Improvements	-	-	-	-	-	-	-	-	-
8	1915	Office Furniture & Equipment (10 years)	482,092	70,000	-	552,092	(348,898)	(42,445)	-	(391,343)	160,749
8	1915	Office Furniture & Equipment (5 years)	-			-	-			-	-
10	1920	Computer Equipment - Hardware	1,664,689	75,000	-	1,739,689	(1,596,827)	(210,932)	-	(1,807,760)	(68,071)
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	-			-	-			-	-
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	-			-	-			-	-
10	1930	Transportation Equipment	3,542,261	145,000	-	3,687,261	(2,110,128)	(173,580)	-	(2,283,708)	1,403,553
8	1935	Stores Equipment	59,018	-	-	59,018	(52,043)	-	-	(52,043)	6,975
8	1940	Tools, Shop & Garage Equipment	750,869	32,000	-	782,869	(531,085)	(39,902)	-	(570,987)	211,882
8	1945	Measurement & Testing Equipment	5,000	-	-	5,000	-	-	-	-	5,000
8	1950	Power Operated Equipment	-	-	-	-	-	-	-	-	-
8	1955	Communications Equipment	9,477	100,000	-	109,477	(69,708)	(15,065)	-	(84,772)	24,705
8	1955	Communication Equipment (Smart Meters)	-			-	-			-	-
8	1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
47	1970	Load Management Controls Customer Premises	734,195	-	-	734,195	(298,141)	-	-	(298,141)	436,054
47	1975	Load Management Controls Utility Premises	-	-	-	-	-	-	-	-	-
47	1980	System Supervisor Equipment	1,433,011	86,579	-	1,519,590	(518,212)	-	-	(518,212)	1,001,378
47	1985	Miscellaneous Fixed Assets	-	-	-	-	-	-	-	-	-
47	1990	Other Tangible Property	-	-	-	-	-	-	-	-	-
47	1995	Contributions & Grants	(8,449,133)	-	-	(8,449,133)	1,753,072	-	-	1,753,072	(6,696,061)
47	2440	Deferred Revenue[5]	(1,448,137)	(1,132,703)		(2,580,840)	262,091	298,960		561,051	(2,019,789)
			-			-	-			-	-
		Sub-Total	**82,837,245**	**8,210,960**	**-**	**91,048,205**	**(28,986,751)**	**(2,530,022)**	**-**	**(31,516,773)**	**59,531,431**
		Less Socialized Renewable Energy Generation Investments (input as negative)				-				-	-
		Less Other Non Rate-Regulated Utility Assets (input as negative)				-				-	-
		Total PP&E	**82,837,245**	**8,210,960**	**-**	**91,048,205**	**(28,986,751)**	**(2,530,022)**	**-**	**(31,516,773)**	**59,531,431**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicab									
		Total						**(2,530,022)**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	**(2,530,022)**

As explained previously, upon the date of IFRS adoption, customer contributions are no longer recorded in Account 1995 Contributions & Grants, but are to be recorded in Account 2440, Deferred Revenue. Historical contributions are to be netted against the assets to which they are related. For the purposes of cost allocation and consistency within this application, HHHI has included all contributed capital including contributions forecast in Account 1995 for the 2015 Bridge and 2016 Test Years in Account 1995. Details of Account 1995 are provided in Table 2-23 below.

Table 2-23: Details of USofA 1995

Account 1995 Breakdown for Financial Reporting Purposes		Cost			Accumulated Depreciation			
		Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	Net Book Value
December 31, 2014 MIFRS								
1830	Poles, Towers and Fixtures	(3,625,041)	-	(3,625,041)	(752,143)	(81,727)	(833,870)	(2,791,171)
1835	Overhead Conductors and Devices	(1,499,118)	-	(1,499,118)	(311,045)	(33,798)	(344,843)	(1,154,275)
1840	Underground Conduit	-	-	-	-	-	-	-
1845	Underground Conductors and Devices	(2,224,942)	-	(2,224,942)	(461,643)	(50,162)	(511,805)	(1,713,137)
1850	Line Transformers	-	-	-	-	-	-	-
1855	Services	-	-	-	-	-	-	-
1860	Meters	(1,100,033)	-	(1,100,033)	(228,241)	(24,800)	(253,041)	(846,992)
2440	Deferred Revenue	-	(1,448,137)	(1,448,137)	-	(71,604)	(71,604)	(1,376,533)
Total		**(8,449,133)**	**(1,448,137)**	**(9,897,270)**	**(1,753,072)**	**(262,091)**	**(2,015,163)**	**(7,882,107)**
December 31, 2015 MIFRS								
1830	Poles, Towers and Fixtures	(3,625,041)	-	(3,625,041)	(833,870)	(81,727)	(915,597)	(2,709,444)
1835	Overhead Conductors and Devices	(1,499,118)	-	(1,499,118)	(344,843)	(33,798)	(378,641)	(1,120,477)
1840	Underground Conduit	-	-	-	-	-	-	-
1845	Underground Conductors and Devices	(2,224,942)	-	(2,224,942)	(511,805)	(50,162)	(561,966)	(1,662,975)
1850	Line Transformers	-	-	-	-	-	-	-
1855	Services	-	-	-	-	-	-	-
1860	Meters	(1,100,033)	-	(1,100,033)	(253,041)	(24,800)	(277,842)	(822,192)
2440	Deferred Revenue	(1,448,137)	(1,132,703)	(2,580,840)	(71,604)	(108,473)	(180,077)	(2,400,763)
Total		**(9,897,270)**	**(1,132,703)**	**(11,029,973)**	**(2,015,163)**	**(298,960)**	**(2,314,123)**	**(8,715,850)**

Gross Assets – Property Plant and Equipment and Accumulated Depreciation (2.2.1.2)

Breakdown by Function

Table 2-24: Categorizes HHHI's assets into four categories:

- Distribution plant
- General plant
- Contributions and grants
- WIP

In accordance with the Uniform System of Accounts ("USoA"), HHHI has segregated gross assets as follows:

- Distribution plant asset accounts include USoA 1805 to 1860 - including assets such as substation equipment, poles, wires, transformers and meters;

- General plant asset accounts include USoA 1905 to 1990 and USoA 1611 - including assets such as buildings, computer software and hardware, transportation equipment, and tools;

- Contributions and grants includes USoA account 1995 – including all contributions in aid of capital that HHHI has received or forecasted to be received as per the Distribution System Code ("DSC"); and

- WIP –all costs related to assets that are not considered in-service as of December 31st of the applicable fiscal year. Costs are transferred out of WIP and into the appropriate category above once designated in-service in the field.

Table 2-25: Gross Assets by Category

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Reporting Basis	Revised CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
Distribution Plant	7,454,011	9,267,849	6,036,638	8,254,726	8,086,812	8,918,863
General Plant	879,083	906,758	521,201	1,231,176	629,136	424,800
Contributions and Grants	(1,433,093)	39,153	(907,623)	(1,195,066)	(1,448,137)	(1,132,703)
Total Excluding WIP	6,900,000	10,213,759	5,650,217	8,290,836	7,267,811	8,210,959
WIP	-	482,129	1,573,088	(10,822)	450,000	-
Total Including WIP	**6,900,000**	**10,695,889**	**7,223,305**	**8,280,014**	**7,717,811**	**8,210,959**

Detailed Breakdown by Major Plant Account

Table 2-26 below provides a detailed breakdown by major plant account for each functionalized plant item. Each plant item is accompanied by a description in accordance with the Board's USoA, including the 2016 Test Year. HHHI has also included a breakdown of accumulated amortization in the same format in Table 2-27.

Table 2-26: Gross Assets - Detailed Breakdown by Major Plant Function

USofA	Description	2012 Board Approved	2012 Actual	Variance from 2012 Board Approved	2013 Actual	Variance from 2012 Actual	2014 Actual	Variance from 2013 Actual	2015 Bridge Year	Variance from 2014 Actual	2016 Test Year	Variance from 2015 Bridge
	Reporting Basis	Revised CGAAP	Revised CGAAP		Revised CGAAP		Revised CGAAP		MIFRS		MIFRS	
Land												
1805	Land	534,871	591,341	56,470	591,591	250	591,591	-	1,524,591	933,000	1,524,591	-
1806	Land Rights	4,738	4,738	0	4,738	-	4,738	-	4,738	-	4,738	-
1808	Buildings and Fixtures	3,080,205	3,590,614	510,409	3,590,614	-	3,634,056	43,442	3,784,056	150,000	4,069,056	285,000
Sub-Total-Land and Buildings		***3,619,814***	***4,186,693***	***566,879***	***4,186,943***	***250***	***4,230,385***	***43,442***	***5,313,385***	***1,083,000***	***5,598,385***	***285,000***
Distribution Stations												
1820	Distribution Station Equipment - Normally Primary below 50 kV	4,380,992	5,713,606	1,332,614	5,713,606	-	5,754,028	40,422	6,021,473	267,445	7,030,082	1,008,609
Sub-Total-Distribution Stations		***4,380,992***	***5,713,606***	***1,332,614***	***5,713,606***	***-***	***5,754,028***	***40,422***	***6,021,473***	***267,445***	***7,030,082***	***1,008,609***
Poles and Wires												
1830	Poles, Towers and Fixtures	19,401,338	19,075,259	(326,079)	22,266,952	3,191,693	26,872,181	4,605,229	29,749,857	2,877,676	33,456,395	3,706,539
1835	Overhead Conductors and Devices	9,129,398	6,929,755	(2,199,643)	8,009,640	1,079,885	8,698,625	688,985	9,921,860	1,223,235	11,423,114	1,501,254
1840	Underground Conduit	1,885,425	1,077,676	(807,749)	1,150,788	73,112	1,191,251	40,463	1,555,641	364,390	2,102,453	546,812
1845	Underground Conductors and Devices	5,452,468	6,524,393	1,071,925	7,143,546	619,154	8,192,213	1,048,667	8,690,804	498,591	8,898,968	208,164
Sub-Total Poles & Wire		***35,868,629***	***33,607,082***	***(2,261,547)***	***38,570,925***	***4,963,843***	***44,954,269***	***6,383,344***	***49,918,161***	***4,963,892***	***55,880,930***	***5,962,769***
Line Transformers												
1850	Line Transformers	7,585,114	8,037,729	452,615	8,731,981	694,253	10,435,275	1,703,294	11,229,339	794,064	12,122,624	893,285
Sub-Total Line Transformers		***7,585,114***	***8,037,729***	***452,615***	***8,731,981***	***694,253***	***10,435,275***	***1,703,294***	***11,229,339***	***794,064***	***12,122,624***	***893,285***
Services and Meters												
1855	Services	2,556,444	3,032,052	475,608	3,054,541	22,489	3,054,541	-	3,396,804	342,263	3,784,715	387,911
1860	Meters	4,632,204	4,969,692	337,488	5,308,957	339,265	5,390,375	81,419	5,733,561	343,186	6,028,271	294,710
Sub-Total Services and Meters		***7,188,648***	***8,001,744***	***813,096***	***8,363,498***	***361,754***	***8,444,916***	***81,419***	***9,130,365***	***685,449***	***9,812,986***	***682,621***
General Plant, Land and Buildings												
1905	Land	-	-	-	-	-	-	-	-	-	-	-
1906	Land Rights	-	-	-	-	-	-	-	-	-	-	-
1908	Buildings and Fixtures	134,075	-	(134,075)	-	-	-	-	-	-	-	-
Sub-Total-General Plant, Land and Buildings		***134,075***	***-***	***(134,075)***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
IT Assets												
1920	Computer Equipment - Hardware	1,379,041	1,352,790	(26,251)	1,497,027	144,237	1,543,189	46,162	1,664,689	121,500	1,739,689	75,000
1611	Computer Software	1,562,279	1,426,105	(136,174)	1,582,924	156,819	2,355,680	772,756	2,441,180	85,500	2,443,980	2,800
Sub-Total-IT Assets		***2,941,320***	***2,778,895***	***(162,425)***	***3,079,952***	***301,057***	***3,898,870***	***818,918***	***4,105,870***	***207,000***	***4,183,670***	***77,800***
Equipment												
1915	Office Furniture and Equipment	399,406	426,778	27,372	429,916	3,137	430,956	1,040	482,092	51,136	552,092	70,000
1930	Transportation Equipment	2,749,028	2,760,304	11,276	2,828,050	67,746	3,213,261	385,211	3,542,261	329,000	3,687,261	145,000
1935	Stores Equipment	77,811	59,018	(18,793)	59,018	-	59,018	-	59,018	-	59,018	-
1940	Tools, Shop and Garage Equipment	601,261	649,237	47,976	697,339	48,101	720,869	23,530	750,869	30,000	782,869	32,000
1945	Measurement and Testing Equipment	-	-	-	-	-	-	-	5,000	5,000	5,000	-
1955	Communication Equipment	33,023	-	(33,023)	633,035	633,035	635,513	2,477	642,513	7,000	742,513	100,000
1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-
Sub-Total-Equipment		***3,860,529***	***3,895,338***	***34,809***	***4,647,358***	***752,020***	***5,059,616***	***412,258***	***5,481,752***	***422,136***	***5,828,752***	***347,000***
Other Distribution Assets												
1970	Load Management Controls - Customer Premises	563,902	633,035	69,133	101,160	(531,876)	101,160	-	101,160	-	101,160	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-	-	-	-	-	-	-
1980	System Supervisory Equipment	942,255	1,120,704	178,449	1,137,242	16,538	1,140,049	2,806	1,433,011	292,962	1,519,590	86,579
1990	Other Tangible Property		-	-	-	-	-	-	-	-	-	-
1995	Contributions and Grants	(7,456,584)	(6,346,445)	1,110,139	(7,254,067)	(907,623)	(8,449,133)	(1,195,066)	(8,449,133)	-	(8,449,133)	-
2440	Deferred Revenue								(1,448,137)	(1,448,137)	(2,580,840)	(1,132,703)
2005	Property under Capital Lease		-	-	-	-	-	-	-	-	-	-
Sub-Total-Other Distribution Assets		***(5,950,427)***	***(4,592,705)***	***1,357,722***	***(6,015,665)***	***(1,422,960)***	***(7,207,925)***	***(1,192,260)***	***(8,363,100)***	***(1,155,175)***	***(9,409,224)***	***(1,046,124)***
Total before Work in Process		**59,628,694**	**61,628,381**	**1,999,687**	**67,278,598**	**5,650,217**	**75,569,434**	**8,290,836**	**82,837,245**	**7,267,811**	**91,048,205**	**8,210,960**
2070	Other utility plant		-	-		-		-		-		-
2055	Work in Process	2,596,729	1,570,979	(1,025,750)	3,144,067	1,573,088	3,133,245	(10,822)	3,583,245	450,000	3,583,245	-
Sub-total-WIP		***2,596,729***	***1,570,979***	***(1,025,750)***	***3,144,067***	***1,573,088***	***3,133,245***	***(10,822)***	***3,583,245***	***450,000***	***3,583,245***	***-***
GROSS ASSET TOTAL		**62,225,423**	**63,199,360**	**973,937**	**70,422,665**	**7,223,305**	**78,702,679**	**8,280,014**	**86,420,490**	**7,717,811**	**94,631,450**	**8,210,960**

Table 2-27: Accumulated Amortization - Detailed Breakdown by Major Plant Function

USofA	Description	2012 Board Approved	2012 Actual	Variance from 2012 Board Approved	2013 Actual	Variance from 2012 Actual	2014 Actual	Variance from 2013 Actual	2015 Bridge Year	Variance from 2014 Actual	2016 Test Year	Variance from 2015 Bridge
	Reporting Basis	Revised CGAAP	Revised CGAAP		Revised CGAAP		Revised CGAAP		MIFRS		MIFRS	
Land and Buildings												
1805	Land	-	-	-	-	-	-	-	-	-	-	-
1806	Land Rights	-	-	-	-	-	-	-	-	-	-	-
1808	Buildings and Fixtures	760,055	755,130	(4,925)	837,447	82,317	918,444	80,998	984,258	65,813	1,055,249	70,992
Sub-Total-Land and Buildings		***760,055***	***755,130***	***(4,925)***	***837,447***	***82,317***	***918,444***	***80,998***	***984,258***	***65,813***	***1,055,249***	***70,992***
Distribution Stations				-		-		-		-		-
1820	Distribution Station Equipment - Normally Primary below 50 kV	1,353,843	1,206,328	(147,515)	1,297,492	91,165	1,376,207	78,714	1,437,434	61,228	1,530,563	93,129
Sub-Total-Distribution Stations		***1,353,843***	***1,206,328***	***(147,515)***	***1,297,492***	***91,165***	***1,376,207***	***78,714***	***1,437,434***	***61,228***	***1,530,563***	***93,129***
Poles and Wires				-		-		-		-		-
1830	Poles, Towers and Fixtures	12,855,648	13,111,893	256,245	13,405,000	293,107	13,775,687	370,688	14,195,021	419,333	14,680,196	485,175
1835	Overhead Conductors and Devices	561,390	932,219	370,829	1,119,633	187,415	1,319,761	200,128	1,529,767	210,006	1,770,046	240,278
1840	Underground Conduit	126,788	119,165	(7,623)	140,820	21,655	163,737	22,918	188,451	24,714	222,277	33,826
1845	Underground Conductors and Devices	396,560	824,972	428,412	1,071,899	246,926	1,338,015	266,116	1,624,528	286,513	1,920,592	296,064
Sub-Total Poles & Wire		***13,940,386***	***14,988,249***	***1,047,863***	***15,737,352***	***749,102***	***16,597,201***	***859,850***	***17,537,767***	***940,566***	***18,593,111***	***1,055,343***
Line Transformers				-		-		-		-		-
1850	Line Transformers	575,418	1,011,430	436,012	1,244,164	232,734	1,482,190	238,026	1,738,894	256,704	2,017,801	278,906
Sub-Total Line Transformers		***575,418***	***1,011,430***	***436,012***	***1,244,164***	***232,734***	***1,482,190***	***238,026***	***1,738,894***	***256,704***	***2,017,801***	***278,906***
Services and Meters				-		-		-		-		-
1855	Services	540,068	418,500	(121,568)	418,500	-	418,500	-	422,778	4,278	436,184	13,405
1860	Meters	785,817	467,465	(318,352)	626,886	159,421	794,129	167,243	948,963	154,835	1,113,765	164,802
Sub-Total Services and Meters		***1,325,885***	***885,965***	***(439,920)***	***1,045,386***	***159,421***	***1,212,629***	***167,243***	***1,371,742***	***159,113***	***1,549,949***	***178,207***
General Plant, Land and Buildings				-		-		-		-		-
1905	Land	-	-	-	-	-	-	-	-	-	-	-
1906	Land Rights	-	-	-	-	-	-	-	-	-	-	-
1908	Buildings and Fixtures	-	-	-	-	-	-	-	-	-	-	-
Sub-Total-General Plant, Land and Buildings		***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
IT Assets				-		-		-		-		-
1920	Computer Equipment - Hardware	1,250,214	1,267,867	17,653	1,383,023	115,155	1,418,644	35,621	1,596,826	178,182	1,807,759	210,932
1611	Computer Software	1,322,778	1,346,012	23,234	1,525,427	179,415	1,758,374	232,948	2,406,779	648,404	3,077,258	670,479
Sub-Total-IT Assets		***2,572,992***	***2,613,879***	***40,887***	***2,908,449***	***294,570***	***3,177,018***	***268,569***	***4,003,605***	***826,587***	***4,885,017***	***881,412***
Equipment				-		-		-		-		-
1915	Office Furniture and Equipment	278,899	265,779	(13,120)	278,184	12,406	318,566	40,381	348,897	30,332	391,342	42,445
1930	Transportation Equipment	1,691,638	1,665,450	(26,188)	1,824,959	159,509	1,956,298	131,339	2,110,127	153,830	2,283,707	173,580
1935	Stores Equipment	52,045	52,043	(2)	52,043	-	52,043	-	52,043	-	52,043	-
1940	Tools, Shop and Garage Equipment	424,049	402,141	(21,908)	456,666	54,524	494,282	37,616	531,084	36,802	570,987	39,902
1945	Measurement and Testing Equipment		-	-	-	-	-	-	-	-	-	-
1955	Communication Equipment		58,133	58,133	62,767	4,634	65,343	2,576	69,708	4,365	84,773	15,065
1960	Miscellaneous Equipment		-	-	-	-	-	-	-	-	-	-
Sub-Total-Equipment		***2,446,631***	***2,443,545***	***(3,086)***	***2,674,619***	***231,073***	***2,886,531***	***211,913***	***3,111,860***	***225,329***	***3,382,852***	***270,992***
Other Distribution Assets				-		-		-		-		-
1970	Load Management Controls - Customer Premis	322,296	298,141	(24,155)	298,141	-	298,141	-	298,141	-	298,141	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-	-	-	-	-	-	-
1980	System Supervisory Equipment	448,137	425,242	(22,895)	473,053	47,811	518,212	45,158	518,212	-	518,212	-
1990	Other Tangible Property		-	-	-	-	-	-	-	-	-	-
1995	Contributions and Grants	(1,231,278)	(1,396,905)	(165,627)	(1,562,585)	(165,680)	(1,753,072)	(190,487)	(1,753,072)	(0)	(1,753,072)	-
2440	Deferred Revenue								(262,091)	(262,091)	(561,051)	
2005	Property under Capital Lease		-	-	-	-	-	-	-	-	-	-
Sub-Total-Other Distribution Assets		***(460,845)***	***(673,522)***	***(212,677)***	***(791,390)***	***(117,868)***	***(936,719)***	***(145,329)***	***(1,198,810)***	***(262,091)***	***(1,497,770)***	***(298,960)***
Total before Work in Process		**22,514,365**	**23,231,004**	**716,639**	**24,953,518**	**1,722,514**	**26,713,501**	**1,759,983**	**28,986,750**	**2,273,249**	**31,516,772**	**2,530,022**
2070	Other utility plant	-	-	-		-		-		-		-
2055	Work in Process	-	-	-	-	-	-	-	-	-	-	-
Sub-total-WIP		***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***
GROSS ASSET TOTAL		**22,514,365**	**23,231,004**	**716,639**	**24,953,518**	**1,722,514**	**26,713,501**	**1,759,983**	**28,986,750**	**2,273,249**	**31,516,772**	**2,530,022**

Variance Analysis on Gross Assets

Table 2-28 below provides the same level of detail as Table 2-26, however, for the purposes of the variance analysis, assets are categorized as Distribution Assets and General Plant. Only explanations of variances over HHHI's materiality threshold of $65,000 are further explained.

1

Table 2-28: Variance on Gross Assets

USofA	Description	2012 Board Approved	2012 Actual	Variance from 2012 Board Approved	2013 Actual	Variance from 2012 Actual	2014 Actual	Variance from 2013 Actual	2015 Bridge Year	Variance from 2014 Actual	2016 Test Year	Variance from 2015 Bridge
	Reporting Basis	Revised CGAAP	Revised CGAAP		Revised CGAAP		Revised CGAAP		MIFRS		MIFRS	
Distribution Assets												
1805	Land	534,871	591,341	56,470	591,591	250	591,591	-	1,524,591	933,000	1,524,591	-
1806	Land Rights	4,738	4,738	0	4,738	-	4,738	-	4,738	-	4,738	-
1808	Buildings and Fixtures	3,080,205	3,590,614	510,409	3,590,614	-	3,634,056	43,442	3,784,056	150,000	4,069,056	285,000
1820	Distribution Station Equipment - Normally Primary below 50 kV	4,380,992	5,713,606	1,332,614	5,713,606	-	5,754,028	40,422	6,021,473	267,445	7,030,082	1,008,609
1830	Poles, Towers and Fixtures	19,401,338	19,075,259	(326,079)	22,266,952	3,191,693	26,872,181	4,605,229	29,749,857	2,877,676	33,456,395	3,706,539
1835	Overhead Conductors and Devices	9,129,398	6,929,755	(2,199,643)	8,009,640	1,079,885	8,698,625	688,985	9,921,860	1,223,235	11,423,114	1,501,254
1840	Underground Conduit	1,885,425	1,077,676	(807,749)	1,150,788	73,112	1,191,251	40,463	1,555,641	364,390	2,102,453	546,812
1845	Underground Conductors and Devices	5,452,468	6,524,393	1,071,925	7,143,546	619,154	8,192,213	1,048,667	8,690,804	498,591	8,898,968	208,164
1850	Line Transformers	7,585,114	8,037,729	452,615	8,731,981	694,253	10,435,275	1,703,294	11,229,339	794,064	12,122,624	893,285
1855	Services	2,556,444	3,032,052	475,608	3,054,541	22,489	3,054,541	-	3,396,804	342,263	3,784,715	387,911
1860	Meters	4,632,204	4,969,692	337,488	5,308,957	339,265	5,390,375	81,419	5,733,561	343,186	6,028,271	294,710
1980	System Supervisory Equipment	942,255	1,120,704	178,449	1,137,242	16,538	1,140,049	2,806	1,433,011	292,962	1,519,590	86,579
1995	Contributions and Grants	(7,456,584)	(6,346,445)	1,110,139	(7,254,067)	(907,623)	(8,449,133)	(1,195,066)	(8,449,133)	-	(8,449,133)	-
2440	Deferred Revenue		-	-	-	-	-	-	(1,448,137)	(1,448,137)	(2,580,840)	(1,132,703)
Sub-total Distribution Assets		***52,128,868***	***54,321,113***	***2,192,245***	***59,450,129***	***5,129,016***	***66,509,789***	***7,059,660***	***73,148,464***	***6,638,675***	***80,934,623***	***7,786,160***
General Plant												
1905	Land	-	-	-	-	-	-	-	-	-	-	-
1906	Land Rights	-	-	-	-	-	-	-	-	-	-	-
1908	Buildings and Fixtures	134,075	-	(134,075)	-	-	-	-	-	-	-	-
1920	Computer Equipment - Hardware	1,379,041	1,352,790	(26,251)	1,497,027	144,237	1,543,189	46,162	1,664,689	121,500	1,739,689	75,000
1611	Computer Software	1,562,279	1,426,105	(136,174)	1,582,924	156,819	2,355,680	772,756	2,441,180	85,500	2,443,980	2,800
1915	Office Furniture and Equipment	399,406	426,778	27,372	429,916	3,137	430,956	1,040	482,092	51,136	552,092	70,000
1930	Transportation Equipment	2,749,028	2,760,304	11,276	2,828,050	67,746	3,213,261	385,211	3,542,261	329,000	3,687,261	145,000
1935	Stores Equipment	77,811	59,018	(18,793)	59,018	-	59,018	-	59,018	-	59,018	-
1940	Tools, Shop and Garage Equipment	601,261	649,237	47,976	697,339	48,101	720,869	23,530	750,869	30,000	782,869	32,000
1945	Measurement and Testing Equipment	-	-	-	-	-	-	-	5,000	5,000	5,000	-
1955	Communication Equipment	33,023	-	(33,023)	633,035	633,035	635,513	2,477	642,513	7,000	742,513	100,000
1960	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-
1970	Load Management Controls - Customer Pren	563,902	633,035	69,133	101,160	(531,876)	101,160	-	101,160	-	101,160	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-	-	-	-	-	-	-
1990	Other Tangible Property	-	-	-	-	-	-	-	-	-	-	-
2005	Property under Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Sub-Total General Plant		***7,499,826***	***7,307,269***	***(192,557)***	***7,828,470***	***521,201***	***9,059,645***	***1,231,176***	***9,688,781***	***629,136***	***10,113,581***	***424,800***
Total before Work in Process		**59,628,694**	**61,628,381**	**1,999,687**	**67,278,598**	**5,650,217**	**75,569,434**	**8,290,836**	**82,837,245**	**7,267,811**	**91,048,205**	**8,210,960**
2070	Other utility plant	-	-	-	-	-	-	-	-	-	-	-
GROSS ASSET TOTAL		**59,628,694**	**61,628,381**	**1,999,687**	**67,278,598**	**5,650,217**	**75,569,434**	**8,290,836**	**82,837,245**	**7,267,811**	**91,048,205**	**8,210,960**

2

2012 Actual vs. 2012 Board Approved

- **Distribution Assets – $2,192,245**

2012 Actual Distribution Assets are higher than the 2012 Board Approved amount by $2,192,245. Items related to this variance include:

  - Expenditures for HHHI's Pole-Trans transformer replacement projects were higher than the 2012 Board Approved amount. The level of investment in 2012 reflects the larger scope of work undertaken to replace aged and obsolete Pole-Trans transformers. In 2012, as part of HHHI's three (3) year aged and obsolete Pole-Trans phase out plan for Kingham Road in Acton, Pole-Trans expenditures totalled $1,040,177.

  - 2012 Actual Contributed Capital was lower than 2012 Board Approved by $1,110,139. The main driver of this variance is the Steeles Avenue – Trafalgar Rd to 5th Line South (Phase 2 – Stage 2) capital project and Pole Relocations on Steeles Avenue between Winston Churchill Boulevard and Trafalgar Road capital project (collectively, the "Steeles Avenue Projects") initiated by the Region of Halton. The Steeles Avenue Projects were actually completed in 2013 and 2014, and thus, contributed capital for these projects was not received in 2012 as budgeted.

- **General Assets - ($192,557)**

The main driver of this ($192,557) variance is the 2013 implementation of the ERP system that was included in the 2012 budget. HHHI required additional time to research appropriate software vendors and ultimately released an RFP.

2013 Actual vs. 2012 Actual

- **Distribution Assets - $5,129,016**

2013 Actual Distribution assets are higher than 2012 Actual amounts by $5,129,016. Items contributing to this variance include:

  - Municipal roadway relocation activity - $1,133,463
  - Pole replacement activity due to age and condition - $1,183,227
  - System extension and automation - $935,241
  - Feeder upgrade - $620,746
  - Pole-Trans conversion - $331,266
  - Substations activity - $220,398
  - Contributed Capital - $907,623

- **General Assets - $521,201**

2013 General Assets are higher than 2012 Actual amounts by $521,201 which is primarily related to:

  - Computer hardware and software - $301,057
  - Fleet addition - $67,746
  - Tools and Equipment - $48,101

2014 Actual vs. 2013 Actual

- **Distribution Assets - $7,059,660**

2014 Actual Distribution assets are higher than 2013 Actual amounts by $7,059,660. Items related to this variance include:

- Municipal projects - $2,819,451
- Pole replacement activity due to age and condition - $2,144,150
- System upgrade and automation - $1,683,847
- Feeder upgrade - $114,148
- Contributed Capital - $1,195,066

- **General Assets - $1,231,176**

2014 General Assets are higher than 2013 Actual amounts by $1,123,176 which is primarily related to:

- ERP system in 2014 - $818,918
- Fleet addition - $385,211

2015 Bridge Year Forecast vs. 2014 Actual

- **Distribution Assets - $7,088,675**

2015 Bridge Year Distribution assets are forecasted to be higher than 2014 Actual amounts by $6,638, 675. Items expected to contribute to this variance include:

- Municipal and customer requested projects - $1,176,678
- Pole replacement activity due to age and condition - $1,099,697
- System conversion projects (27.6kV) - $1,549,738
- Pole-Trans conversion - $524,475
- Substation automation, system reinforcement and other substation activity - $527,407
- HHHI Transformer project and purchase - $933,000
- Contributed Capital - $1,448,137

- **General Assets - $629,136**

2015 Bridge Year General assets are forecasted to be higher than 2014 Actual amounts by $629,136. The main drivers of the increase are expected to be:

  - Single bucket truck (cab and chassis) - $325,000
  - Metering activity (including wholesale meter replacements) - $148,825
  - General plant - $150,000
    - New roof (43 Alice Street);
    - Furniture for engineering and customer care departments;
    - Replacement of two garage doors
  - Computer hardware and software - $167,000
  - 25 New Gate Keepers (Smart Metering) - $100,000

2016 Forecast vs. 2015 Forecast

- **Distribution Assets - $7,786,160**

2016 Distribution assets are forecasted to be higher than 2015 forecast amount by $7,786,160. Details of the forecasted projects for 2016 are in HHHI's DSP.

- **General Assets - $424,800**

2016 General assets are forecasted to be higher than 2015 forecast amount by $424,800. The main driver of the forecasted increase is discussed in HHHI's DSP.

Summary of Incremental Capital Module Adjustment

HHHI confirms that it has not applied for, nor received, any ICM adjustments as part of a previous IRM application.

Reconciliation of Continuity Statements to Calculated Depreciation Expenses

HHHI confirms that the depreciation expenses in the fixed asset continuity statements reconcile to the calculated depreciation expenses in Exhibit 4, Tab 4, Schedule 1 and are presented by account. As such, there are no reconciling items between the fixed asset continuity statements in this Exhibit and the calculated depreciation expense in Exhibit 4.

Allowance for Working Capital (2.2.1.3)

Overview

The Filing Requirements permit applicants to take one of two approaches for the calculation of the allowance for working capital; the 7.5% Allowance Approach or the filing of a lead/lag study. This Application has been prepared using the default Working Capital Allowance for the 2016 Rate Year of 7.5% in accordance with the Board policy for the calculation of the allowance for working capital for electricity rate applications published on June 3, 2015. Given the fact that this change in Board Policy is relatively recent, HHHI is still in the process of assessing the impact of the policy, and reserves the right to subsequently submit evident in support of an HHHI specific working capital allowance supported by a lead-lag study.

The working capital allowance for the 2016 Test Year is based upon 7.5% of the Cost of Power and controllable expenses. In calculating the working capital allowance for years 2012 to 2014 actuals and for the 2015 Bridge Year, HHHI used the Board's historical 15% Allowance Approach that was approved in its 2012 Cost of Service.

Table 2-29 provides a summary of HHHI's COP and controllable expenses used to the calculate working capital allowance for 2012 Board Approved, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and the 2016 Test Year.

Table 2-29: Summary of Working Capital Allowance

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Cost of Power	**46,736,102**	**45,746,999**	**50,494,619**	**55,410,232**	**66,099,360**	**66,075,638**
Controllable Expenses						
Operation	1,122,101	797,619	800,456	791,622	1,419,193	1,355,647
Maintenance	808,985	1,905,957	742,555	615,219	341,000	374,125
Billing and Collecting	1,548,690	1,072,259	1,210,087	1,203,346	1,584,893	1,890,937
Community Relations	-	-	-	-	-	-
Administrative and General Expenses	2,313,625	2,036,642	2,331,334	2,568,754	2,917,017	3,122,070
Donations - LEAP		4,875	2,975	24,054	12,000	12,027
Property Taxes	106,600	99,638	90,207	100,799	101,896	104,440
Allocated Depreciation	-	(184,231)	(159,509)	(131,339)	(153,830)	(173,580)
Total Controllable Expenses	**5,900,000**	**5,732,759**	**5,018,105**	**5,172,456**	**6,222,169**	**6,685,666**
Working Capital	52,636,102	51,479,758	55,512,724	60,582,688	72,321,529	72,761,304
Working Capital Allowance Rate	15%	15%	15%	15%	15%	7.5%
Total Working Capital Allowance	**7,895,415**	**7,721,964**	**8,326,909**	**9,087,403**	**10,848,229**	**5,457,098**

As shown in Table 2-30, the 2016 working capital allowance has decreased by $2,438,318 in comparison to the 2012 Board Approved amount. The change between the 2016 Test Year and 2012 Board Approved amount is a result of increased working capital requirements due to increased costs of power and controllable expenses, less the decrease in percentage rate applied in the computation of the working capital allowance from 15% to 7.5%. Table 2-30 provides a summary of the decrease between the 2016 Test Year and 2012 Board Approved allowance for working capital.

Table 2-30: Summary of Changes in Allowance for Working Capital

Description	2012 Board Approved	2016 Test Year	Change	Allowance for Working Capital Rate	Working Capital Allowance
Cost of Power	46,736,102	66,075,638	19,339,536	15%	2,900,930
Total Controllable Expenses	5,900,000	6,685,666	785,666	15%	117,850
Working Capital	**52,636,102**	**72,761,304**	**20,125,202**		**3,018,780**
COP and Controllable Expenses at 2016 Rate		72,761,304		7.5%	5,457,098
COP and Controllable Expenses at 2012 Rate		72,761,304		15%	10,914,196
Decrease in Allowance for Working Capital					**(5,457,098)**
Net Allowance for Working Capital					**(2,438,318)**

Working capital increased by $20,125,202 between 2012 and 2016. The increase was due mainly to the increase in cost of power. However, this increase to cost of power was offset in 2016 by the calculated allowance for working capital as the percentage used for the calculation decrease from 15% in 2012 to 7.5% in 2016.

Cost of Power ("COP") Calculations

HHHI has calculated COP for the 2016 Test Year based on the 2016 load forecast, adjusted for the impact of Conservation and Demand Management activities and in accordance with the Board's filing requirements. A summary of the total COP expenses is provided in Table 2-31.

Table 2-31: Summary of Total Cost of Power Expenses

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Cost of Power Expenses						
Power Purchased	38,162,591	37,358,084	41,431,851	45,623,602	54,820,906	54,904,781
Wholesale Market Service Charges	3,272,631	2,646,854	2,729,242	2,886,065	3,064,223	3,068,988
Network Charges	2,942,577	2,885,393	3,196,989	3,601,142	3,885,570	3,654,054
Connection Charges	2,358,303	2,250,997	2,522,891	2,629,836	2,748,453	2,869,148
Low Voltage Charges	-	605,671	613,646	636,481	1,373,936	1,373,936
Smart Meter Entity Charges	-	-	-	33,107	206,273	204,731
Total Cost of Power Expenses	**46,736,102**	**45,746,999**	**50,494,619**	**55,410,232**	**66,099,360**	**66,075,638**

Commodity Prices

In accordance with the Filing Requirements, the commodity price estimate, used to calculate COP, was determined using actual 2014 data, split between Regulated Price Plan ("RPP") and non-RPP customers and the most current RPP pricing.

The RPP and non-RPP price was obtained from the Regulated Price Plan Price Report for the period of May 1, 2015 through April 30, 2016 published by the Board on April 20, 2015. For the purposes of calculating the 2016 Test Year, HHHI has used an estimate of $0.10210 per kWh for RPP customers. For non-RPP customers, HHHI has used $0.10186 per kWh which includes

$0.01992 per kWh for the Wholesale Electricity Price and $0.08194 per kWh for Global Adjustment charges.

HHHI understands that the commodity charge will be updated to reflect any changes to commodity prices that may become available prior to the approval of this Application.

Regulatory Charges

For the purposes of determining the cost of Wholesale Market Service ("WMS") Charges for the 2016 Test Year, HHHI used the current 2015 WMS rate of $0.0044 per kWh and applied it to the 2016 load forecast.

For the purposes of determining the cost of Rural Rate Assistance Charges for the 2016 Test Year, HHHI used the current 2015 rate of $0.0013 per kWh and applied it to the 2016 load forecast.

Network and Connection Charges

HHHI incurs Network and Connection charges from both the IESO and Hydro One Networks Inc. ("HONI"). For the purposes of determining the Network and Connection costs for the 2016 Test Year, HHHI utilized the Board's 2016 Retail Transmission Service Rate ("RTSR") Model which incorporates the Uniform Transmission Rates ("UTR"s) as approved by the Board and HONI's approved 2015 Sub-transmission rates (EB-2014-0357). HHHI understands that the transmission costs will be updated to reflect any new rates that may become available prior to the approval of its application.

Low Voltage Charges

HHHI incurs low voltage charges through HONI sub-transmission invoicing. The 2016 Test Year costs are estimated to be $1,373,936. Details of the Low Voltage calculation are presented in Exhibit 8, Tab 7, Schedule 1.

Smart Meter Entity Charges

The Smart Meter Entity costs are calculated based on the IESO rate of $0.788 per month per Residential and General Service less than 50 kW customer approved by the Board on March 28, 2014. HHHI's 2016 load forecast customer count has been utilized for the 2016 Test Year calculation.

Table 2-32 provides a summary of the COP calculation for the 2016 Test Year.

Table 2-32A: 2016 Cost of Power Calculation

2016 Load Forecast	kWh	kW	2014 % RPP
Residential	195,182,110	-	96%
General Service less than 50 kW	48,031,437	-	82%
General Service 50 to 999 kW	141,978,525	391,918	11%
General Service 1,000 to 4,999 kW	121,810,401	315,722	0%
Street Lighting	1,466,975	4,090	0%
Sentinel Lighting	464,833	633	0%
Unmetered Scattered Load	932,138	-	0%
Total	**509,866,419**	**712,363**	

Electricity - Commodity RPP Class per Load Forecast RPP	2016 Forecasted kWh	2016 Loss Factor	kWh	2016 Rate ($)	Total
Residential	187,374,825	1.0560	197,867,815	0.10210	20,202,303.93
General Service less than 50 kW	39,385,778	1.0560	41,591,382	0.10210	4,246,480
General Service 50 to 999 kW	15,617,638	1.0560	16,492,225	0.10210	1,683,856
General Service 1,000 to 4,999 kW	-	1.0560	-	0.10210	-
Street Lighting	-	1.0560	-	0.10210	-
Sentinel Lighting	-	1.0560	-	0.10210	-
Unmetered Scattered Load	-	1.0560	-	0.10210	-
Total	**242,378,241**		**255,951,423**		**26,132,640**

Electricity - Commodity RPP Class per Load Forecast RPP	2016 Forecasted kWh	2016 Loss Factor	kWh	2016 Rate ($)	Total
Residential	7,807,285	1.0560	8,244,493	0.10186	839,784.10
General Service less than 50 kW	8,645,659	1.0560	9,129,816	0.10186	929,963
General Service 50 to 999 kW	126,360,887	1.0560	133,437,097	0.10186	13,591,903
General Service 1,000 to 4,999 kW	121,810,401	1.0560	128,631,783	0.10186	13,102,433
Street Lighting	1,466,975	1.0560	1,549,126	0.10186	157,794
Sentinel Lighting	464,833	1.0560	490,864	0.10186	49,999
Unmetered Scattered Load	932,138	1.0560	984,338	0.10186	100,265
Total	**267,488,178**		**282,467,516**		**28,772,141**

Transmission - Network Based on 2014 Actual	Total
IESO	623,779
Hydro One Networks Inc.	3,030,275
Total	**3,654,054**

Transmission - Connection Based on 2014 Actual	Total
IESO	510,910
Hydro One Networks Inc.	2,358,238
Total	**2,869,148**

Table 2-32A: 2016 Cost of Power Calculation (cont'd)

Wholesale Market Service Class per Load Forecast	Volume Metric	2016 kWh	2016 Rate ($)	2016 Total
Residential	kWh	206,112,308	0.0044	906,894
General Service less than 50 kW	kWh	50,721,197	0.0044	223,173
General Service 50 to 999 kW	kWh	149,929,322	0.0044	659,689
General Service 1,000 to 4,999 kW	kWh	128,631,783	0.0044	565,980
Street Lighting	kWh	1,549,126	0.0044	6,816
Sentinel Lighting	kWh	490,864	0.0044	2,160
Unmetered Scattered Load	kWh	984,338	0.0044	4,331
Total		**538,418,938**		**2,369,043**
Rural Rate Assistance Class per Load Forecast	**Volume Metric**	**2016 kWh**	**2016 Rate ($)**	**2016 Total**
Residential	kWh	206,112,308	0.0013	267,946
General Service less than 50 kW	kWh	50,721,197	0.0013	65,938
General Service 50 to 999 kW	kWh	149,929,322	0.0013	194,908
General Service 1,000 to 4,999 kW	kWh	128,631,783	0.0013	167,221
Street Lighting	kWh	1,549,126	0.0013	2,014
Sentinel Lighting	kWh	490,864	0.0013	638
Unmetered Scattered Load	kWh	984,338	0.0013	1,280
Total		**538,418,938**		**699,945**
Low Voltage Based on 2014 Actual				**Total**
Hydro One Networks Inc.				1,373,936
Total				**1,373,936**
Smart Meter Entity Fee Class per Load Forecast	**Volume Metric**	**2016 Customer Numbers**	**2016 Rate ($)**	**2016 Total**
Residential	Per Month	19,955	0.7800	188,690
General Service less than 50 kW	Per Month	1,696	0.7800	16,041
Total		**21,651**		**204,731**

Table 2-32B: 2016 Cost of Power Summary by USofA

Usof A and Description	2016 Forecasted Costs
4705 - Power Purchased	54,904,781
4708 - Charges - WMS	2,369,043
4714 - Charges - NW	3,654,054
4716 - Charges - CN	2,869,148
4730 - Rural Rate Assistance	699,945
4750 - Low Voltage	1,373,936
4751 - Smart Meter Entity Fee	204,731
Total	**66,075,638**

Treatment of Stranded Assets Related To Smart Meter Deployment (2.2.1.4)

In HHHI's 2012 Cost of Service application (EB-2011-0271), HHHI requested disposition of all Smart Meter Costs included in Deferral and Variance Accounts 1555 – Smart Meter Capital Costs and 1556 – Smart Meter OM&A Costs. The Board approved the disposition and issued a Stranded Meter specific Rate Rider for the period May 1, 2012 to April 30, 2016 to recover the cost of stranded meters. The cost of only the stranded meters remained in account 1555 – Smart Meter Capital.

The revenue from the Board Approved Stranded Meter Rate Rider has been applied to account 1555 – Smart Meter Capital and Recovery Offset Variance Account, Sub-Account Stranded Meter Costs. HHHI will request final disposition of audited Stranded Meter Costs through a future rate application.

CAPITAL EXPENDITURES (2.2.2)

Planning (2.2.2.1)

Overview

In accordance with the Filing Requirements, HHHI has developed a Distribution System Plan ("DSP") and has included the DSP as a stand-alone document in Appendix 2-A of this Exhibit. The information presented in the DSP has been organized in accordance with Chapter 5 of the Board's *Filing Requirements for Electricity Distribution and Transmission Applications.* The DSP incorporates matters pertaining to asset management, regional planning, and renewable energy generation.

HHHI engaged Acumen Engineered Solutions International Inc. (AESI) to review the DSP in its entirety. Upon completion of the review, AESI provided an independent letter indicating their agreement that the DSP achieved the purposes of the Chapter 5 Filing Requirements. This letter is included in the DSP for convenience.

The categories of system investments, namely system renewal, system access, system service, and general plant, have been addressed and consolidated in HHHI's capital expenditure plan. HHHI has provided historical spending by capital project in the aforementioned categories for 2011, 2012, 2013, and 2014 Actuals, in addition to the 2015 Bridge and 2016 Test Years. HHHI has assigned all historical and forecasted construction projects to the system investment categories as required by the Board. The DSP provides the suggested spending level as determined through HHHI asset management planning, for the years 2016 through 2020.

Information related to the Regional Planning Process is found in Section 1.2.6 of the DSP.

Based on the evaluation of the distribution system, HHHI is not proposing any capital investments for capacity upgrades to accommodate applications for the connection of renewable energy generation plant for the 2016 Test Year. Information related to system capacity for the connection of renewable energy generation plant is found in Section 3.3 of the DSP.

HHHI assets fall into two broad categories:

- Distribution Plant - includes assets such as wires, overhead and underground electricity distribution infrastructure, transformers, meters and substations
- General Plant - includes assets such as the office building, SCADA, equipment and tools.

For internal budgeting purposes, HHHI has categorized all spending to align with the new DSP categories of system renewal, system access, system service and general plant.

Budget

The following comments provide an overview of HHHI's capital budgeting process.

The budget is prepared annually by management and is reviewed by senior executives before being presented to HHHI's Board of Directors for approval. The budget is prepared before the start of each fiscal year. Once approved, the budget does not change, but provides a target against which actual results may be evaluated.

HHHI has been, and continues to be, focused on maintaining the adequacy, reliability, and quality of service to its distribution customers through effective capital spending. The capital budget is a critical component of HHHI's business plan.

HHHI annual construction capital budget is developed in co-operation with the Engineering, Operations and Finance departments. Once developed, the budget is reviewed by senior management and then presented to HHHI Board of Directors for approval. Based on HHHI's asset management plan, a design of the projects is completed by the Engineering department. Labour hours and third party contracting costs are then estimated based on discussions with the Engineering and Operations departments and known third party contractor costs. Anticipated costs, including, but not limited to materials, trucking, and other costs are then broken down by job and applied accordingly within each project budget.

Non-construction capital projects are budgeted base on each departmental need, taking into account age and asset conditions, regulatory and statutory requirements. The 2015 Bridge Year non-construction capital projects are based on forecast.

Required Information (2.2.2.2)

Summary of Capital Expenditures

Table 2-33 provides a summary of historical capital expenditures for the past four (4) historical years, 2011 through 2014, projections for the 2015 Bridge and 2016 Test Years, as well as projections for the years 2017 through 2020. Table 2-33 is consistent with Board Appendix 2-AB. HHHI has made its best efforts to categorize historical projects into the DSP system investment categories. The annual capital expenditures include all new spending in the fiscal period. Costs for projects that are considered WIP at the end of a fiscal year are captured in the year spent, not the year the asset is transferred into service. The variance between the annual capital expenditure totals in the table and the total 'additions' in the continuity schedules are those applicable to WIP and contributed capital.

Cumulative gross capital expenditures incurred and forecasted by HHHI for the 2011 through 2015 period represents total net capital spending in the amount of $31,872,626. Chart 2-34 shows the percentage of cumulative gross capital expenditures incurred and forecasted by HHHI for the period 2011 through 2015 in each of the system investment categories. Cumulative gross capital expenditures forecasted by HHHI for the 2016 through 2020 period represents total net capital spending in the amount of $41,472,632. Chart 2-35 shows the percentage of the cumulative net capital expenditures forecasted by HHHI for the period 2016 through 2020 in each of the investment categories.

HHHI's main infrastructure focus is on renewal and this has been the driver of historical spending and is the driver of future spending.

Table 2-33: Board Appendix 2-AB - Capital Expenditure Summary – 2011 through 2020

First year of Forecast Period: *2016*

CATEGORY	Historical Period (previous plan & actual)															Forecast Period (planned)				
	2011			2012			2013			2014			2015			2016	2017	2018	2019	2020
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var					
	$ '000		%	*$ '000*		%	*$ '000*		%	*$ '000*		%	*$ '000*		%	*$ '000*				
System Access	N/A	1,182,087	--	N/A	5,251,191	--	N/A	1,867,987	--	N/A	2,680,732	--	1,578,189		-100.0%	1,339,885	290,760	1,589,978	256,040	256,410
System Renewal	N/A	2,316,186	--	N/A	2,560,260	--	N/A	1,584,398	--	N/A	2,362,906	--	1,870,124		-100.0%	3,790,671	4,226,861	2,818,292	4,220,233	5,464,607
System Service	N/A	757,210	--	N/A	1,192,256	--	N/A	1,777,792	--	N/A	1,975,057	--	3,485,366		-100.0%	2,302,791	1,854,882	3,535,241	4,567,366	1,856,986
General Plant	N/A	865,557	--	N/A	1,210,052	--	N/A	420,040	--	N/A	1,272,141	--	784,136		-100.0%	777,613	479,416	421,000	425,000	374,000
TOTAL EXPENDITURE	**-**	**5,121,039**	**--**	**-**	**10,213,760**	**--**	**-**	**5,650,217**	**--**	**-**	**8,290,836**	**--**	**7,717,815**	**-**	**-100.0%**	**8,210,960**	**6,851,919**	**8,364,511**	**9,468,639**	**7,952,003**
System O&M		$1,215,158	--		$2,703,576	--		$1,543,011	--		$1,406,841	--	$1,850,667		-100.0%	$1,779,072				

Chart 2-34: Cumulative Gross Capital Expenditures 2011 - 2015

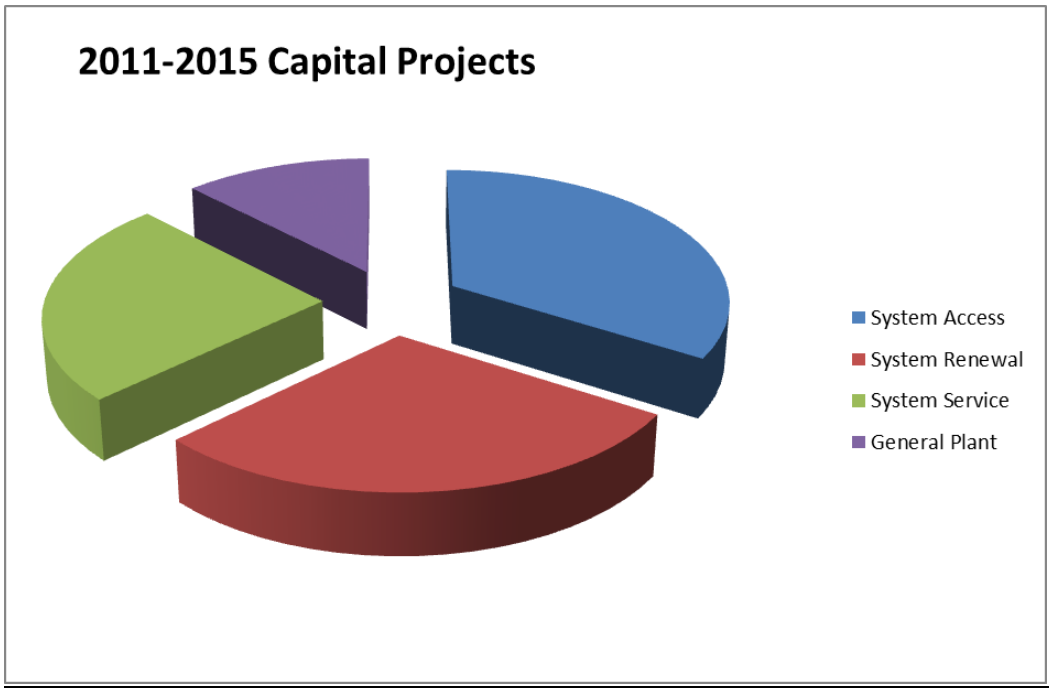
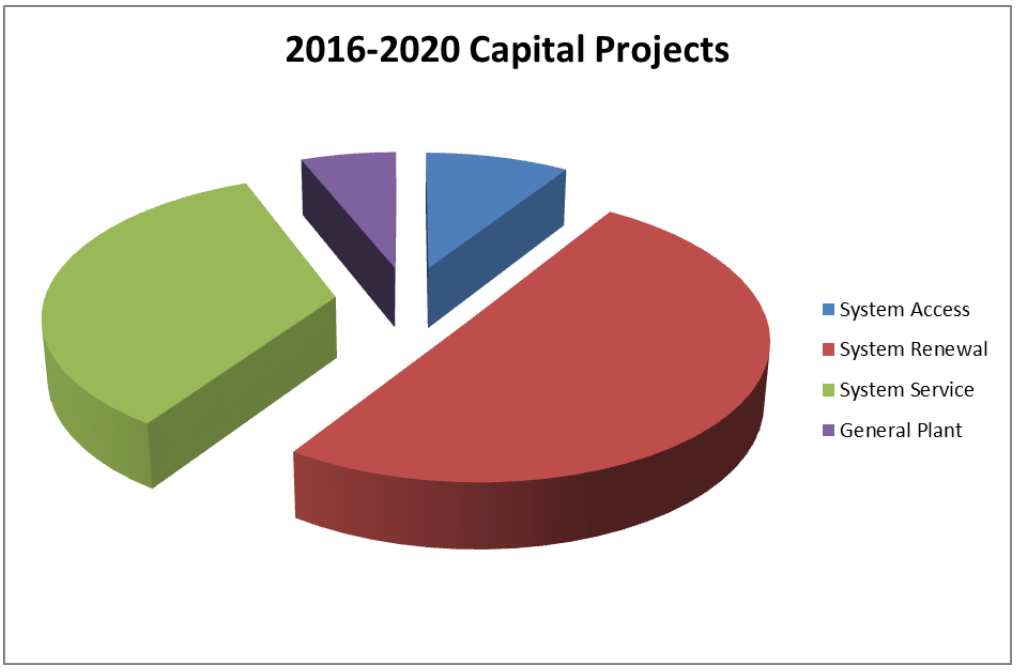


Chart 2-35: Cumulative Gross Capital Expenditures 2016 - 2020



Variance of Year-Over-Year Category Spending

An analysis of year over year trending for historical costs within the DSP categories follows.

2012 Actual vs. 2011 Actual

System Access (SA):

Included in the 2012 additions is $3,660,492 of smart meter capital costs that were transferred from the Deferral and Variance Account 1555 as result of HHHI smart meter disposition in 2012.

In 2012, planned system access work began on pole line construction along Steeles Avenue. The pole line was relocated to accommodate regional road improvement plans between Trafalgar Road and Winston Churchill Blvd. HHHI also continued pole line relocations on Steeles Avenue, carried over from 2011 into 2012, between James Snow Parkway and 5th Line South. The level of expenditures in 2012 as compared to 2011 reflects the increased amount of system access work undertaken in 2012.

System Renewal (SR):

System renewal expenditures in 2011 and 2012 are consistent over the 2 year period and reflect HHHI's commitment to ensuring aged assets are rehabilitated or replaced prior to failure, thus decreasing outages to customers as a result of failed equipment. Significant expenditures in this category relate to replacement of aged poles and underground infrastructure replacements (Pole-Trans transformers and primary cable).

System Service (SS):

In 2012, system service expenditures reflected HHHI ongoing focus to ensure its distribution system is robust and flexible. System access projects in 2012 reflected HHHI's commitment to providing distribution excellence by procuring and beginning to install automated switches at key locations in the 44kV sub-transmission system. Expenditures in

the category also included upgrading key feeder lines on the distribution system to ensure a continued support of current load and accommodate new load from in-fill development.

General Plant (GP):

Included in the 2012 General Plant total is $200,278 of computer hardware and software capital cost that was transferred from the Deferral and Variance Account 1555 as result of HHHI smart meter disposition in 2012. Addition items in 2012 include additions to Building, Furniture and Fixtures for $356,930, GIS system implementation for $57,583 and Fleet for $274,392.

Table 2-36: 2012 Actual vs. 2011 Actual

Description	2011 Actual	2012 Actual	Variance from 2011 Actual
System Access	1,182,087	1,590,699	408,613
System Access -Smart Meter Cost transfer to Capital from DVA 1555	-	3,660,492	3,660,492
System Renewal	2,316,186	2,560,260	244,075
System Service	757,210	1,192,256	435,046
General Plant	865,557	1,009,774	144,218
General Plant - Smart Meter Cost transfer to Capital from DVA 1555	-	200,278	200,278
Total Capital Expenditure	**5,121,039**	**10,213,760**	**5,092,721**

2013 Actual vs. 2012 Actual

System Access (SA):

The levels of expenditure in 2013 as compared to 2012 reflect an increased need to address municipally driven work along Steeles Avenue as the Region of Halton continued its road widening projects.

System Renewal (SR):

Expenditures for system renewal projects in 2012 were greater in 2013 as the level of investment in 2012 reflects the larger scope of work undertaken to replace aged and obsolete Pole-Trans transformers. In 2012, HHHI Pole-Trans expenditures in Acton totalled $1,040,177 replacing aged and obsolete poletrans transformers on Kingham Road and surrounding streets in Acton as part of HHHI's three (3) year Pole-Trans phase out plan for Kingham Road. In 2013, HHHI completed the Kingham Road project and moved forward on a smaller scoped Pole-Trans replacement project on Bower and John Streets in Acton to remedy potential safety issues involving Pole-Trans transformers. In 2013, the smaller scope of work for Pole-Trans replacements totalled $345,071.

System Service (SS):

The increased level of expenditures relating to system service projects in 2013 reflect HHHI`s commitment to ensuring the distribution system is robust and accommodating for growth. In 2013, HHHI undertook two significant pole line projects addressing capacity on the distribution system. The projects addressed potential constraints at HHHI's municipal substation MS19 by bringing a third feeder, 19-F3, out of the substation as well as increase reliability by extending the 27.6kV distribution system along Trafalgar Road from 15 Side Road to 10 Side Road, working towards creating a distribution loop.

General Plant (GP):

The change in spending over the 2 years is attributed primarily to the $200,278 of computer hardware and soft capital cost that was transferred from the Deferral and Variance Account 1555 as result of HHHI smart meter disposition in 2012. Addition items contributing to the reduction in spending include Building, Furniture and Fixtures for $356,930, GIS system implementation for $57,583 and Fleet for $206,646.

Table 2-37: 2013 Actual vs. 2012 Actual

Description	2012 Actual	2013 Actual	Variance from 2012 Actual
System Access	1,590,699	1,867,987	277,287
System Access -Smart Meter Cost transfer to Capital from DVA 1555	3,660,492	-	(3,660,492)
System Renewal	2,560,260	1,584,398	(975,862)
System Service	1,192,256	1,777,792	585,536
General Plant	1,009,774	420,040	(589,734)
General Plant - Smart Meter Cost transfer to Capital from DVA 1555	200,278	-	(200,278)
Total Capital Expenditure	**10,213,760**	**5,650,217**	**(4,563,543)**

2014 Actual vs. 2013 Actual

System Access (SA):

In 2014, the level of expenditures relating to system access projects varied largely from expenditures in 2013 mainly due to municipally driven projects along Steeles Avenue and at the intersection of 10 Side Road and 10th Line. In 2014, HHHI continued relocating plant along Steeles Avenue as part of Region of Halton road widening projects.

System Renewal (SR):

The increased level of expenditure in 2014 reflects HHHI's commitment to ensuring the prudent replacement of aged assets. In 2014, HHHI continued normal levels of individual

pole replacements in addition to renewing plant along Delrex Blvd and Sargent Road in Georgetown. In 2014, there was also an increase in Operations driven pole replacements (poles identified by line staff as needing replacement). A significantly larger scope of Pole-Trans replacements in 2014 (Lakeview Subdivision in Acton) was performed as compared to similar work on Bower Street in 2013.

System Service (SS):

The increased level of expenditures in 2014 relating to system service projects reflects HHHI's continued conversion of the 8.32kV distribution system to 27.6kV in a continued effort to increase reliability in the southern regions of HHHI's service territory. Additional expenditures include the purchase and installation of six (6) 46kV automated switches.

General Plant (GP):

The main cause of the variance in General Plant between 2013 and 2014 is the addition of the financial system (Great Plains) in 2014 for $772,756.

Table 2-38: 2014 Actual vs. 2013 Actual

Description	2013 Actual	2014 Actual	Variance from 2013 Actual
System Access	1,867,987	2,680,732	812,746
System Renewal	1,584,398	2,362,906	778,508
System Service	1,777,792	1,975,057	197,265
General Plant	420,040	1,272,141	852,101
Total Capital Expenditure	**5,650,217**	**8,290,836**	**2,640,620**

2015 Forecast vs. 2014 Actual

System Access (SA):

In 2015, the estimated level of expenditures as compared to the actual expenditures for system access projects in 2014 are less and reflect the nature of work HHHI plans to undertake relating to this category.

System Renewal (SR):

In 2015, the overall estimated level of expenditures relating to system renewal projects as compared to actual expenditures for this same category in 2014 are less and reflect the significantly larger amount of system renewal work relating to the replacement of old poles and removing aged PoleTrans transformers from service between 2014 and 2015.

System Service (SS):

In 2015, the estimated level of expenditures for system service projects is greater than the actual 2014 expenditures. HHHI's level of expenditures in 2015 reflects HHHI's continued commitment to ensuring the distribution system is reliable and flexible to better serve customers.

General Plant (GP):

The 2015 General Plant amount is $488,005 less when compare to 2014. The main driver of this variance is a reduction in computer software of $687,256, and increased costs in building of $150,000 and computer hardware of $121,000.

Table 2-39: 2015 Forecast vs. 2014 Actual

Description	2014 Actual	2015 Forecast	Variance from 2014 Actual
System Access	2,680,732	1,578,189	(1,102,543)
System Renewal	2,362,906	1,870,124	(492,782)
System Service	1,975,057	3,485,366	1,510,309
General Plant	1,272,141	784,136	(488,005)
Total Capital Expenditure	**8,290,836**	**7,717,815**	**(573,021)**

2016 Forecast vs. 2015 Forecast

System Access (SA):

System Access spending is relatively consistent over the two years

System Renewal (SR):

2016 spending is increased due increased vintage replacement projects and pole replacement strategies.

System Service (SS):

System Service spending in 2015 is significantly higher than previous years due to the land purchase for the new Transformer Station.

General Plant (GP):

Spending in this category is relatively consistent over the two years.

Table 2-40: 2016 Forecast vs. 2015 Forecast

Description	2015 Forecast	2016 Forecast	Variance from 2015 Forecast
System Access	1,578,189	1,339,885	(238,304)
System Renewal	1,870,124	3,790,671	1,920,547
System Service	3,485,366	2,302,791	(1,182,575)
General Plant	784,136	777,613	(6,523)
Total Capital Expenditure	**7,717,815**	**8,210,960**	**493,145**

2016 Forecast vs. 2017 Forecast

System Access (SA):

The main driver in System Access spending in 2016 is municipally directed road widening projects. Specifically, two significant projects: the intersection widening project at Trafalgar Road and 10 Side Road and the road widening project along 9th Line between Steeles Ave and 10 Side Road. The combined budget for these two projects is $1,668,844. These projects involve relocating utility poles, wires, anchors, and related equipment. There is currently no significant road widening projects planned for 2017 however, there is a large project planned for 2018. The primary risk to completion to these projects is that work may be delayed until the Region of Halton can acquire the necessary land and easements. HHHI generally will not commence construction until confirmation that land and easements are acquired or permission to enter and construct our work is received. As a result of these potential delays, budgeting and timing for these projects can be difficult to predict.

System Renewal (SR):

The main driver in System Renewal spending in 2017 is an increase in vintage system replacement projects and substation improvements. Switchgear replacement projects are scheduled every two years, beginning in 2017. 2017 also includes a significant Pole-Trans transformer replacement project in Acton. The design work for the project is scheduled for 2016 with construction in 2017. The Silver Creek MS transformer is scheduled for replacement in 2017. The next major substation projects are scheduled for 2019.

System Service (SS):

The main difference in System Service spending between the two years is the installation of automated switches on the 46kV system. Two (2) switches are planned for installation in each of 2016, 2018 and 2019, and none in 2017 or 2020.

General Plant (GP):

Three (3) projects are the key drivers for the increased spending in General Plant in 2016. The roof over the garage at the HHHI office needs to be resurfaced in 2016. As well, the parking lot requires complete resurfacing and repaving that year. The other main project in 2016 is the implementation of an Interactive Voice Response (IVR) system. This system addresses customer preferences for improved communication and self-service options as identified in our customer surveys and focus groups.

Table 2-41: 2016 Forecast vs. 2017 Forecast

Description	2016 Forecast	2017 Forecast	Variance from 2016 Forecast
System Access	1,339,885	290,760	(1,049,125)
System Renewal	3,790,671	4,226,861	436,190
System Service	2,302,791	1,854,882	(447,909)
General Plant	777,613	479,416	(298,197)
Total Capital Expenditure	**8,210,960**	**6,851,919**	**(1,359,041)**

Trending from 2017 to 2020

System Access (SA):

System Access projects are expected to remain fairly consistent with the exception of 2018 when a large Region of Halton driven road widening project on Winston Churchill Blvd. is expected to proceed.

System Renewal (SR):

System Renewal projects are planned fairly evenly throughout the duration of this plan. There is a decrease in System Renewal spending planned in 2018 to accommodate the increase in System Access spending. Two larger feeder renewal projects are scheduled for 2020 to upgrade and harden parts of the distribution system in Acton and Georgetown. The intent of these projects is to renew portions of the distribution system that are reaching the end of useful life and no longer meet current standards for construction.

System Service (SS):

2018 and 2019 will see the completion of a number of voltage conversion projects and the construction of a new municipal substation. Voltage Conversion projects planned over the next several years is intended continue to expand the 27.6kV distribution system.

General Plant (GP):

General Plant expenditures are fairly consistent for the duration of this plan and are largely driven by fleet replacements.

Table 2-42: Trending from 2017 to 2020

Description	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
System Access	290,760	1,589,978	256,040	256,410
System Renewal	4,226,861	2,818,292	4,220,233	5,464,607
System Service	1,854,882	3,535,241	4,567,366	1,856,986
General Plant	479,416	421,000	425,000	374,000
Total Capital Expenditure	**6,851,919**	**8,364,511**	**9,468,639**	**7,952,003**

Capital Project Summary

Table 2-43 provides a summary of all capital projects for the years 2011 through 2014, the 2015 Bridge Year and the 2016 Test Year. All projects above HHHI's materiality threshold of $65,000 have been listed individually within the DSP categories and all individual projects below the threshold have been grouped together as miscellaneous within the applicable category. HHHI's DSP, found in Appendix 2-A, provides capital project summaries along with full descriptions and justifications of all individual material projects listed in the table for the 2016 Test Year. These summaries are found in the DSP. Table 2-43 is consistent with the Board's Appendix 2-AA, Capital Projects Table.

1

Table 2-43A: Capital Projects Table – 2011 to 2016

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Access						
Jobs for Asymetrical Account - 2012 COS						
Steeles Avenue -5th Line South to Trafalgar Road		1,507	4,401	435,955		
Steeles Avenue Pole Relocations between Trafalgar & WCB		765,414	935,311			
10 sdrd west of WCB	11,817					
10 Side Road/ 10th Line Round-About			2,594	539,619	9,315	
10112 4th Line	150					
10296 8th Line	1,249					
103 King st	2,179					
10545 Townline	808					
10563 3rd Line	9,108					
106 Joseph St	212					
10617 Trafalgar	2,115					
10676 Trafalgar Rd	808					
10766 Trafalgar Rd	7,182					
109 Moore Park Cres, Georgetown	300					
10th Line & 10 Sdrd	4,360					
11051 Trafalgar Rd	300					
11445 Hwy 25- Old Speyside School	1,428					
11674 Line	329					
11694 Winston Churchill Blvd- Disconnect & Removal	150					
12 Morgan Dr	329					
12158 17th sdrd- Pole and anchor Install to accommodate sentinel light	2,491					
12266 10th line, georgetown- sheridian nurseries	4,691					
12486 6th line	3,750					
12562 9th Line	165					
12799 9th line	3,097					
13010 8th Line	5,521					
13260 Fallbrook Trail	3,625					
13261 10th Line-Upgrade 100-200	891					
13441 4th Line- Panel Change	165					
13536 15th sdrd	300					
13536 4th Line	7,718					
13564 7th Line	459					
13705 22nd sdrd	427					
13819 Trafalgar Rd	316					
139 Kingham rd, Acton	300					
13980 9th line	1,445					
14 Southwinds dr	8,185					
14243 9th Line	329					
14303 Trafalgar Rd	4,042					
15350 Argyll Rd	150					

2

Table 2-43A: Capital Projects Table – 2011 to 2016 (cont'd)

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Access						
16 Mountanview Rd S	9,143					
17 River St- Acton Public Library	20,464					
177 Mountainview Rd	514					
18 Heather Court, Georgetown	300					
18 Weber Dr, Georgetown	6,170					
19 Valleyview rd, georgetown	300					
19 Willow st N- U/G installation between 15 & 9 Willow	17,090					
197 Mill St W	239					
20 John St- Georgetown	446					
21 Cedar rd, acton	1,247					
211 Armstrong ave- change o/h to u/g	1,646					
24 Browns Cres, Acton	329					
24 Churchill cres	239					
254 Main st s- georgetown	1,464					
283 Queen St- Acton	212					
29 & 31 Birchway place, Acton	5,045					
29 Todd Rd- Water Tower	8,873					
3 Churchill cres- upgrade 60-200	656					
3 Crombie Pl, Georgetown	300					
30 Armstrong Ave, Georgetown	13,414					
307 Armstrong ave- upgrade 200-400 amps	118					
32 Albert St	329					
35 Sinclair Ave, Georgetown	1,445					
362 Delrex Blvd, Georgetown	336					
368 Delrex Blvd, Georgetown	300					
388 Delrexc- Temp- Vacant lot between 382 & 388	2,403					
40 Charles st	1,613					
400 GUELPH ST, GEORGETOWN		29,013				
42 Munro Circle	329					
44 Eastern Ave- Acton	10,267					
48 Armstrong Ave	309					
5 Hepburn Cres, Georgetown	329					
5 Oakridge Dr, Georgetown	6,407					
510 Main st, Glen Williams	300					
53 Samuel Cres, Georgetown	6,079					
54 Arbourglen Dr	329					
54 Armstrong- New service	2,678					
58 River Dr- Upgrade 60-100	580					
59 Gollop Cres, Georgetown	300					
5th line & 5 sdrd	2,758					

Table 2-43A: Capital Projects Table – 2011 to 2016 (cont'd)

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Access						
5th Line and Steeles Ave, Hornby	159					
6153 22 sdrd	3,386					
65 Jocelyn Cres, Georgetown	4,677					
73 Main St N, Georgetown	1,645					
7651 5th sdrd	7,566					
7856 5th line- Milton- Union gas station	4,260					
8 Ann st, georgetown	300					
8070 Horby Rd, Hornby	9,539					
8160 10th line	3,255					
88 Moore Park cres, Georgetown	452					
8851 6th Line	2,935					
8th line (main st) Pole line relocation	3,466					
9 Airedale Crt, Georgetown	329					
9 Church St- Georgetown Library & Cultural Center	4,902					
90 Weber Dr, Georgetown	300					
9018 4th line	1,874					
9111 3rd Line	3,962					
9249 Hwy 25	4,412					
9419 Hwy 25	8,225					
9464 3rd line	9,060					
97 Irwin Cres, Georgetown	300					
9th Line (Steeles Avenue to 10 Side Road).						831,245
ACTON REAR YARD POLE REPLACEMENT PROGRAM	5,528					
Armstrong Ave, Georgetown	1,137					
Campbellville Road/ Dublin Line Round-About Relocations					68,533	
Campbellville Road/ JSP/ Tremaine Road - Round-about (WO: 195651)			31			
Connect 9.88kw Microfit solar pv generation project	4,396					
Eden Oak townhouse- Subdivision	3,034					
Gellert Center Solar Panel Project	4,930					
General Meter Service & Installs	1,399					
Generation - FIT		7,512				
Hall Rd (Gtwn) Apartment Building (56 Units)					130,000	
HHVH PH. 4, Eagleview	2,931					
HHVHI phase 5	6,120					
Interval Metering Installation/ Exchange	5,902					
KINGHAM RD. POLETRANS CONVERSION	323					
L11 Conc 4 Hume crt- Temp Service	2,379					
Lot 1 Conc 1 32nd Sdrd	3,736					
Make Ready Install Anchors at Pole 7149	1,542					
Make Ready Upgrades					22,686	15,424
Make Ready Work, 15 sdrd	642					
Meadows in the Glen	11,530					
Metering	130,647	3,790,635	339,265	81,419	148,825	
Metering General Service >50kW upgrade						44,726

Table 2-43A: Capital Projects Table – 2011 to 2016 (cont'd)

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Access						
Metering Residential/Interval Materials						114,824
Microfit		9,536				
Misc Capital Jobs	214,901	3,367	457,518	13,679		
MTO 401 Bridge Widening (5th Line South) Relocations****					18,416	
New 100 amp service for water control valve-corner or steels and wcb	5,592					
New 200 Amp Service- 104 Guelph St- Cogeco hub	18,676					
New 600 volt service- Cross Haulroad at traffid lights- 22nd sdrd	20,794					
New Streetlight- 5th Line & 15th sdrd- N/E Corner	253					
New Streetlighting at Intersection of Hwy 7 & 4th line	317					
Pole Relocations on Highway #25 at 5 Side Road	18,704					
Pole Relocations on Steeles Avenue between WCB and Trafalgar Road	4,805					
Pole Replacements	80,317					
Pole, Conductor, Tx., and Switch Replacements on Church Street East, Acton.	254					
Reconductoring WCB from Guelph Street on Old Pine Crest Road to CNR Tracks on WCB	870					
Residential Meter Installations/ Exchange	3,547					
Service Relocations, Winston Churchill Blvd (2-Lane Reconstruction 5 sdrd to Norval PMU), PR-2144			794			
Silver Creek Estates Phase 2	38,879					
Smart Meters	36,469	66,448			100,000	
Steeles Avenue - James Snow Parkway to 5th Line South (Phase 2 - Stage 1)	170,620	577,759	(73,448)			
Steeles Avenue -5th Line South to Trafalgar Road - 2015 Phase					1,064,164	
Steeles Avenue Pole Relocations between Trafalgar & WCB - 2015 Phase				1,610,060		
Technical Service Layouts						80,000
Trafalgar rd & Lindsay Crt Lot 7 Conc 21	16,017					
Trafalgar Road/ 10 Side Road Intersection Relocations	2,094		200,727		6,766	253,666
Upgrade 60-200, 11 karen dr	2,504					
Wallace Street and McDonald Blvd.Relocate Poles and Anchors	41,131					
West Meadows Townhouse Complex- Dr Moore and Wallace	27,970					
Wildwood Road Relocations (Highway 7 to Oakridge Drive)					9,484	
Winston Churchill Blvd/ 10th Side Road Re-Alignment & WCB 2- Lane Reconstruction Guelph St. to 17 Sdrd) (WO: 194156)			794			
Grand Total	**1,182,087**	**5,251,191**	**1,867,987**	**2,680,732**	**1,578,189**	**1,339,885**

Table 2-43B: Capital Projects Table – 2011 to 2016

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Renewal						
10365 Hwy 7 L28 C7- Upgrade to 3phase- Calldron Gas Bars Ltd	2,126					
10826 5th line- Change blown tx	2,694					
15 Sdrd East of 4th line	4,272					
16469 10th Sdrd	2,399					
22 Sdrd West of Hwy 7	9,048					
5 Charles St- Change blown TX	4,231					
5th Line South of Steeles Ave	24,218					
64 Miller dr- leaking Transformer	4,628					
8th line north of 22 sdrd	7,531					
Airbrake Maintenance in Various Locations	10,572					
Ashgrove Substation Outfit New Control House		24,602				
Asset Management	21,612					
Ballinafad Substation Transformer Refurbishment				112,415		
Byron St- Pole Line Rebuild	6,368					
Cap. WTR HTRS- Material	77,631					
Change Broken 45' pole- 2nd "s" bend of hwy 25 on 15th sdrd	6,381					
Contractor dug into u/g primary	1,952					
Copper Theft Repair- MS 5 Silvercreek Substation	1,081					
Cross MS switchgear replacement						714,205
Cross Sub13 Municipal Substation 4.16 kV Upgrades				1,529		
Cutout Replacement program (AB Chance Porcelain Cutout in particular)		25,544	13,806			
Green Energy Initiative - Solar Panel Pilot Project		264,374				
Live Front Transformer Replacements						98,689
Metering Retail/Interval PMU replacements						91,425
Misc Capital Jobs	17,456					
Oil Recloser Refurbishment			4,437			
Pole Change Outs- Hume Court	416					
Pole Line Re-Build, Supply to C10Z147 from Maple Avenue (Georgetown)				197,715		
Pole Replacement- 2 Chipper Crt	2,496					
Pole Replacements	1,238,266	1,180,177	1,183,227	1,908,706	1,099,697	2,000,000
Pole Trans Conversion - Kingham	821,950	1,040,177	4,924			
Pole Trans conversion (Bower Street Acton)			331,266	83,432		
Pole Trans -Conversion (Elizabeth & Elmore Dr. Acton)				37,729	524,475	
Poletrans Transformer Replacements (Acton) - Design 2016, Build 2017 - Norman/ Rosemary						38,100
Poletrans Transformer Replacements (Georgetown) - Design/ Build - Hillside Dr						500,000
Porcelain Switch Replacements			46,488	3,861		21,686
Power Transformer Life Extension					56,229	21,979

Table 2-43B: Capital Projects Table – 2011 to 2016 (Cont'd)

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Renewal						
Princess Anee Dr, Georgetown	2,703					
Purchase of Land- Transformer Station			250			
Replace Broken Pole between 51 & 55 Charles	276					
Replace Pole- 209 Mill St W	6,165					
Replace Pole- 24 main st S	3,763					
Replace Pole- 8065 6th line	1,962					
Replace Pole- 9 Park Ave	2,520					
Substation Painting Program	6,644	13,887		17,519	21,024	
Switchgear Replacement, John Street, Georgetown	24,825	11,500				
Vintage Underground Replacement Program					168,698	304,586
Grand Total	**2,316,186**	**2,560,260**	**1,584,398**	**2,362,906**	**1,870,124**	**3,790,671**

Table 2-43C: Capital Projects Table – 2011 to 2016

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Service						
27.6kV Extension up Trafalgar Road	14,235	153	758,754	2,493		
27.6kV Extension/loop on 5 Sdrd	13,889			460,730		
44kV and Extend 8.32kV - 27 Side Road	138,527	202,978				
44kV Dist Automation (Procurement & inst 6 Load-break SWs in 2012)		273,298				
44kV Distribution Automation (Procurement & installation 12 Load-break SWs)	243		162,681	413,455		
5 Side Road 27.6kV Conversion (6th Line to Trafalgar Road incl. 6th Line North of 5 Sdrd)					751,630	
5 Side Road 27.6kV Conversion (Trafalgar Road to 8th Line) - Design only.					10,453	
5F3 on 32 Sdrd						234,992
5th Line South Phase Reconfiguration for Scada-Mate Switch (2)	41,060					
8 kV Reliability improvements - Silver Creek MS		124,235	84,573			
8th Line 5-10 Sdrd 27.6kV Conversion					787,654	
Armstrong F3 Feeder Clean-up Work				27,513		
Armstrong MS F1/ F2 Riser Pole Re-Build				86,635		
Armstrong MS Feeder Building (19-F3)			620,746	27,513		
Ashgrove Station Service			25,847	4,880		
Ashgrove Substation Outfit New Control House	7,703					
Automated Switches, 27.6kV System						143,244
Automated Switches, 46kV System (2 Switches)						158,607
Ballinafad MS Reclosers						155,629

1 **Table 2-43C: Capital Projects Table – 2011 to 2016 (Cont'd)**

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Service						
Ballinafad Substn. - Feeder Re-configuration		77,052	31,035			
Convert 8.32kv Line to 27.6 kv (8th Line - 5th Sdrd to 10th Sdrd)	4,683	272		3,375		
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to Steeles)		2,584	2,119	806,795		
Development SEL protection relay and comm processor - Material	4,908					
Extend 27.6kV Distribution System North on Trafalgar Road to Halton Hills Drive.				16,593		
Feeder Reinforcement, Delrex Blvd. (Jessop Crt. To Sargent Road) - Design Only						28,427
Feeder Reinforcement, Delrex Blvd. (Rexway Dr. to Maple Ave.)						346,812
Georgetown 4kV System Reinforcement					175,191	
Glen Williams Bus VT upgrade			6,464	41,432		
Glen Williams Station Service			24,403	853		
Glen Williams Substaion - Outfit New Control House	7,991	12,247				
Ground Grid Study - (design only)				17,457		
HHH Solar Project	38,844					
Install Two (2) Scada-Mate Switches			994	30,878		
Lot 25 Conc 9- Fallbrook Trail- Addition of Solid Blade Inline Switches	2,657					
New Feeder from Armstrong MS	405					
New Hydro One ICCP Router & Firewall (in accordance to Hydro One Specification) -					4,000	
New SCADA servers and historical server hardware refresh -					15,000	
New station batteries (Lead acid or NiCd),					10,000	
Norval VT Replacement			264			
POLE RELOCATIONS, WCB FROM OLD PINECREST RD. NORTH ON WCB.		90,763				
Purchase of Land- Trafalgar Substation	236,720					
Purchase/ Install Scada-Mate Switch					70,536	
Reconducting Main St (from River Dr to first pole North of CN track)	11,210	136,565				
REGULATOR RELOCATION FROM 3RD LINE TO 22ND SDRD	22,871					
River Substation Transformer Fans	2,487					
SCADA	13,631		16,538	2,806		
SCADA operating PC refresh (Windows XP end of support),					2,000	
SCADA Radio Expansion	58,308	8,318	5,008	31,647	153,569	
SCADA Switch Integration						86,579
SCADA Systems		111,405				

2

Table 2-43C: Capital Projects Table – 2011 to 2016 (Cont'd)

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
System Service						
SCADA Wireless Faulted Circuit Indicators						48,983
Scada-Mate Switches (QTY: 2)	105,860					
Silver Creek Substn. - Feeder Reconfiguration (re-budget)	3,763	47,365	38,367			
Smart Grid Infrastructure for 2012 - Scada-Mate Switches (QTY: 2)		105,021				
Substation Automation/Modernization					118,393	
Trafalgar Road 27.6kV Extension (15 Sdrd to Maple Avenue)					3,938	671,181
Transformer Station and Substation					1,383,000	
Upgrade and Relocate 34.5kV Switch.	7,113					
Voltage Conversion, 5 Side Road (8th Line to 9th Line) - Design						19,643
Voltage Conversion, 5 Side Road (Trafalgar Road to 8th Line) - Construction						408,694
WIRELESS FAULT INDICATORS - VARIOUS LOCATIONS	20,104					
Grand Total	**757,210**	**1,192,256**	**1,777,792**	**1,975,057**	**3,485,366**	**2,302,791**

Table 2-43D: Capital Projects Table – 2011 to 2016

Projects	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Reporting Basis	CGAAP	Revised CGAAP	Revised CGAAP	Revised CGAAP	MIFRS	MIFRS
General Plant						
Buildings, Furniture & Fixtures	153,479	356,930		43,442	150,000	50,000
Computer Hardware	52,859	266,567	144,237	46,162	121,500	
Computer Software	173,442	190,042	156,819	772,756	85,500	
Continuation of Cyber Security Project from	5,052					
Ergonomic Furniture Upgrades						35,000
GIS - ESRI Implementation	35,810	57,583				
IBM System i POWER8 Install						75,000
Interactive Voice Response (IVR) for Customer						100,000
Mobile Truck Radio Repeater	7,866					
New Ashgrove Voice radio repeater - Kontact					5,000	
New base station radios at Alice St. (qty. 2) - Kontact plus					2,000	
New battery resistance tester					5,000	
New substation warning signs –					5,000	
Office Equipment	39,498		3,137	1,040	51,136	35,000
Parking Lot Paving						150,000
Quadra License						2,800
Roof Resurfacing - Garage Section						85,000
SCADA	176,058					
SCADA Outage Management System Interfaces						67,813
Small Tools	26,608	64,538	48,101	23,530	30,000	32,000
Vehicles (rolling stock)	194,884	274,392	67,746	385,211	329,000	145,000
Grand Total	**865,557**	**1,210,052**	**420,040**	**1,272,141**	**784,136**	**777,613**

Capital Project Variance – 2012 Board Approved vs. 2012 Actual

Table 2-44 provides a summary of capital project for 2012 actual project costs compared to 2012 Board-Approved projects. An explanation of the material variances follows.

Table 2-44: 2012 Capital Projects vs. 2012 Board Approved Projects

Projects	OEB Category	2012 Board Approved	2012 Actual	Variance
Reporting Basis		Revised CGAAP	Revised CGAAP	
System Access				
10 Sd Rd (2-Lane Reconst from 9th Ln to WCB). PR-1437C	System Access	-	-	-
Generation - FIT	System Access	6,708	7,512	(804)
Microfit	System Access	20,124	9,536	10,588
Pole Relocations on Steeles Av between WCB & Trafalgar Rd (PR-2044B)	System Access	1,047,700	765,414	282,286
Steeles Avenue - Trafalgar Rd to 5th Line South (Phase 2 - Stage 2)	System Access	496,638	1,507	495,131
Steeles Avenue - James Snow Parkway to 5th Line South (Phase 2 - Stage 1)	System Access	274,021	577,759	(303,738)
Subdivision	System Access	-		-
W.C.B. -5 Sd Rd to Norval (Design 2012)	System Access	24,950	-	24,950
Services	System Access	-	-	-
400 GUELPH ST, GEORGETOWN	System Access	-	29,013	(29,013)
Smart Meters	System Access	-	66,448	(66,448)
Misc Job	System Access		3,367	(3,367)
Metering	System Access	-	3,790,635	(3,790,635)
Total System Access		**1,870,141**	**5,251,191**	**(3,381,050)**
System Renewal				
Ashgrove Substation Outfit New Control House	System Renewal	21,394	24,602	(3,208)
Cutout Replacement program (AB Chance Porcelain Cutout in particular)	System Renewal	35,173	25,544	9,629
Pole Replacements - 2012	System Renewal	722,941	1,180,177	(457,236)
Pole Trans Conversion - Phase 3 at Kingham Rd. Acton -Final	System Renewal	653,459	981,268	(327,809)
River Substation Transformer Fans	System Renewal	17,832		17,832
Substation Painting Program	System Renewal	8,121	13,887	(5,766)
Switchgear Replacement, John Street, Georgetown	System Renewal	47,286	11,500	35,786
Green Energy Initiative - Solar Panel Pilot Project	System Renewal	200,000	264,374	(64,374)
Pole Trans Conversion - Kingham	System Renewal	-	58,909	(58,909)
Total System Renewal		**1,706,206**	**2,560,260**	**(854,054)**

Table 2-44: 2012 Capital Projects vs. 2012 Board Approved Projects (cont'd)

Projects	OEB Category	2012 Board Approved	2012 Actual	Variance
Reporting Basis		Revised CGAAP	Revised CGAAP	
System Service				
27.6kV Extension up Trafalgar Road - (10 Sd Rd to 15 Sd Rd) Phase 2 (2012)	System Service	327,972	153	327,819
44kV and Extend 8.32kV - 27 Side Road	System Service	176,660	202,978	(26,318)
44kV Dist Automation (Procurement & inst 6 Load-break SWs in 2012)	System Service	437,324	273,298	164,026
44kV Distribution Automation (Procurement & installation 12 Load-break SWs)	System Service	437,081		437,081
8 kV Rel improv - Silver Creek MS	System Service	107,978	124,235	(16,257)
Ballinafad Substn. - Feeder Re-configuration	System Service	109,417	77,052	32,365
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to 10th SdRd) - Build/Construct	System Service	(639)	272	(911)
Convert 8.32kV Line to 27.6kV (8th Line: 5th SdRd to Steeles) - Build/Construct	System Service	470,876	2,584	468,292
Glen Williams Substaion - Outfit New Control House	System Service	21,106	12,247	8,859
Reconducting Main St (from River Dr to first pole North of CN track)	System Service	99,027	136,565	(37,538)
SCADA Radio Expansion (Year 2 of 3)	System Service	52,613	8,318	44,295
SCADA Systems	System Service	26,500	111,405	(84,905)
Silver Creek Substn. - Feeder Reconfiguration (re-budget)	System Service	105,654	47,365	58,289
Smart Grid Infrastructure for 2012 - Scada-Mate Switches (QTY: 2)	System Service	125,614	105,021	20,593
POLE RELOCATIONS, WCB FROM OLD PINECREST RD. NORTH ON WCB.	System Service	-	90,763	(90,763)
Total		**2,497,183**	**1,192,256**	**1,304,927**
General Plant (Other Capital Items)				
Buildings, Furniture & Fixtures	General Plant	10,000	356,930	(346,930)
Computer Hardware	General Plant	80,000	266,567	(186,567)
Computer Software	General Plant	68,000	190,042	(122,042)
Small Tools	General Plant	43,470	64,538	(21,068)
Vehicles (Rolling Stock)	General Plant	230,000	274,392	(44,392)
ERP System	General Plant	350,000	-	350,000
IT Capital Budget	General Plant	-	-	-
GIS- ESRI Implementation	General Plant	-	57,583	(57,583)
Convert inView Lite to inView Premium) Meter Reading	General Plant	45,000		45,000
Total		**826,470**	**1,210,052**	**(383,582)**

2012 Board Approved vs 2012 Actual

System Access:

The main drivers of the variance in this category are the Steeles Avenue – Trafalgar Rd to 5th Line South (Phase 2 – Stage 2) Pole Relocation and the pole relocations on Steeles Avenue between Winston Churchill Boulevard and Trafalgar Road for a total budgeted costs of $1,544,338 with actual costs of $766,921.

Included in the 2012 amount is $3,660,492 of smart meter capital cost that was transferred from the Deferral and Variance Account 1555 as result of HHHI smart meter disposition in 2012.

System Renewal:

The main drivers of the variance in this category is pole replacements due to age and conditions with an actual cost of $1,180,177 compared to the 2012 Board Approved amount of $7,22941.

Pole-Trans Conversion with an actual cost of $981,267 compared to the 2012 Board Approved amount of $653,459 also contributed to the variance.

System Service:

The drivers for the variance in this category are two (2) distribution automation projects with an approved budget of $874, 405 and actual cost of $273,298.

A 27.6kV Extension project with a budget of $327,972 and actual cost of $152, in addition to a project to convert a 8.32 kV pole line to 27.6kV with an approved budget of $470,876 and actual costs of $2,584 have contributed to the variance.

General Plant:

The main driver of this variance is the EPR system that was budgeted for 2012 but implementation started in 2013.

Included in the 2012 amount is $200,278 of computer hardware and software capital cost that was transferred from the Deferral and Variance Account 1555 as result of HHHI smart meter disposition in 2012.

Table 2-45: 2012 Board Approved vs 2012 Actual

Description	2012 Board Approved	2012 Actual	Variance from 2012 Board Approved
System Access	1,870,141	1,590,699	279,442
System Access -Smart Meter Cost transfer to Capital from DVA 1555	3,660,492	3,660,492	-
System Renewal	1,706,206	2,560,260	(854,054)
System Service	2,497,183	1,192,256	1,304,927
General Plant	826,470	1,009,774	(183,304)
General Plant - Smart Meter Cost transfer to Capital from DVA 1555	200,278	200,278	-
Total Capital Expenditure	**10,760,770**	**10,213,760**	**547,010**

Treatment of Projects

Life Cycle Greater than One Year: HHHI's accounting policy is to include projects in fixed assets when complete. Capital projects which are not yet completed are included in WIP. Capital projects with a life cycle greater than one year will be carried over from one year to the next in WIP. Once completed, expenditures are removed from WIP and capitalized to fixed assets at which point they begin depreciating.

Treatment of Cost of Funds: HHHI's accounting policy is to capitalize borrowing costs that are directly related to its capital expenditures. HHHI will continue to capitalize borrowing costs under

IFRS if they meet the criteria of a qualifying asset which is defined in the Board's Report of the Board EB-2008-0408 Transition to International Financial Reporting Standards, June 28, 2009 as "an assets that necessarily takes a substantial period of time to get ready for its intended use or sale".

Components of Other Capital Expenditures

HHHI does not have other capital expenditures, such as non-distribution activities, for which it needs to provide components.

Capitalization Policy (2.2.2.3)

Capitalization Policy Overview

HHHI capitalization policies were presented and approved by the Board in HHHI's 2012 Cost of Service rate application. There are no changes to the capitalization policies that were approved in 2012.

Guidelines for Capitalization

Capital Assets include property, plant, and equipment that are held for use in the production or supply of goods and services and provide a benefit lasting beyond one year. Capital expenditures also include the improvement or "betterment" of existing assets. Intangible assets are also considered capital assets and are defined as assets that lack physical substance. They include goodwill, patents, copyrights and computer software.

- **Betterment** - a "betterment" is a cost which enhances the service potential of a capital asset and/or increases its value, and is therefore capitalized. Betterment includes expenditures which increase the capacity of the asset, lower associated operating costs of the asset, improve the quality of output or extend the asset's useful life. Betterment does not include general maintenance-related actions that seek to sustain an asset's current value.

- **Repairs** - a repair is a cost incurred to maintain the service potential of a capital asset. Expenditures for repairs are expensed to the current operating period. Expenditures for repairs and/or maintenance designed to maintain an asset in its original state are not capital expenditures and are charged to an operating account.

Capitalization by Component

When parts or components of an item of property, plant and equipment have different useful lives, they are accounted for as individual items (major components) of property, plant and equipment. Component costs must be significant in relation to the total cost of the item and depreciated

separately over the component's useful life. Components are those which: a) are significant in relation to the total cost of the item and b) have different depreciation methods or useful life.

Depreciation

Depreciation is recognized on a straight-line basis over the estimated useful life of each significant identifiable component of an item of property, plant and equipment. Land is not depreciated. Construction in progress assets are not depreciated until the project is complete and in service.

Depreciation of an asset begins in the year when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended. For rate setting purposes, in the first year of service, depreciation is calculated using the ½ year rule. Depreciation of an asset ceases when the asset is retired from active use, sold or is fully depreciated.

The useful life of the assets HHHI uses for depreciation purposes was derived from the HHHI Specific Kinectrics Report as filed in the 2012 Cost of Service. The componentization of HHH assets for IFRS along with the useful lives was approved by the Board in HHHI 2012 Cost of Service.

Overhead Policy

HHHI's overhead policy has been reviewed by its external auditors and has been deemed IFRS compliant.

HHHI has reviewed and changed its overhead policy, including the capitalization component, to follow a more direct allocation of costs. The review was for the transition to IFRS and HHHI has been using this policy since 2012. The policy was approved by the Board in HHHI's 2012 Cost of Services. The policy is discussed in Exhibit 4 for convenience. There were no changes to HHHI's overhead policies that were approved in the 2012 Cost of Service.

Customer Contributions Changes

Under CGAAP, HHHI recorded customer contributions as an offset to the cost of capital assets and amortized accordingly. Under MIFRS, HHHI cannot capitalize these customer contributions as part of its net capital assets, but instead will classify the contributions as a deferred revenue liability and amortize the costs to revenue over the life of the asset the contribution relates to. For financial reporting purposes, HHHI has classified forecasted customer contributions for the 2015 Bridge Year and 2016 Test Year as deferred revenue and amortized the contribution to revenue over the life of the related asset. For rate setting purposes, these costs are included as an offset to rate base and the related amortized revenue as an offset to depreciation expense. For financial statement purposes, historical contributed capital has been reallocated and netted against the specific PP&E asset they relate to, however, for continuity and rate setting purposes, these costs are included in Account 1995. Please see Table 2-23 - Account 1995 Breakdown for the reconciliation between financial statement reporting and rate setting classification.

Capitalization of Overhead (2.2.2.4)

Overview

The capitalization of overhead costs was dealt with and approved in HHHI 2012 Cost of Service. As discussed above HHHI overhead policy is IFRS compliant and there were no changes to the policy that was approved in 2012.

Burden Rates

Table 2-47 summarizes the historical and forecasted overhead rates related to the capitalization of costs on self-constructed assets. The rates are changed and updated periodically to reflect actual costs or changed circumstances.

HHHI has three types of overhead costs that are capitalized: (a) Fleet; (b) Stores; and (c) Payroll Benefits. HHHI also capitalizes payroll benefits. These costs are directly allocated to capital through the use of a burden rate in the payroll system. HHHI budgets payroll benefits for each employee and the resulting overhead percentage is attached to the employee through the payroll system. Capital, OM&A and recoverable burden costs are calculated in the payroll system and flow directly to each project. The benefits attached to each employee's hours are directly charged to Capital, OM&A or recoverable, as applicable.

Table 2-46A: Board Appendix 2-D - Summary of Capitalized Overhead Expense

OM&A Before Capitalization	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year
Salaries and Benefits	4,759,645	5,307,544	5,267,310	4,502,418	4,856,870
Material Costs	2,747,932	2,663,788	2,232,236	2,481,862	3,178,960
Contract Services	3,137,463	3,107,635	3,904,777	3,582,314	3,430,852
Property Costs	1,473,618	701,458	632,355	1,451,935	1,443,483
Other Costs	894,224	744,461	588,618	1,399,836	1,438,041
Communication Costs	313,648	450,064	590,096	509,620	722,050
Total OM&A Before Capitalization (B)	13,326,530	12,974,950	13,215,392	13,927,985	15,070,255

Table 2-46B: Board Appendix 2-D - Summary of Capitalized Overhead Expense

Capitalized OM&A	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year	Directly Attributable (Y/N)	Explanation for Change in Overhead Capitalized
Salaries and Benefits	1,774,884	2,630,660	2,470,908	1,002,728	1,089,616	Y	
Material Costs	2,242,902	2,583,930	1,361,167	2,374,998	3,129,333	Y	
Contract Services	2,968,635	2,482,747	3,863,544	2,652,024	2,462,509	Y	
Property Costs	414,527	100,000	231,490	755,065	598,442	Y	
Other Costs		-	-	933,000	931,060	Y	
Communication Costs		-	-	-			
Total Capitalized OM&A (A)	7,400,948	7,797,337	7,927,109	7,717,815	8,210,959		
% of Capitalized OM&A (=A/B)	56%	60%	60%	55%	54%		

Table 2-47: Overhead Rates

Description	Unit	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Burden Rates							
Payroll Benefits	Direct Labour	67%	67%	67%	67%	67%	67%
Overhead Rates							
Stores Costs	Material $	24%	24%	24%	24%	24%	24%
Small Truck	Direct Labour	$ 26.00	$ 26.00	$ 27.00	$ 27.72	$ 27.72	$ 27.72
Large Truck	Direct Labour	$ 47.50	$ 47.50	$ 49.00	$ 50.30	$ 50.30	$ 50.30

Costs of Eligible Investments for the Connection of Qualifying Generation Facilities (2.2.2.5)

HHHI has not incurred any capital costs related to the connection of qualifying generation facilities.

New Policy Options for the Funding of Capital (2.2.2.6)

On September 18, 2014, the Board released the *Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*. In the report, the Board established the following mechanism to assist distributors in aligning capital expenditure timing and prioritization with rate predictability and smoothing:

> *"The review and approval of business cases for incremental capital requests that are subject to the criteria of materiality, need and prudence are advanced to coincide with the distributor's cost of service application. To distinguish this from the Incremental Capital Module ("ICM"), this new mechanism will be named the Advanced Capital Module (or "ACM").*
>
> *Advancing the reviews of eligible discrete capital projects, included as part of a distributor's Distribution System Plan and scheduled to go into service during the IR term, is expected to facilitate enhanced pacing and smoothing of rate impacts, as the distributor, the Board and other stakeholders will be examining the capital projects over the five-year horizon of the DSP."*

HHHI is not applying for Advanced Capital Module review for any incremental capital projects.

Addition of Previously Approved ACM and ICM Project Assets to Rate Base (2.2.2.7)

HHHI has not applied for approval of ICM Assets and therefore has no such assets added to its rate base.

Service Quality and Reliability Performance (2.2.2.8)

HHHI follows the Board's Reporting and Record Keeping Requirements Guideline to report its service quality indicators annually. In accordance with the Filing Requirements, Table 2-48 is provided below and is consistent with Board Appendix 2-S, Service Quality Indicators. The table provides the performance measurements for the last five (5) historical years – 2010 through 2014.

Customer Focus

Service Quality

HHHI places a strong focus on providing customers with distribution excellence. This focus includes maintaining exceptional levels of customer service. HHHI has continuously exceeded the OEB's minimum standards.

The connection of New Services – High Voltage target is not applicable for HHHI as HHHI has no high voltage connections.

In all areas measured, HHHI has met or exceeded its targets in 2014 and historically, HHHI has always exceeded the Board targets. In particular, it should be noted that for the past three years, all appointments have been met and all connections for new services completed, one hundred percent (100%) of the time.

HHHI notes that telephone accessibility is a high priority for their customers. The telephone is still, by far, the preferred method of contact for the vast majority of HHHI's customers. In HHHI's 2014 customer service survey, it was noted that eighty-eight percent (88%) of customers prefer to use the telephone to contact HHHI. HHHI continues to strive for improvement and with reference to the general capital plan, the utility will be implementing an Interactive Voice Response (IVR) system to provide customers with added features and flexibility to better respond to their needs.

Table 2-48: Customer Focus – Service Quality - Historical Measures

Service Quality	Board Target	2014	2013	2012	2011	2010
Connection of New Services - Low Voltage (LV)	90%	100.00%	100.00%	100.00%	100.00%	100.00%
Connection of New Services - High Voltage (HV)	90%	0.00%	0.00%	0.00%	0.00%	0.00%
Appointment Scheduling	90%	100.00%	100.00%	100.00%	100.00%	100.00%
Appointments Met	90%	100.00%	100.00%	100.00%	96.00%	99.20%
Rescheduling a missed appointment	100%	100.00%	100.00%	100.00%	100.00%	100.00%
Telephone Accessibility	65%	89.70%	83.20%	87.70%	85.50%	86.20%
Telephone Call Abandon Rate	10%	1.00%	1.70%	1.40%	3.10%	2.00%
Written Responses to Enquiries	80%	100.00%	99.90%	100.00%	100.00%	100.00%
Emergency Response Urban	80%	100.00%	100.00%	98.81%	100.00%	100.00%
Emergency Response Rural	80%	100.00%	100.00%	89.60%	100.00%	100.00%
Renewable Generation Connection Impact Assessments Completed on Time	Not Available	100.00%	100.00%	100.00%	100.00%	
New Micro-Embedded Generation Facilities Connection on Time	90%	100.00%	100.00%			
Reconnection Performance Standard	85%	100.00%	100.00%	100.00%		

Customer Satisfaction

Table 2-49 shows HHHI's Target Customer Satisfaction measures with recent historical years.

In January 2015, HHHI reviewed its methodology to monitor and report on First Contact Resolution.

HHHI understands that billing accuracy is imperative for all customers. HHHI will be moving to monthly billing in 2016 and as such, continued billing accuracy is paramount. HHHI has achieved 99.9% billing accuracy. The transition to monthly billing will result in customers receiving twice as many bills from the utility so ensuring that those bills are accurate is an important part of maintaining customer satisfaction and trust.

Customer satisfaction is an important measure of customer loyalty and trust. In an environment where the electricity sector receives a high amount of attention in the media, maintaining customer satisfaction is a priority.

In the 2014 Customer Satisfaction Survey HHHI's customer's satisfaction level was 90%. This survey was conducted in March 2014, with very recent memories of the December 2013 Ice-Storm.

Table 2-49: Customer Focus – Customer Satisfaction – Historical Measures

Customer Satisfaction Measures	Board Target	2014	2013	2012	2011	2010
First Contact Resolution	Not Available	100.00%				
Billing Accuracy	98%	99.95%	99.91%			
Customer Satisfaction Survey Results	Not Available	90.00%	93.00%			

Operational Effectiveness

Table 2-50 shows HHHI's system reliability measures for the five (5) most recent historical years. HHHI has removed any major events from the measures (i.e. 2013 Ice Storm). HHHI's five (5) year historical average is within the Board's target range. HHHI is an embedded distributor to Hydro One and as such, will experience loss of supply. Loss of Supply is not a variable that HHHI can alter in an effort to improve reliability.

Outage Frequency (SAIFI)

In 2014, HHHI's greatest frequency of outages came as a result of foreign interference. Foreign interference may include but is not limited to vehicles, animals and dig-ins. Overhead lines are more likely to experience foreign interference and as the HHHI distribution system consists of fifty-nine percent (59%) overhead lines, the lines are susceptible to foreign interference outside the control of HHHI. As overhead lines are more likely to experience foreign interference, In an attempt to limit animal contacts, HHHI has reviewed the use of "pole/transformer spikes" as a deterrent. However, as many of the animal contacts involve raccoons, subjective study has shown that the raccoons are quite adept at maneuvering around the obstacle. HHHI continues to review any new products that may aid in decreasing the frequency of foreign interference outages.

Defective equipment was responsible for the next greatest frequency of outages. Field Interruption Reports indicate that in 2013 HHHI replaced ten (10) porcelain switches that were reported as broken or faulty and had been the cause of a power interruption or were replaced as part of a

downstream replacement of defective equipment. In 2014, HHHI replaced nine (9) porcelain switches and two (2) porcelain insulators as the devices were identified as broken or faulty. The average time spent on replacing defective switches and insulators ranged between 1 to 2 hours. The time spent replacing these defective porcelain devices impacts O&M costs as well as being an inconvenience to customers.

Distribution insulators and switches are not normally replaced based on their performance. They are typically replaced when the pole or equipment they are associated with is replaced as part of a larger infrastructure project. HHHI has implemented a regular replacement program for porcelain insulators and switches. The current program and investments are both reactive and proactive to ensure that the distribution system is reliable and safe to operate. Reactive investments are made in conjunction with other projects, while proactive replacement removes aged assets that are more susceptible to failure. HHHI has directed its workforce to replace any porcelain switch with a polymer type switch when they are working on them in the field. HHHI field staff will also regularly identify areas where suspect porcelain insulators are located for inspection and replacement purposes.

As part of its 2012 Cost of Service application, HHHI requested additional OM&A for tree trimming in an effort to aggressively reduce the frequency of tree contacts. While HHHI did not receive the total funds requested, HHHI increased the tree trimming schedule, beginning in 2011 and continuing over the next three (3) years. As a result of the aggressive schedule, tree contact frequency has decreased and as evident by the SAIFI numbers, the average number of outages per customer has decreased. There was a slight increase again in 2013 and 2014 due to several ice and wind storms between April 2013 and March 2014. HHHI expects to continue the aggressive schedule on a three (3) year rotating cycle. HHHI would like to make note that as a result of the emergency tree trimming that was conducted in most of the HHHI service area during the 2013 Ice Storm, HHHI's contracted arborist has indicated that the vegetation growth in the area could actually increase, thus making the continuation of an aggressive schedule a reliability requirement in HHHI's opinion.

Outage Duration (SAIDI)

In 2013, HHHI experienced two (2) ice storms and a wind storm. Each of the storms resulted in significant outages. The ice storm in December 2013 was considered a Major Event and as such, is not included in the 2013 reliability numbers. However, the April 2013 ice storm and July 2013 wind storm are included in the measures thus explaining the significant increase in the SAIDI number.

By far, the longest outages in HHHI's service territory are a result of adverse weather. In an effort to improve the duration of outages, HHHI is working towards a more automated and integrated distribution system. Substation reclosers, SCADA remote operated switches, SCADA wireless faulted circuit indicators and automated switches will enable to Control Room to locate faulted portions of the system quicker, dispatch crews more efficiently and effectively and remotely sectionalize faulted sections allowing crews to focus their time on repairing the fault, instead of manually sectionalizing before beginning repairs.

In addition to the automation, HHHI will optimize its Control Room partnership with Oakville Hydro Distribution Inc. by using the expertise of the in-house GIS Technician to increase the usability of distribution system maps. Additionally, HHHI has provided each line truck with a tablet that will enable crews in the field to access the up to date GIS mapping and to ensure the information provided to the Control Room and field crews are consistent.

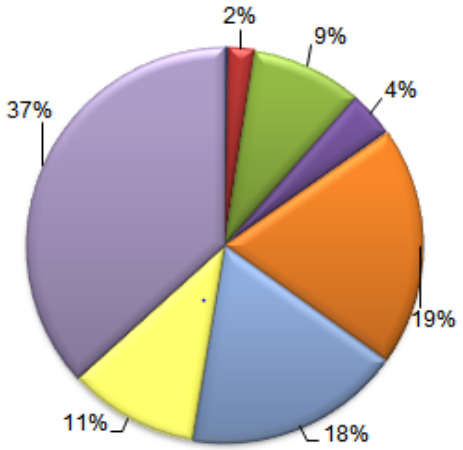
Table 2-50: Historical Service Quality Indicators

Index	Including outages caused by loss of supply					Excluding outages caused by loss of supply				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
SAIDI	1.780	1.550	1.530	2.510	1.250	1.780	1.380	1.230	2.080	1.210
SAIFI	2.750	1.670	1.900	1.990	1.610	2.750	1.490	1.340	1.480	1.470
5 Year Historical Average										
SAIDI					1.724					1.536
SAIFI					1.984					1.706

Table 2-51: 2014 OEB Yearbook Statistics

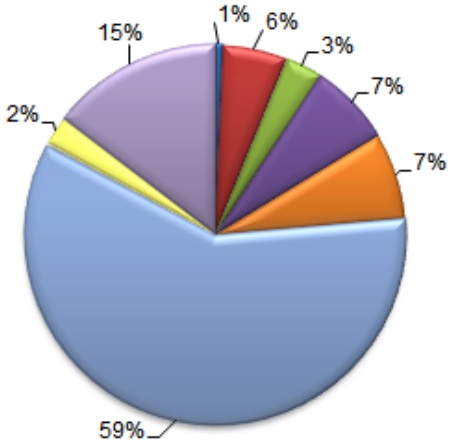
Halton Hills Hydro Inc.

Outage Frequency by Type



Customer Interruptions	
0 - Unknown/Other	102
1 - Scheduled Outage	751
2 - Loss of Supply	3,213
3 - Tree Contacts	1,324
4 - Lightning	10
5 - Defective Equipment	6,904
6 - Adverse Weather	6,230
7 - Adverse Environment	37
8 - Human Element	3,747
9 - Foreign Interference	12,956
Total	**35,274**

Outage Duration by Type



Customer-hours of Interruptions	
0 - Unknown/Other	186
1 - Scheduled Outage	1,470
2 - Loss of Supply	867
3 - Tree Contacts	1,916
4 - Lightning	10
5 - Defective Equipment	1,985
6 - Adverse Weather	16,110
7 - Adverse Environment	74
8 - Human Element	650
9 - Foreign Interference	3,973
Total	**27,241**

APPENDIX 2-A

DISTRIBUTION SYSTEM PLAN