

4. CAPITAL EXPENDITURE SUMMARY

4.1 TOTAL – ALL ACQUIRED UTILITIES

Table 8 - Total Spending - All Acquired Utilities

CATEGORY	Historical (previous actual)				Forecast		
	2014 Actual	2015 Actual	2016 Actual	2017 Bridge	2018 Test	2019 Test	2020 Test
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
System Access				2.1	2.1	2.1	2.1
System Renewal				4.9	4.5	4.6	4.9
System Service				1.2	1.2	1.1	1.2
General Plant				0.0	0.0	0.0	0.0
Total	13.6	12.4	7.6	8.2	7.8	7.8	8.1
System OM&A*	18.8	17.8	12.5	10.2	10.3	10.6	10.5

Capital spending for the acquired utilities on a total basis is relatively steady over the planning period, varying from \$7.8 million in 2018 to \$8.1 million in 2020. Approximately 60% of forecast spending is in System Renewal.

The variance in spending over the years of the planning period is almost exclusively in the System Renewal category, varying from a low of \$4.5 million in 2018 to a high of \$4.9 million in 2020.

Historical data on a combined basis is available since 2014. Spending over the planning period represents a decline from 2015 levels but slightly above 2016.

Specific variance explanations within projects and programs are contained in the material for each individual acquired utility included below.

Witness Lyla Garzouzi

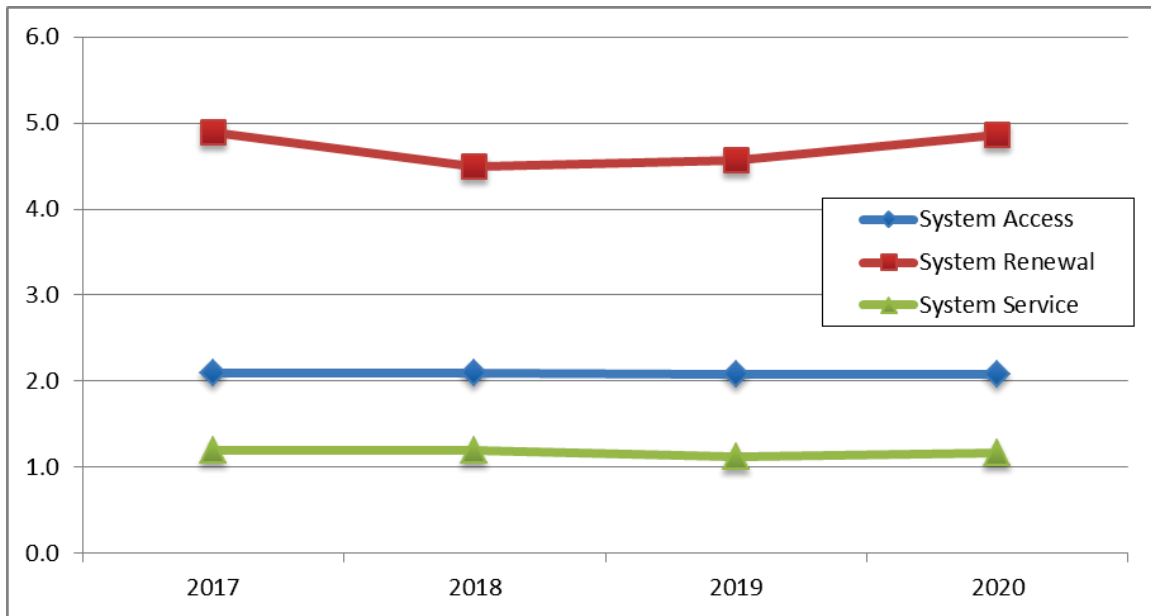


Figure 5 - Total Forecast Capital Spending by Category

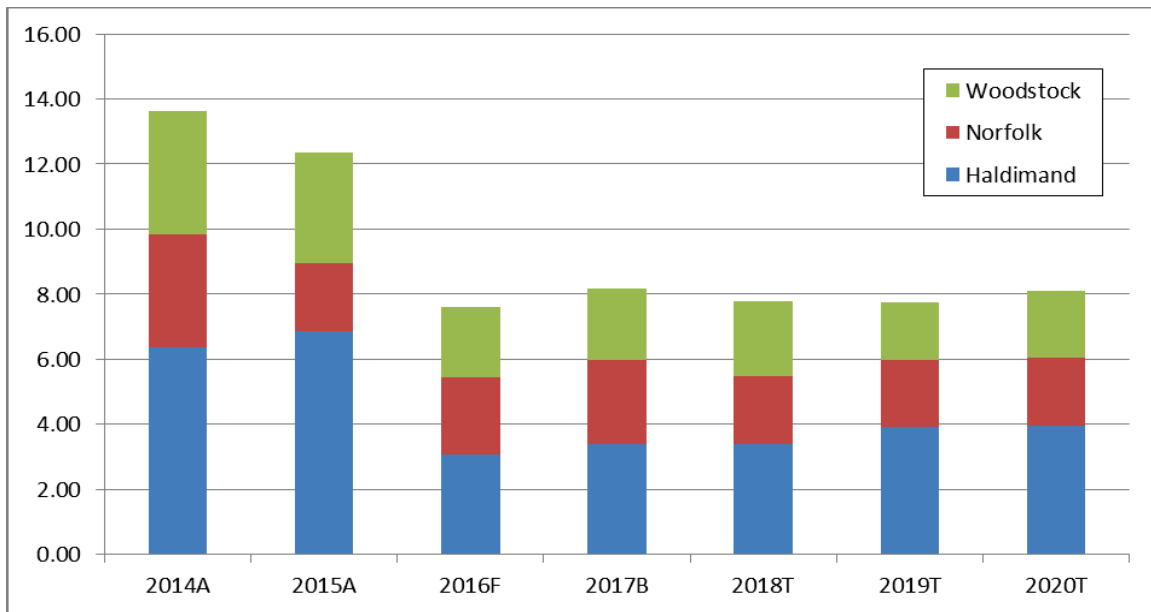


Figure 6 - Total Capital Spending by Acquired Utility

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4.1.1 HALDIMAND COUNTY HYDRO INC.

Table 9 - Total Spending - HCHI

CATEGORY	Historical (previous plan and actual)						Forecast (planned)		
	2014			2015	2016	2017	2018	2019	2020
	Plan	Actual	Var	Actual	Forecast	Bridge	Test	Test	Test
	\$M		%	\$M	\$M	\$M	\$M	\$M	\$M
System Access						0.9	0.9	0.9	0.9
System Renewal						1.7	1.7	2.3	2.4
System Service						0.8	0.8	0.7	0.7
General Plant						0.0	0.0	0.0	0.0
Total	6.4	6.3	-1.2%	6.9	3.1	3.4	3.4	3.9	4.0
System OM&A*	8.2	7.5	-8.5%	6.0	5.0	5.1	5.1	5.2	5.3

* System OM&A values include all Operations, Maintenance and Administration expenses.

Forecast vs. Historical Variance

HCHI last rebased in 2014 (EB-2013-0134). Spending against 2014 approved amounts was generally consistent through 2014 and 2015. Spending was reduced in 2016 and 2017. The primary reduction in 2016 occurred due to the deferral of the following significant projects: (i) elimination of Jarvis DS Phase 1; (ii) underground (non-duct) Cable Replacements in Townsend; and (iii) Grand River Crossing in Caledonia.

Spending is expected to be steady throughout the planning period. A modest increase is expected in 2019 and 2020 based primarily on a \$150k increase in the Transformer replacement program and a \$400k increase in the Underground cable replacement program.

4.1.2 NORFOLK POWER DISTRIBUTION INC.

Table 10 - Total Spending – NPDI

CATEGORY	Historical (previous plan and actual)								Forecast (planned)		
	2012			2013	2014	2015	2016	2017	2018	2019	2020
	Plan	Actual	Var	Actual	Actual	Actual	Forecast	Bridge	Test	Test	Test
	\$M		%	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
System Access								0.6	0.6	0.6	0.6
System Renewal								1.8	1.3	1.3	1.3
System Service								0.2	0.2	0.2	0.2
General Plant								0.0	0.0	0.0	0.0
Total	3.9	4.0	2.7%	3.5	3.5	2.1	2.4	2.6	2.1	2.1	2.1
System OM&A*	5.7	6.4	12.5%	6.0	7.2	5.9	2.8	3.1	3.1	3.2	3.2

* System OM&A values include all Operations, Maintenance and Administration expenses.

Forecast vs. Historical Variance

NPDI last rebased in 2012 (EB-2011-0272). Capital spending was slightly above approved amount in 2012. In 2013 and 2014 spending was reduced due to: (i) a \$200k reduction in Transformer inventory; (ii) a \$200k reduction in spending on Demand Meter inventory; and (iii) a \$200k reduction in spending on Computer and SCADA equipment. For fiscal 2015 to 2017, capital spending came in lower due primarily to a reduction in pole (\$300k) and transformer (\$200k) replacements along with a deferral of a number of conversion projects that, in total, contributed an additional reduction of \$300k. Spending is expected to be steady through 2018 to 2022 at \$2.1 million per year.

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4.1.3 WOODSTOCK HYDRO SERVICES INC.

Table 11 - Total Spending - WHSI

CATEGORY	Historical (previous plan and actual)									Forecast (planned)		
	2011			2012	2013	2014	2015	2016	2017	2018	2019	2020
	Plan	Actual	Var	Actual	Actual	Actual	Actual	Forecast	Bridge	Test	Test	Test
	\$M		%	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
System Access									0.5	0.5	0.5	0.5
System Renewal									1.4	1.5	1.0	1.2
System Service									0.3	0.3	0.3	0.3
General Plant									0.0	0.0	0.0	0.0
Total	2.9	6.6	127.2%	3.0	3.8	3.4	2.2	2.5	2.2	2.3	1.8	2.1
System OM&A*	4.0	3.8	-5.7%	4.0	4.3	4.1	4.2	3.8	2.1	2.1	2.3	2.1

Forecast vs. Historical Variance

Woodstock last rebased in 2011 (EB-2010-0145). Capital spending in 2011 was higher than approved primarily due to the Commerce Way Transmission Station Contribution of \$2.5 million. Spending was reduced in 2015 through 2017 with the reduction in expenditures for underground conduit, overhead transformers, and general plant, including transportation equipment and software.

Spending throughout the application period is expected to be generally in line with 2017 levels. A decrease in 2019 is forecast based on a temporary \$250k reduction in Large Sustainment Initiatives for 2019. There is also a \$100k reduction in the Recloser upgrade program and a \$150k reduction in the Station Component program in 2019. The increase in 2020 is largely driven by a \$150k increase in Small Sustainment Initiatives.