

EXHIBIT 2 – RATE BASE

2025 Cost of Service

Hydro 2000 Inc.
EB-2024-0030

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2.1. OVERVIEW OF RATE BASE

H2000's methodology of calculating its Rate Base has not changed from its last two costs of service applications (2012 and 2020) and is in line with the OEB's methodology of determining a Rate Base. The net fixed assets used to determine the utility's Rate Base include those distribution assets associated with activities that enable the conveyance of electricity for distribution purposes. H2000 does not have non-distribution assets, nor does it conduct non-distribution activities. Controllable expenses include operations and maintenance, billing and collecting, and administration costs discussed in detail in Exhibit 4.

H2000 has calculated its' Test Year 2025 Rate Base to be \$1,286,198. This rate base is also used to determine the proposed revenue requirement found in Exhibit 6. The table below presents H2000's Rate Base calculations for the Test Year compared to the 2020 Board Approved.

Table 1 – Change in Rate Base from 2020BA

Particulars	Last Board Approved	2025	Var
Net Capital Assets in Service:			
Avg Gross Assets	\$1,051,398	\$1,626,485	\$575,087
Avg Acc Depr	\$317,219	\$567,595	\$250,375
Average Balance	\$734,179	\$1,058,890	\$324,712
Working Capital Allowance	\$226,652	\$227,307	\$656
Total Rate Base	\$960,830	\$1,286,198	\$325,368
Expenses for Working Capital	Last Board Approved	2025	Var
Eligible Distribution Expenses:			
3500-Distribution Expenses - Operation	\$10,000	\$24,872	\$14,872
3550-Distribution Expenses - Maintenance	\$31,146	\$44,220	\$13,074
3650-Billing and Collecting	\$155,231	\$262,463	\$107,232
3700-Community Relations	\$0	\$0	\$0
3800-Administrative and General Expenses	\$296,322	\$355,920	\$59,598
6105-Taxes other than Income Taxes	\$0	\$0	\$0
Total Eligible Distribution Expenses	\$492,699	\$687,474	\$194,775
3350-Power Supply Expenses	\$2,529,321	\$2,343,290	-\$186,032
Total Expenses for Working Capital	\$3,022,020	\$3,030,764	\$8,743
Working Capital factor	7.50%	7.50%	7.50%
Total Working Capital	\$226,652	\$227,307	\$656

2.1.1 Rate Base Trend and Cost Drivers

The Rate Base trend table presents H2000's Rate Base calculations for all required years, including the Test Year 2025. Year-over-year variance analysis follows.

Table 2 – Rate Base Trend (1)

Particulars	Last Board Approved	2020	2021	2022
Net Capital Assets in Service:				
Avg Gross Assets	\$1,051,398	\$1,012,227	\$1,127,201	\$1,284,192
Avg Acc Depr	\$317,219	\$316,737	\$357,212	\$401,878
Average Balance	\$734,179	\$695,490	\$769,989	\$882,314
Working Capital Allowance	\$226,652	\$273,246	\$246,237	\$225,607
Total Rate Base	\$960,830	\$968,736	\$1,016,225	\$1,107,921
	Last Board Approved	2020	2021	2022
Expenses for Working Capital				
Eligible Distribution Expenses:				
3500-Distribution Expenses - Operation	\$10,000	\$28,125	\$16,054	\$22,384
3550-Distribution Expenses - Maintenance	\$31,146	\$31,669	\$26,381	\$49,074
3650-Billing and Collecting	\$155,231	\$145,696	\$176,958	\$204,078
3700-Community Relations	\$0	\$0	\$0	\$0
3800-Administrative and General Expenses	\$296,322	\$297,653	\$300,102	\$301,477
6105-Taxes other than Income Taxes	\$0	-\$365	\$0	\$0
Total Eligible Distribution Expenses	\$492,699	\$502,778	\$519,495	\$577,012
3350-Power Supply Expenses	\$2,529,321	\$3,140,496	\$2,763,659	\$2,431,081
Total Expenses for Working Capital	\$3,022,020	\$3,643,274	\$3,283,154	\$3,008,093
Working Capital factor	7.50%	7.50%	7.50%	7.50%
Total Working Capital	\$226,652	\$273,246	\$246,237	\$225,607

Table 3 – Rate Base Trend (2)

Particulars	2023	2024	2025
Net Capital Assets in Service:			
Avg Gross Assets	\$1,412,085	\$1,514,378	\$1,626,485
Avg Acc Depr	\$452,649	\$507,634	\$567,595
Average Balance	\$959,436	\$1,006,744	\$1,058,890
Working Capital Allowance	\$236,994	\$248,643	\$227,307
Total Rate Base	\$1,196,431	\$1,255,387	\$1,286,198
Expenses for Working Capital	2023	2024	2025
Eligible Distribution Expenses:			
3500-Distribution Expenses - Operation	\$17,129	\$18,962	\$24,872
3550-Distribution Expenses - Maintenance	\$39,308	\$42,194	\$44,220
3650-Billing and Collecting	\$237,401	\$246,629	\$262,463
3700-Community Relations	\$0	\$0	\$0
3800-Administrative and General Expenses	\$319,741	\$338,883	\$355,920
6105-Taxes other than Income Taxes	\$0	\$0	\$0
Total Eligible Distribution Expenses	\$613,578	\$646,669	\$687,474
3350-Power Supply Expenses	\$2,546,346	\$2,668,570	\$2,343,290
Total Expenses for Working Capital	\$3,159,924	\$3,315,239	\$3,030,764
Working Capital factor	7.50%	7.50%	7.50%
Total Working Capital	\$236,994	\$248,643	\$227,307

H2000 notes that it uses “in-service”, “capital additions” and “capital expenditures” interchangeably as H2000 does not have any Work in Progress capital projects.

The Rate Base for the 2025 Test Year has increased by \$325,368 over the last board approved. H2000 has added \$708,948 in assets since 2020. The reason for the increase from the 2020 Cost of Service is mainly attributed to the following:

Major capital cost drivers: 2020

System Access:

- Service - Overhead 1855 \$32,254

System Renewal:

- Overhead Conductors and devices 1835 \$4,000
- Underground Conductors and devices 1845 \$7,750
- Line Transformers 1820 \$13,532
- Poles & Fixtures 1830 \$23,966
- Meters 1860 \$10,433

Major capital cost drivers: 2021

System Access:

• Service - Overhead	1855	\$615
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System Renewal:

• Overhead Conductors and devices	1835	\$0
• Underground Conductors and devices	1845	\$3,900
• Line Transformers	1820	\$79,274
• Poles & Fixtures	1830	\$22,502
• Meters	1860	-\$1,883

Major capital cost drivers: 2022

System Access:

• Service - Overhead	1855	\$3,982
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System Renewal:

• Line Transformers	1820	\$95,124
• Poles & Fixtures	1830	\$83,780
• Meters	1860	-\$2,667

Major capital cost drivers: 2023

System Access:

• Service - Overhead	1855	\$5,264
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System Renewal:

• Overhead Conductors and devices	1835	\$0
• Underground Conductors and devices	1845	\$4,496
• Line Transformers	1820	\$19,090
• Poles & Fixtures	1830	\$56,203
• Meters	1860	\$3,326

Major capital cost drivers: 2024

System Access:

• Service - Overhead	1855	\$5,500
• Meters	1860	\$10,000

System Renewal:

• Overhead Conductors and devices	1835	\$10,500
• Underground Conductors and devices	1845	\$4,600
• Line Transformers	1820	\$36,000
• Poles & Fixtures	1830	\$55,000
• Communication	1860	\$12,000

Major capital cost drivers: 2025

System Access:

	Acct	\$
• Service - Overhead	1855	\$5,500
• Meters	1860	\$12,000

System Renewal:

• Overhead Conductors and devices	1835	\$10,500
• Underground Conductors and devices	1845	\$4,600
• Line Transformers	1820	\$36,000
• Poles & Fixtures	1830	\$25,000

2.2. FIXED ASSET

2.2.1 Fixed Asset Continuity

This Schedule presents a continuity schedule of its investment in capital assets, the associated accumulated amortization, and the net book value for each Capital USoA account for the 2020 to 2023 Actuals and 2024 Bridge and 2025 Test Years.

H2000 attests that the OEB Appendices 2-BA continuity statements presented in Chapter 2 Appendices 2-AB and at Appendix 2C reconcile with the calculated depreciation expenses at section 2.2.3 and presented by asset account. The utility also attests that the net book value balances reported on Appendix 2-BA and balances reconcile with the rate base calculation. The Excel version of the OEB Appendices is filed in conjunction with this application.

Information on year-over-year variance and explanations where variances exceed the materiality threshold is summarized in the previous section 2.1.3 and explained in detail in H2000's 2025 Distribution System Plan.

H2000 does not have any asset retirement obligations (AROs) or any associated depreciation or accretion expenses related to an asset retirement obligation.

All years are equivalent to in-service additions.

All projects are completed by year end and no WIP is recorded. There are anticipated additional expenses in 2024, and accordingly, the deferred revenue will be adjusted based on the final figures from the economic model study.

Accumulated Depreciation

H2000 has adopted depreciation rates based on the Kinectrics Asset Depreciation Study, which can be found at the following secure link:

https://www.oeb.ca/oeb/_Documents/EB-2010-0178/Kinectrics-418033-OEB%20Asset%20Amortization-%20Final%20Rep.pdf

The depreciation rates, H2000's capitalization policy, methodology, and depreciation expenses continuity schedules are presented in section 2.2.3.

Below are the Fixed Asset Continuity Schedules for 2020 to 2025.

Table 4 – 2020 Continuity schedule

Year 2020

CCA Class 2	OEB Account 3	Description 5	Cost				Accumulated Depreciation				
			Opening Balance 6	Additions 4	Disposals 8	Closing Balance	Opening Balance 6	Additions	Disposals 8	Closing Balance	Net Book Value
	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$67,503	\$2,635	\$0	\$70,138	\$63,590	\$1,936	\$0	\$65,526	\$4,612
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1810	Leasehold Improvements	\$2,177	\$0	\$0	\$2,177	\$2,177	\$0	\$0	\$2,177	\$0
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$391,533	\$26,347	-\$2,381	\$415,498	\$69,314	\$13,690	-\$937	\$82,067	\$333,431
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1835	Overhead Conductors & Devices	\$159,242	\$4,000	\$0	\$163,242	\$27,081	\$3,041	\$0	\$30,122	\$133,120
47	1840	Underground Conduit	\$9,818	\$0	\$0	\$9,818	\$1,633	\$277	\$0	\$1,910	\$7,908
47	1845	Underground Conductors & Devices	\$60,704	\$7,750	\$0	\$68,454	\$20,398	\$2,046	\$0	\$22,444	\$46,010
47	1850	Line Transformers - Overhead & Underground	\$213,906	\$13,532	\$0	\$227,439	\$28,382	\$7,209	\$0	\$35,591	\$191,847
47	1855	Services -Overhead	\$62,418	\$32,254	\$0	\$94,671	\$14,702	\$3,671	\$0	\$18,373	\$76,298
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$1,295	\$216	\$0	\$1,511	\$3,377
47	1860	Meters (Smart Meters)	\$152,073	\$12,024	-\$1,590	\$162,507	\$67,220	\$13,317	-\$1,043	\$79,494	\$83,012
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$15,456	\$0	\$0	\$15,456	\$11,514	\$1,914	\$0	\$13,428	\$2,028
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$17,640	\$0	\$0	\$17,640	\$15,967	\$1,626	\$0	\$17,593	\$47
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2440		Deferred Revenue	-\$192,020	-\$789	\$0	-\$192,808	-\$26,908	-\$6,215	\$0	-\$33,123	-\$159,685
2005		Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2055		WIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Sub-Total	\$965,337	\$97,753	-\$3,972	\$1,059,118	\$296,363	\$42,728	-\$1,980	\$337,111	\$722,007
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$0				\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)								\$0	\$0
		Total PP&E	\$965,337	\$97,753	-\$3,972	\$1,059,118	\$296,363	\$42,728	-\$1,980	\$337,111	\$722,007
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable 8							RRR	-\$370,235	
		Total						\$42,728		-\$33,124	
										\$33,123 * 2440 Amort.	

Table 5 – 2021 Continuity schedule

Year 2021

CCA Class	OEB Account	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
0	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$70,138	\$31,548	\$0	\$101,686	\$65,526	\$2,448	\$0	\$67,974	\$33,712
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1810	Leasehold Improvements	\$2,177	\$0	\$0	\$2,177	\$2,177	\$0	\$0	\$2,177	\$0
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$415,498	\$25,964	-\$3,462	\$438,000	\$82,067	\$14,101	-\$26	\$96,142	\$341,858
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1835	Overhead Conductors & Devices	\$163,242	\$0	\$0	\$163,242	\$30,122	\$3,133	\$0	\$33,255	\$129,987
47	1840	Underground Conduit	\$9,818	\$0	\$0	\$9,818	\$1,910	\$277	\$0	\$2,187	\$7,631
47	1845	Underground Conductors & Devices	\$68,454	\$3,900	\$0	\$72,354	\$22,444	\$2,369	\$0	\$24,813	\$47,541
47	1850	Line Transformers - Overhead & Underground	\$227,439	\$79,274	\$0	\$306,713	\$35,591	\$7,539	\$0	\$43,130	\$263,583
47	1855	Services -Overhead	\$94,671	\$615	\$0	\$95,286	\$18,373	\$3,839	\$0	\$22,212	\$73,075
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$1,511	\$216	\$0	\$1,727	\$3,161
47	1860	Meters (Smart Meters)	\$162,507	\$2,129	-\$4,012	\$160,624	\$79,494	\$13,382	-\$2,003	\$90,873	\$69,751
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$15,456	\$210	\$0	\$15,666	\$13,428	\$1,116	\$0	\$14,544	\$1,122
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$17,640	\$0	\$0	\$17,640	\$17,593	\$47	\$0	\$17,640	\$0
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2440	Deferred Revenue	-\$192,808	\$0	\$0	-\$192,808	-\$33,123	-\$6,236	\$0	-\$39,359	-\$153,449
0	2005	Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2055	WIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Sub-Total	\$1,059,118	\$143,640	-\$7,474	\$1,195,284	\$337,111	\$42,231	-\$2,029	\$377,313	\$817,971
		Less Socialized Renewable Energy Generation Investments (input as negative)								\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)								\$0	\$0
		Total PP&E	\$1,059,118	\$143,640	-\$7,474	\$1,195,284	\$337,111	\$42,231	-\$2,029	\$377,313	\$817,971
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable⁸							RRR	-\$416,672	
		Total						\$42,231		-\$39,359	
										\$39,359	* 2440 Amort.

Table 6 – 2022 Continuity schedule

Year 2022

CCA Class ²	OEB Account ³	Description ⁴	Cost				Accumulated Depreciation				
			Opening Balance ⁵	Additions ⁴	Disposals ⁶	Closing Balance	Opening Balance ⁵	Additions	Disposals ⁶	Closing Balance	Net Book Value
0	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$101,686	\$0	\$0	\$101,686	\$67,974	\$8,248	\$0	\$76,222	\$25,464
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1810	Leasehold Improvements	\$2,177	\$2,872	\$0	\$5,049	\$2,177	\$400	\$0	\$2,577	\$2,472
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$438,000	\$83,780	\$0	\$521,780	\$96,142	\$14,645	\$0	\$110,788	\$410,993
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1835	Overhead Conductors & Devices	\$163,242	\$0	\$0	\$163,242	\$33,255	\$3,133	\$0	\$36,388	\$126,854
47	1840	Underground Conduit	\$9,818	\$0	\$0	\$9,818	\$2,187	\$277	\$0	\$2,464	\$7,354
47	1845	Underground Conductors & Devices	\$72,354	\$0	\$0	\$72,354	\$24,813	\$2,434	\$0	\$27,247	\$45,107
47	1850	Line Transformers - Overhead & Underground	\$306,713	\$95,124	\$0	\$401,836	\$43,130	\$10,710	\$0	\$53,840	\$347,997
47	1855	Services -Overhead	\$95,286	\$3,982	\$0	\$99,268	\$22,212	\$3,868	\$0	\$26,080	\$73,189
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$1,727	\$216	\$0	\$1,943	\$2,945
47	1860	Meters (Smart Meters)	\$160,624	\$0	-\$2,667	\$157,956	\$90,873	\$13,144	-\$2,168	\$101,849	\$56,107
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$15,666	\$350	\$0	\$16,016	\$14,544	\$280	\$0	\$14,824	\$1,192
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$17,640	\$1,505	\$0	\$19,145	\$17,640	\$179	\$0	\$17,819	\$1,326
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2440	Deferred Revenue	-\$192,808	-\$7,130	\$0	-\$199,938	-\$39,359	-\$6,236	\$0	-\$45,595	-\$154,344
0	2005	Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2055	WIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Sub-Total	\$1,195,284	\$180,483	-\$2,667	\$1,373,100	\$377,313	\$51,299	-\$2,168	\$426,444	\$946,656
		Less Socialized Renewable Energy Generation Investments (input as negative)			\$0	\$0				\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)			\$0	\$0				\$0	\$0
		Total PP&E	\$1,195,284	\$180,483		\$1,373,100	\$377,313	\$51,299	-\$2,168	\$426,444	\$946,656
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable ⁸							RRR	-\$472,039	
		Total						\$51,299		-\$45,595	
										\$45,595 * 2440 Amort.	

Table 7 – 2023 Continuity schedule

		Year 2023									
CCA Class 2	OEB Account 3	Description 5	Cost				Accumulated Depreciation				
			Opening Balance 6	Additions 4	Disposals 6	Closing Balance	Opening Balance 6	Additions	Disposals 6	Closing Balance	Net Book Value
0	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$101,686	\$0	\$0	\$101,686	\$76,222	\$8,248		\$84,470	\$17,216
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
13	1810	Leasehold Improvements	\$5,049	\$0	\$0	\$5,049	\$2,577	\$574		\$3,151	\$1,898
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$521,780	\$56,203	\$0	\$577,983	\$110,788	\$16,341		\$127,129	\$450,854
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1835	Overhead Conductors & Devices	\$163,242	\$0	\$0	\$163,242	\$36,388	\$3,133		\$39,520	\$123,721
47	1840	Underground Conduit	\$9,818	\$0	\$0	\$9,818	\$2,464	\$277		\$2,740	\$7,077
47	1845	Underground Conductors & Devices	\$72,354	\$4,496	\$0	\$76,850	\$27,247	\$2,496		\$29,743	\$47,107
47	1850	Line Transformers - Overhead & Underground	\$401,836	\$19,090	\$0	\$420,926	\$53,840	\$11,441		\$65,281	\$355,645
47	1855	Services -Overhead	\$99,268	\$5,264	\$0	\$104,532	\$26,080	\$4,010		\$30,090	\$74,442
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$1,943	\$216		\$2,159	\$2,729
47	1860	Meters (Smart Meters)	\$157,956	\$4,662	-\$1,336	\$161,283	\$101,849	\$12,972	-\$1,296	\$113,525	\$47,758
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$16,016	\$830	\$0	\$16,846	\$14,824	\$317		\$15,141	\$1,705
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$19,145	\$0	\$0	\$19,145	\$17,819	\$301		\$18,120	\$1,025
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
0	2440	Deferred Revenue	-\$199,938	-\$11,237	\$0	-\$211,176	-\$45,595	-\$6,620	\$0	-\$52,215	-\$158,961
0	2005	Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
0	2055	WIP	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
		Sub-Total	\$1,373,100	\$79,307	-\$1,336	\$1,451,070	\$426,444	\$53,707	-\$1,296	\$478,854	\$972,216
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$0				\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$0				\$0	\$0
		Total PP&E	\$1,373,100	\$79,307	-\$1,336	\$1,451,070	\$426,444	\$53,707	-\$1,296	\$478,854	\$972,216
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable⁶							RRR	-\$531,069	
		Total					\$53,707			-\$52,215	
										\$52,215	* 2440 Amort.

Table 8 – 2024 Continuity schedule

		Year 2024									
CCA Class 2	OEB Account 3	Description 3	Cost				Accumulated Depreciation				
			Opening Balance 3	Additions 4	Disposals 5	Closing Balance	Opening Balance 3	Additions	Disposals 5	Closing Balance	Net Book Value
0	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$101,686	\$5,060	\$0	\$106,746	\$84,470	\$8,754	\$0	\$93,224	\$13,522
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1810	Leasehold Improvements	\$5,049	\$500	\$0	\$5,549	\$3,151	\$624	\$0	\$3,775	\$1,774
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$577,983	\$55,000	\$0	\$632,983	\$127,129	\$17,577	\$0	\$144,706	\$488,277
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1835	Overhead Conductors & Devices	\$163,242	\$10,500	\$0	\$173,742	\$39,520	\$3,221	\$0	\$42,741	\$131,001
47	1840	Underground Conduit	\$9,818	\$4,600	\$0	\$14,418	\$2,740	\$323	\$0	\$3,063	\$11,354
47	1845	Underground Conductors & Devices	\$76,850	\$0	\$0	\$76,850	\$29,743	\$2,571	\$0	\$32,314	\$44,536
47	1850	Line Transformers - Overhead & Underground	\$420,926	\$36,000	\$0	\$456,926	\$65,281	\$12,130	\$0	\$77,410	\$379,516
47	1855	Services -Overhead	\$104,532	\$5,500	\$0	\$110,032	\$30,090	\$4,189	\$0	\$34,279	\$75,753
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$12,000	\$0	\$12,000	\$0	\$240	\$0	\$240	\$11,760
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$2,159	\$616	\$0	\$2,775	\$2,113
47	1860	Meters (Smart Meters)	\$161,283	\$10,000	\$0	\$171,283	\$113,525	\$13,461	\$0	\$126,986	\$44,297
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$16,846	\$500	\$0	\$17,346	\$15,141	\$384	\$0	\$15,525	\$1,821
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$19,145	\$2,500	\$0	\$21,645	\$18,120	\$551	\$0	\$18,671	\$2,974
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2440	Deferred Revenue	-\$211,176	-\$15,545		-\$226,721	-\$52,215	-\$7,080	\$0	-\$59,294	-\$167,427
0	2005	Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2055	WIP	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
		Sub-Total	\$1,451,070	\$126,615	\$0	\$1,577,685	\$478,854	\$57,560	\$0	\$536,414	\$1,041,271
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$0				\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$0				\$0	\$0
		Total PP&E	\$1,451,070	\$126,615	\$0	\$1,577,685	\$478,854	\$57,560	\$0	\$536,414	\$1,041,271
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable ⁵									
		Total						\$57,560			

Table 9 – 2025 Continuity schedule

Year 2025

CCA Class ²	OEB Account ³	Description ⁵	Cost				Accumulated Depreciation				
			Opening Balance ⁶	Additions ⁴	Disposals ⁶	Closing Balance	Opening Balance ⁶	Additions	Disposals ⁶	Closing Balance	Net Book Value
0	1609	Capital Contributions Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	1611	Computer Software (Formally known as Account 1925)	\$106,746	\$5,500	\$0	\$112,246	\$93,224	\$9,810	\$0	\$103,034	\$9,212
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N/A	1805	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1808	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1810	Leasehold Improvements	\$5,549	\$500	\$0	\$6,049	\$3,775	\$724	\$0	\$4,499	\$1,550
47	1815	Transformer Station Equipment >50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1820	Distribution Station Equipment <50 kV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1825	Storage Battery Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1830	Poles, Towers & Fixtures -Wood	\$632,983	\$25,000	\$0	\$657,983	\$144,706	\$18,466	\$0	\$163,172	\$494,811
47	1830	Poles, Towers & Fixtures - Steel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1835	Overhead Conductors & Devices	\$173,742	\$10,500	\$0	\$184,242	\$42,741	\$3,396	\$0	\$46,136	\$138,105
47	1840	Underground Conduit	\$14,418	\$4,600	\$0	\$19,018	\$3,063	\$415	\$0	\$3,478	\$15,539
47	1845	Underground Conductors & Devices	\$76,850	\$0	\$0	\$76,850	\$32,314	\$2,571	\$0	\$34,885	\$41,965
47	1850	Line Transformers - Overhead & Underground	\$456,926	\$36,000	\$0	\$492,926	\$77,410	\$13,030	\$0	\$90,440	\$402,486
47	1855	Services -Overhead	\$110,032	\$5,500	\$0	\$115,532	\$34,279	\$4,373	\$0	\$38,652	\$76,880
47	1855	Services - Underground	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$12,000	\$0	\$0	\$12,000	\$240	\$480	\$0	\$720	\$11,280
47	1860	Meters - Wholesale	\$4,888	\$0	\$0	\$4,888	\$2,775	\$616	\$0	\$3,391	\$1,497
47	1860	Meters (Smart Meters)	\$171,283	\$12,000	\$0	\$183,283	\$126,986	\$14,194	\$0	\$141,180	\$42,103
N/A	1905	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1908	Buildings & Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	1910	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1915	Office Furniture & Equipment (10 years)	\$17,346	\$500	\$0	\$17,846	\$15,525	\$434	\$0	\$15,958	\$1,888
8	1915	Office Furniture & Equipment (5 years)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1920	Computer Equipment - Hardware	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$21,645	\$2,500	\$0	\$24,145	\$18,671	\$1,051	\$0	\$19,722	\$4,423
10	1930	Transportation Equipment - under 3 Tons	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	1930	Transportation Equipment - 3 Tons & Over	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1935	Stores Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1940	Tools, Shop & Garage Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1945	Measurement & Testing Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1950	Power Operated Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communications Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1955	Communication Equipment (Smart Meters)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	1960	Miscellaneous Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1970	Load Management Controls Customer Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1975	Load Management Controls Utility Premises	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1980	System Supervisor Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1985	Miscellaneous Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1990	Other Tangible Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	1995	Contributions & Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2440	Deferred Revenue	-\$226,721	-\$5,000	\$0	-\$231,721	-\$59,294	-\$7,197	\$0	-\$66,491	-\$165,230
0	2005	Property Under Finance Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2055	WIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Sub-Total	\$1,577,685	\$97,600	\$0	\$1,675,285	\$536,414	\$62,361	\$0	\$598,775	\$1,076,510
		Less Socialized Renewable Energy Generation Investments (input as negative)		\$0		\$0				\$0	\$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)		\$0		\$0				\$0	\$0
		Total PP&E	\$1,577,685	\$97,600	\$0	\$1,675,285	\$536,414	\$62,361	\$0	\$598,775	\$1,076,510
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable⁵									
		Total						\$62,361			

2.2.2 Depreciation Expenses

In accordance with the July 17, 2012, letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies and as such, H2000 has adopted the Kinetrics proposed useful lives and componentization on January 1, 2015.

Continuity Statements of the historical and forecasted depreciation expenses are presented on the next page and are filed in Excel format along with this application.

H2000 confirms that it has applied the half-year rule to compute the net book value of Property, Plant and Equipment, and General Plant in the rate base.¹ Under the half-year rule, acquisitions and investments made during the year are amortized, assuming they entered service at the year's mid-point.

H2000's Depreciation rates and Capitalization Policy are presented below.

Depreciation Policy for Fixed Assets

Purpose

This policy outlines the guidelines for the depreciation of fixed assets owned by the company. Depreciation is the systematic allocation of the cost of an asset over its useful life. The purpose of this policy is to ensure that all assets are depreciated in accordance with their useful life and that financial statements reflect the accurate value of assets.

Scope

This policy applies to all fixed assets, including computer software, poles, towers, fixtures, conductors, devices, meters, office furniture, equipment, and more, as described below.

Depreciation Method

All assets are depreciated using the straight-line method, where an equal amount of depreciation is charged each year over the useful life of the asset. The useful life is determined based on historical experience, industry standards, and the nature of the asset.

Depreciation Start Date

Depreciation begins when the asset is available for use, which is the date it is put into service. If an asset is acquired during the fiscal year, the depreciation is prorated for the remaining months of the year.

¹ MFR – Identification of historical depreciation practice and proposal for test year. Variances from half- year rule.

Residual Value

In most cases, assets are depreciated assuming no residual value. However, if an asset is expected to have a significant residual value at the end of its useful life, this will be estimated and deducted from the depreciable base.

Asset Categories and Useful Life

The following table outlines the various categories of assets and their respective useful lives:

Table 10 - Depreciation Rates

Account	Description	As of
1611	Computer Software (Formally known as Account 1925)	5
1810	Leasehold Improvement	5
1830	Poles, Towers & Fixtures	45
1835	Overhead Conductors & Devices	60
1840	Underground Conduit	50
1845	Underground Conductors & Devices	30
1850	Line Transformers	40
1855	Services (Overhead & Underground)	30
1860	Meters	25
1860	Meters (Smart Meters)	15
1915	Office Furniture & Equipment (10 years)	10
1920	Computer Equipment - Hardware	5
1935	Stores Equipment	10
1995	Contributions & Grants	32

Table 11 – Depreciation Expenses 2020 (App 2-C)

Year 2020

Account	Description	Book Values				Service Lives		Expense		Depreciation Expense on Assets ³	Depreciation on Expense per Appendix 2-BA Fixed	Variance ⁴
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f		i	j = i-h
1609	Capital Contributions Paid					\$ -		0.00%	\$ -	\$ -	\$ -	
1611	Computer Software (Formally known as Account 1925)	\$ 67,503	\$ 59,140	\$ 2,635		\$ 9,680	5	20.00%	\$ 1,936	\$ 1,936	\$ -	0
1612	Land Rights (Formally known as Account 1906)	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1805	Land	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1808	Buildings	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ 2,177	\$ 2,177	\$ -		\$ -	5	20.00%	\$ -	\$ -	\$ -	
1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1825	Storage Battery Equipment	\$ -	\$ -	\$ -		\$ -		0.00%	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 391,533	\$ 211,361	\$ 26,347		\$ 616,067	45	2.22%	\$ 13,690	\$ 13,690	\$ 0	
1835	Overhead Conductors & Devices	\$ 159,242	\$ 21,218	\$ 4,000		\$ 182,460	60	1.67%	\$ 3,041	\$ 3,041	\$ 0	
1840	Underground Conduit	\$ 9,818	\$ 4,033	\$ -		\$ 13,851	50	2.00%	\$ 277	\$ 277	\$ -	0
1845	Underground Conductors & Devices	\$ 60,704	\$ 3,199	\$ 7,750		\$ 61,380	30	3.33%	\$ 2,046	\$ 2,046	\$ 0	
1850	Line Transformers	\$ 213,906	\$ 67,670	\$ 13,532		\$ 288,342	40	2.50%	\$ 7,209	\$ 7,209	\$ -	0
1855	Services (Overhead & Underground)	\$ 62,418	\$ 31,586	\$ 32,254		\$ 110,131	30	3.33%	\$ 3,671	\$ 3,671	\$ -	0
1860	Meters	\$ 4,888	\$ 512			\$ 5,400	25	4.00%	\$ 216	\$ 216	\$ 0	
1860	Meters (Smart Meters)	\$ 152,073	\$ 41,670	\$ 12,024		\$ 199,755	15	6.67%	\$ 13,317	\$ 13,317	\$ -	0
1905	Land	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1910	Leasehold Improvements	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 15,456	\$ 3,684			\$ 19,140	10	10.00%	\$ 1,914	\$ 1,914	\$ 0	
1915	Office Furniture & Equipment (5 years)	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 17,640	\$ 9,510			\$ 8,130	5	20.00%	\$ 1,626	\$ 1,626	\$ 0	
1930	Transportation Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1935	Stores Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1945	Measurement & Testing Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1950	Power Operated Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communications Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communication Equipment (Smart Meters)	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1990	Other Tangible Property	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
1995	Contributions & Grants	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
2440	Deferred Revenue	\$ 192,020	\$ 5,844	\$ 789		\$ 198,258	32	3.13%	\$ 6,215	\$ 6,215	\$ -	0
2005	Property Under Finance Lease	\$ -	\$ -			\$ -		0.00%	\$ -	\$ -	\$ -	
	Total	\$ 965,337	\$ 301,864	\$ 97,753		\$ 1,316,077	\$ 352		\$ 42,728	\$ 42,728	\$ 0	

Table 12 – Depreciation Expenses 2021 (App 2-C)

Year 2021

Account	Description	Book Values				Service Lives		Expense		Depreciation Expense on Assets ³	Depreciated on Expense per Appendix 2-BA Fixed	Variance ⁴
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f			
1609	Capital Contributions Paid					\$ -		0.00%	\$ -	\$ -	\$ -	
1611	Computer Software (Formally known as Account 1925)	\$ 70,138	\$ 73,672	\$ 31,548		\$ 12,240	5	20.00%	\$ 2,448	\$ 2,448	\$ 0	
1612	Land Rights (Formally known as Account 1906)	\$ -				\$ -		0.00%	\$ -	\$ -	\$ -	
1805	Land	\$ -				\$ -		0.00%	\$ -	\$ -	\$ -	
1808	Buildings	\$ -				\$ -		0.00%	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ 2,177	\$ 2,177			\$ -	5	20.00%	\$ -	\$ -	\$ -	
1815	Transformer Station Equipment >50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1825	Storage Battery Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 415,498	\$ 206,076	\$ 25,964		\$ 634,556	45	2.22%	\$ 14,101	\$ 14,101	\$ 0	
1835	Overhead Conductors & Devices	\$ 163,242	\$ 24,738	\$ -		\$ 187,980	60	1.67%	\$ 3,133	\$ 3,133	\$ 0	
1840	Underground Conduit	\$ 9,818	\$ 4,033	\$ -		\$ 13,851	50	2.00%	\$ 277	\$ 277	\$ 0	
1845	Underground Conductors & Devices	\$ 68,454	\$ 666	\$ 3,900		\$ 71,070	30	3.33%	\$ 2,369	\$ 2,369	\$ 0	
1850	Line Transformers	\$ 227,439	\$ 34,473	\$ 79,274		\$ 301,549	40	2.50%	\$ 7,539	\$ 7,539	\$ 0	
1855	Services (Overhead & Underground)	\$ 94,671	\$ 20,184	\$ 615		\$ 115,163	30	3.33%	\$ 3,839	\$ 3,839	\$ 0	
1860	Meters	\$ 4,888	\$ 512			\$ 5,400	25	4.00%	\$ 216	\$ 216	\$ 0	
1860	Meters (Smart Meters)	\$ 162,507	\$ 37,159	\$ 2,129		\$ 200,730	15	6.67%	\$ 13,382	\$ 13,382	\$ 0	
1905	Land					\$ -		0.00%	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures					\$ -		0.00%	\$ -	\$ -	\$ -	
1910	Leasehold Improvements					\$ -		0.00%	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 15,456	\$ 4,401	\$ 210		\$ 11,160	10	10.00%	\$ 1,116	\$ 1,116	\$ 0	
1915	Office Furniture & Equipment (5 years)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 17,640	\$ 17,405			\$ 235	5	20.00%	\$ 47	\$ 47	\$ 0	
1930	Transportation Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1935	Stores Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1945	Measurement & Testing Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1950	Power Operated Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communications Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communication Equipment (Smart Meters)					\$ -		0.00%	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets					\$ -		0.00%	\$ -	\$ -	\$ -	
1990	Other Tangible Property					\$ -		0.00%	\$ -	\$ -	\$ -	
1995	Contributions & Grants					\$ -		0.00%	\$ -	\$ -	\$ -	
2440	Deferred Revenue	-\$ 192,808	\$ 6,112			-\$ 198,920	32	3.13%	-\$ 6,236	-\$ 6,236	-\$ 0	
2005	Property Under Finance Lease					\$ -		0.00%	\$ -	\$ -	\$ -	
	Total	\$ 1,059,118	-\$ 224,074	\$ 143,640		\$ 1,355,012	\$ 352		\$ 42,231	\$ 42,231	\$ 0	

Table 13 – Depreciation Expenses 2022 (App 2-C)

Year 2022

Account	Description	Book Values				Service Lives		Expense		Depreciation Expense on Assets ³	Depreciation on Expense per Appendix 2-BA Fixed	Variance ⁴
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f		h = e/f	i	j = i-h
1609	Capital Contributions Paid					\$ -		0.00%		\$ -	\$ -	\$ -
1611	Computer Software (Formally known as Account 1925)	\$ 101,686	\$ 60,446			\$ 41,240	5	20.00%		\$ 8,248	\$ 8,248	\$ 0
1612	Land Rights (Formally known as Account 1906)					\$ -		0.00%		\$ -	\$ -	\$ -
1805	Land					\$ -		0.00%		\$ -	\$ -	\$ -
1808	Buildings					\$ -		0.00%		\$ -	\$ -	\$ -
1810	Leasehold Improvements	\$ 2,177	\$ 1,613	\$ 2,872		\$ 2,000	5	20.00%		\$ 400	\$ 400	\$ -
1815	Transformer Station Equipment >50 kV					\$ -		0.00%		\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV					\$ -		0.00%		\$ -	\$ -	\$ -
1825	Storage Battery Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 438,000	\$ 179,156	\$ 83,780		\$ 659,046	45	2.22%		\$ 14,645	\$ 14,645	\$ 0
1835	Overhead Conductors & Devices	\$ 163,242	\$ 24,738			\$ 187,980	60	1.67%		\$ 3,133	\$ 3,133	\$ 0
1840	Underground Conduit	\$ 9,818	\$ 4,033			\$ 13,851	50	2.00%		\$ 277	\$ 277	\$ 0
1845	Underground Conductors & Devices	\$ 72,354	\$ 666			\$ 73,020	30	3.33%		\$ 2,434	\$ 2,434	\$ 0
1850	Line Transformers	\$ 306,713	\$ 74,125	\$ 95,124		\$ 428,400	40	2.50%		\$ 10,710	\$ 10,710	\$ 0
1855	Services (Overhead & Underground)	\$ 95,286	\$ 18,763	\$ 3,982		\$ 116,040	30	3.33%		\$ 3,868	\$ 3,868	\$ 0
1860	Meters	\$ 4,888	\$ 512			\$ 5,400	25	4.00%		\$ 216	\$ 216	\$ 0
1860	Meters (Smart Meters)	\$ 160,624	\$ 36,536			\$ 197,160	15	6.67%		\$ 13,144	\$ 13,144	\$ 0
1905	Land					\$ -		0.00%		\$ -	\$ -	\$ -
1908	Buildings & Fixtures					\$ -		0.00%		\$ -	\$ -	\$ -
1910	Leasehold Improvements					\$ -		0.00%		\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 15,666	\$ 13,041	\$ 350		\$ 2,800	10	10.00%		\$ 280	\$ 280	\$ 0
1915	Office Furniture & Equipment (5 years)					\$ -		0.00%		\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware					\$ -		0.00%		\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -		0.00%		\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 17,640	\$ 17,497	\$ 1,505		\$ 895	5	20.00%		\$ 179	\$ 179	\$ 0
1930	Transportation Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1935	Stores Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1940	Tools, Shop & Garage Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1945	Measurement & Testing Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1950	Power Operated Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1955	Communications Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1955	Communication Equipment (Smart Meters)					\$ -		0.00%		\$ -	\$ -	\$ -
1960	Miscellaneous Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1970	Load Management Controls Customer Premises					\$ -		0.00%		\$ -	\$ -	\$ -
1975	Load Management Controls Utility Premises					\$ -		0.00%		\$ -	\$ -	\$ -
1980	System Supervisor Equipment					\$ -		0.00%		\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets					\$ -		0.00%		\$ -	\$ -	\$ -
1990	Other Tangible Property					\$ -		0.00%		\$ -	\$ -	\$ -
1995	Contributions & Grants					\$ -		0.00%		\$ -	\$ -	\$ -
2440	Deferred Revenue	\$ 192,808	\$ 2,547	\$ 7,130		\$ 198,920	32	3.13%		\$ 6,236	\$ 6,236	\$ -
2005	Property Under Finance Lease					\$ -		0.00%		\$ -	\$ -	\$ -
	Total	\$ 1,195,284	\$ 243,385	\$ 180,483		\$ 1,528,911				\$ 51,299	\$ 51,299	\$ 0

Table 14 – Depreciation Expenses 2023 (App 2-C)

Year 2023

Account	Description	Book Values				Service Lives		Expense		Depreciation Expense on Assets ³	Depreciation on Expense per Appendix 2-BA Fixed	Variance ⁴
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f			
1609	Capital Contributions Paid					\$ -		0.00%	\$ -	\$ -	\$ -	
1611	Computer Software (Formally known as Account 1925)	\$ 101,686	\$ 60,446			\$ 41,240	5	20.00%	\$ 8,248	\$ 8,248	\$ -	0
1612	Land Rights (Formally known as Account 1906)					\$ -		0.00%	\$ -	\$ -	\$ -	
1805	Land					\$ -		0.00%	\$ -	\$ -	\$ -	
1808	Buildings					\$ -		0.00%	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ 5,049	\$ 2,179			\$ 2,870	5	20.00%	\$ 574	\$ 574	\$ -	0
1815	Transformer Station Equipment >50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1825	Storage Battery Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 521,780	\$ 185,485	\$ 56,203		\$ 735,367	45	2.22%	\$ 16,341	\$ 16,341	\$ -	0
1835	Overhead Conductors & Devices	\$ 163,242	\$ 24,736			\$ 187,978	60	1.67%	\$ 3,133	\$ 3,133	\$ -	0
1840	Underground Conduit	\$ 9,818	\$ 4,031			\$ 13,849	50	2.00%	\$ 277	\$ 277	\$ -	0
1845	Underground Conductors & Devices	\$ 72,354	\$ 277	\$ 4,496		\$ 74,879	30	3.33%	\$ 2,496	\$ 2,496	\$ -	0
1850	Line Transformers	\$ 401,836	\$ 46,259	\$ 19,090		\$ 457,640	40	2.50%	\$ 11,441	\$ 11,441	\$ -	0
1855	Services (Overhead & Underground)	\$ 99,268	\$ 18,399	\$ 5,264		\$ 120,299	30	3.33%	\$ 4,010	\$ 4,010	\$ -	0
1860	Meters	\$ 4,888	\$ 512			\$ 5,400	25	4.00%	\$ 216	\$ 216	\$ -	0
1860	Meters (Smart Meters)	\$ 157,956	\$ 34,293	\$ 4,662		\$ 194,580	15	6.67%	\$ 12,972	\$ 12,972	\$ -	0
1905	Land					\$ -		0.00%	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures					\$ -		0.00%	\$ -	\$ -	\$ -	
1910	Leasehold Improvements					\$ -		0.00%	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 16,016	\$ 13,261	\$ 830		\$ 3,170	10	10.00%	\$ 317	\$ 317	\$ -	0
1915	Office Furniture & Equipment (5 years)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 19,145	\$ 17,640			\$ 1,505	5	20.00%	\$ 301	\$ 301	\$ -	0
1930	Transportation Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1935	Stores Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1945	Measurement & Testing Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1950	Power Operated Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communications Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communication Equipment (Smart Meters)					\$ -		0.00%	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets					\$ -		0.00%	\$ -	\$ -	\$ -	
1990	Other Tangible Property					\$ -		0.00%	\$ -	\$ -	\$ -	
1995	Contributions & Grants					\$ -		0.00%	\$ -	\$ -	\$ -	
2440	Deferred Revenue	-\$ 199,938	\$ 5,612	-\$ 11,237		-\$ 211,169	32	3.13%	\$ 6,620	-\$ 6,620	\$ -	0
2005	Property Under Finance Lease					\$ -		0.00%	\$ -	\$ -	\$ -	
	Total	\$ 1,373,100	-\$ 214,854	\$ 79,307		\$ 1,627,607	\$ 352		\$ 53,707	\$ 53,707	\$ -	0

Table 15 – Depreciation Expenses 2024 (App 2-C)

Year 2024

Account	Description	Book Values				Service Lives		Expense		Depreciation Expense on Assets ³	Depreciation on Expense per Appendix 2-BA Fixed	Variance ⁴
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f			
1609	Capital Contributions Paid					\$ -		0.00%	\$ -	\$ -	\$ -	
1611	Computer Software (Formally known as Account 1925)	\$ 101,686	\$ 60,446	\$ 5,060		\$ 43,770	5	20.00%	\$ 8,754	\$ 8,754	\$ 0	
1612	Land Rights (Formally known as Account 1906)					\$ -		0.00%	\$ -	\$ -	\$ -	
1805	Land					\$ -		0.00%	\$ -	\$ -	\$ -	
1808	Buildings					\$ -		0.00%	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ 5,049	\$ 2,179	\$ 500		\$ 3,120	5	20.00%	\$ 624	\$ 624	\$ -	
1815	Transformer Station Equipment >50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV					\$ -		0.00%	\$ -	\$ -	\$ -	
1825	Storage Battery Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 577,983	-\$ 185,484	\$ 55,000		\$ 790,967	45	2.22%	\$ 17,577	\$ 17,577	\$ 0	
1835	Overhead Conductors & Devices	\$ 163,242	-\$ 24,738	\$ 10,500		\$ 193,230	60	1.67%	\$ 3,220	\$ 3,220	\$ 1	
1840	Underground Conduit	\$ 9,818	-\$ 4,033	\$ 4,600		\$ 16,151	50	2.00%	\$ 323	\$ 323	\$ 0	
1845	Underground Conductors & Devices	\$ 76,850	-\$ 278	\$ -		\$ 77,128	30	3.33%	\$ 2,571	\$ 2,571	\$ 0	
1850	Line Transformers	\$ 420,926	-\$ 46,259	\$ 36,000		\$ 485,185	40	2.50%	\$ 12,130	\$ 12,130	\$ 0	
1855	Services (Overhead & Underground)	\$ 104,532	-\$ 18,400	\$ 5,500		\$ 125,682	30	3.33%	\$ 4,189	\$ 4,189	\$ 0	
1860	Meters	\$ 4,888	-\$ 10,512	\$ 12,000		\$ 21,400	25	4.00%	\$ 856	\$ 856	\$ 0	
1860	Meters (Smart Meters)	\$ 161,283	-\$ 35,629	\$ 10,000		\$ 201,912	15	6.67%	\$ 13,461	\$ 13,461	\$ 0	
1905	Land					\$ -		0.00%	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures					\$ -		0.00%	\$ -	\$ -	\$ -	
1910	Leasehold Improvements					\$ -		0.00%	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 16,846	\$ 13,261	\$ 500		\$ 3,835	10	10.00%	\$ 383	\$ 384	\$ 0	
1915	Office Furniture & Equipment (5 years)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -		0.00%	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 19,145	\$ 17,640	\$ 2,500		\$ 2,755	5	20.00%	\$ 551	\$ 551	\$ 0	
1930	Transportation Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1935	Stores Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1945	Measurement & Testing Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1950	Power Operated Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communications Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1955	Communication Equipment (Smart Meters)					\$ -		0.00%	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises					\$ -		0.00%	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment					\$ -		0.00%	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets					\$ -		0.00%	\$ -	\$ -	\$ -	
1990	Other Tangible Property					\$ -		0.00%	\$ -	\$ -	\$ -	
1995	Contributions & Grants					\$ -		0.00%	\$ -	\$ -	\$ -	
2440	Deferred Revenue	-\$ 211,176		-\$ 15,545		-\$ 218,948	32	3.13%	-\$ 6,864	-\$ 7,080	-\$ 216	
2005	Property Under Finance Lease					\$ -		0.00%	\$ -	\$ -	\$ -	
	Total	\$ 1,451,070	-\$ 231,807	\$ 126,615		\$ 1,746,185	\$ 352		\$ 57,776	\$ 57,560	-\$ 216	

Table 16 – Depreciation Expenses 2025 (App 2-C)

		Year		2025							
		Book Values				Service Lives		Expense			
Account	Description	Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets	Depreciation Expense on Assets ³	Depreciation Expense per Appendix 2-BA Fixed	Variance ⁴
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid					\$ -		0.00%	\$ -	\$ -	\$ -
1611	Computer Software (Formally known as Account 1925)	\$ 106,746	\$ 60,446	\$ 5,500		\$ 49,050	5	20.00%	\$ 9,810	\$ 9,810	\$ 0
1612	Land Rights (Formally known as Account 1906)					\$ -		0.00%	\$ -	\$ -	\$ -
1805	Land					\$ -		0.00%	\$ -	\$ -	\$ -
1808	Buildings					\$ -		0.00%	\$ -	\$ -	\$ -
1810	Leasehold Improvements	\$ 5,549	\$ 2,179	\$ 500		\$ 3,620	5	20.00%	\$ 724	\$ 724	\$ -
1815	Transformer Station Equipment >50 kV					\$ -		0.00%	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV					\$ -		0.00%	\$ -	\$ -	\$ -
1825	Storage Battery Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 632,983	\$ 185,484	\$ 25,000		\$ 830,967	45	2.22%	\$ 18,466	\$ 18,466	\$ 0
1835	Overhead Conductors & Devices	\$ 173,742	\$ 24,738	\$ 10,500		\$ 203,730	60	1.67%	\$ 3,395	\$ 3,396	\$ 0
1840	Underground Conduit	\$ 14,418	\$ 4,033	\$ 4,600		\$ 20,751	50	2.00%	\$ 415	\$ 415	\$ 0
1845	Underground Conductors & Devices	\$ 76,850	\$ 278	\$ -		\$ 77,128	30	3.33%	\$ 2,571	\$ 2,571	\$ 0
1850	Line Transformers	\$ 456,926	\$ 46,259	\$ 36,000		\$ 521,185	40	2.50%	\$ 13,030	\$ 13,030	\$ 0
1855	Services (Overhead & Underground)	\$ 110,032	\$ 18,400	\$ 5,500		\$ 131,182	30	3.33%	\$ 4,373	\$ 4,373	\$ 0
1860	Meters	\$ 16,888	\$ 10,512			\$ 27,400	25	4.00%	\$ 1,096	\$ 1,096	\$ 0
1860	Meters (Smart Meters)	\$ 171,283	\$ 35,629	\$ 12,000		\$ 212,912	15	6.67%	\$ 14,194	\$ 14,194	\$ 0
1905	Land					\$ -		0.00%	\$ -	\$ -	\$ -
1908	Buildings & Fixtures					\$ -		0.00%	\$ -	\$ -	\$ -
1910	Leasehold Improvements					\$ -		0.00%	\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 17,346	\$ 13,261	\$ 500		\$ 4,335	10	10.00%	\$ 433	\$ 434	\$ 0
1915	Office Furniture & Equipment (5 years)					\$ -		0.00%	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware					\$ -		0.00%	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -		0.00%	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 21,645	\$ 17,640	\$ 2,500		\$ 5,255	5	20.00%	\$ 1,051	\$ 1,051	\$ 0
1930	Transportation Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1935	Stores Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1940	Tools, Shop & Garage Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1945	Measurement & Testing Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1950	Power Operated Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1955	Communications Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1955	Communication Equipment (Smart Meters)					\$ -		0.00%	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1970	Load Management Controls Customer Premises					\$ -		0.00%	\$ -	\$ -	\$ -
1975	Load Management Controls Utility Premises					\$ -		0.00%	\$ -	\$ -	\$ -
1980	System Supervisor Equipment					\$ -		0.00%	\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets					\$ -		0.00%	\$ -	\$ -	\$ -
1990	Other Tangible Property					\$ -		0.00%	\$ -	\$ -	\$ -
1995	Contributions & Grants					\$ -		0.00%	\$ -	\$ -	\$ -
2440	Deferred Revenue	-\$ 226,721		-\$ 5,000		-\$ 229,221	32	3.13%	\$ 7,186	-\$ 7,197	-\$ 11
2005	Property Under Finance Lease					\$ -		0.00%	\$ -	\$ -	\$ -
	Total	\$ 1,577,685	-\$ 231,807	\$ 97,600		\$ 1,858,292	\$ 352		\$ 62,373	\$ 62,361	\$ 11

2.2.3 Summary of Capital Expenditure and Contribution

The tables below illustrate the gross fixed additions resulting from the capital investment by H2000 from 2020 Board Approved to 2025 for the four OEB categories. H2000 notes that it does not have any work in progress (WIP) and confirms that the capital expenditures below represent in-service additions.

Table 17 – Gross Fixed Asset Additions – System Access (App 2-AA)

Projects	2020	2021	2022	2023	2024 Bridge Year	2025 Test Year	2026	2027	2028	2029
System Access										
New O/H and U/G services	32,254	615	3,982	5,264	5,500	5,500	5,500	5,500	5,500	5,500
Meters					10,000	12,000	-5,000	-5,000	-5,000	-5,000
System Access Gross Expenditures	32,254	615	3,982	5,264	15,500	17,500	500	500	500	500
System Access Capital Contributions	-789				-15,545	-5,000				
Sub-Total	31,465	615	3,982	5,264	-45	12,500	500	500	500	500

System Access:

From 2020 to 2025, the primary focus in System Access has been on managing the inventory of smart meters and transformers. Having inventory on hand is critical for connecting new services but also for meter replacement or resealing.

From 2026 to 2029, there will be significant focus on transformers, collectors and smart meters. Parts and delivery will be a critical aspect, with annual price increases expected. In the event of new connections , capital contribution will be required.

Further details on the utility's System Access capital spending can be found in the Distribution System Plan filed as an appendix to this Exhibit.

Table 18 – Gross Fixed Asset Additions – System Renewal (App 2-AA)

Projects	2020	2021	2022	2023	2024 Bridge Year	2025 Test Year	2026	2027	2028	2029
System Renewal										
Overhead Conductors and devices	4,000	0	0	0	10,500	10,500	10,500	10,500	10,500	10,500
Underground Conductors and devices	7,750	3,900	0	4,496	4,600	4,600	4,600	4,600	4,600	4,600
Line Transformers	13,532	79,274	95,124	19,090	36,000	36,000	36,000	36,000	36,000	36,000
Poles & Fixtures	23,966	22,502	83,780	56,203	55,000	25,000	25,000	25,000	25,000	25,000
Meters	10,433	-1,883	-2,667	3,326	0	0				
Communication					12,000		12,000	12,000	12,000	12,000
System Renewal Gross Expenditures	59,681	103,793	176,237	83,114	118,100	76,100	88,100	88,100	88,100	88,100
System Renewal Capital Contributions			-7,130	-11,237						
Sub-Total	59,681	103,793	169,107	71,877	118,100	76,100	88,100	88,100	88,100	88,100

System Renewal

From 2020 to 2025, the primary focus in System Renewal has been on asset replacement including poles, smart meters and transformers. Having inventory on hand is critical for connecting new services but also for meter replacement or resealing.

From 2026 to 2029, the renewal plan includes replacing approximately 5 poles annually and ongoing annual changes of 20 porcelain hardware with polymer alternatives. Honeywell has informed H2000 that to work in the legacy environment, an upgrade to NetSense version 12.2 is required for new Next Generation Gatekeepers in the event that the existing Gatekeepers fail. The 2 Gatekeepers need to be upgrade in 2024 before they fail due to their age and placement. The underground conductors and devices will keep being upgrade annually to maintain their efficiency. Additionally, stocking transformers will be a challenge, as delivery times exceed 12 months, with the only available transformers coming from China, as per Bill S-211. The smart meters purchase are delayed upwards to 18 months with constraint price increase.

Further details on the utility's System Renewal capital spending can be found in the Distribution System Plan filed as an appendix to this Exhibit.

Table 19 – Gross Fixed Asset Additions – General Plant (App 2-AA)

Projects	2020	2021	2022	2023	2024 Bridge Year	2025 Test Year	2026	2027	2028	2029
General Plant										
Leasehold Improvement - Alarm System		0	2,872	0	500	500	500	500	500	500
Office Furniture and Equipment		210	349	830	0	500	500	500	500	500
Computer Equipment		31,548	1,505	0	2,000	2,500	2,500	2,500	2,500	2,500
Software	2,635	0	0	0	5,060	5,500	500	500	500	500
General Plant Gross Expenditures	2,635	31,758	4,726	830	7,560	9,000	4,000	4,000	4,000	4,000
General Plant Capital Contributions										
Sub-Total	2,635	31,758	4,726	830	7,560	9,000	4,000	4,000	4,000	4,000

General Plant

From 2020 to 2025, H2000's focus for computer hardware and software (1920-1611) is to ensure an up-to-date approach for both equipment and software. CIS upgrades and periodic workstation replacements are critical for daily operations. These needs are often identified by Hydro 2000's third-party experts, Multi-Link and ORPC (representing Harris-Northstar).

For 2026 to 2029, H2000 anticipates only routine, ongoing needs, unless new regulations from the OEB require additional software updates, in which case H2000 will comply.

Regarding the building (1915), from 2026 to 2029, minimal work is expected. However, with a higher-than-anticipated rent proposal for April 2025, Hydro 2000 may need to relocate, which would involve minor maintenance and repairs to prepare the new location for business.

As for office equipment (also 1915), workstations are a crucial aspect for employees. Most workstation issues have been addressed in recent years, and regular expenditures are expected from 2026 to 2029.

2.2.4 Capital Additions: Year over Year Variance Analysis

H2000 has identified variance over the materiality threshold of \$20,000. H2000 has chosen to explain its variance analysis based on capital additions.

Table 20 – Yearly Capital Additions by traditional grouping or account

OEB Account	Description	2020 Additions	2021 Additions	2022 Additions	2023 Additions	2024 Additions	2025 Additions
1611	Computer Software (Formally known as Account 1925)	\$2,635	\$31,548	\$0	\$0	\$5,060	\$5,500
1810	Leasehold Improvements	\$0	\$0	\$2,872	\$0	\$500	\$500
1830	Poles, Towers & Fixtures - Wood	\$26,347	\$25,964	\$83,780	\$56,203	\$55,000	\$25,000
1835	Overhead Conductors & Devices	\$4,000	\$0	\$0	\$0	\$10,500	\$10,500
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$4,600	\$4,600
1845	Underground Conductors & Devices	\$7,750	\$3,900	\$0	\$4,496	\$0	\$0
1850	Line Transformers - Overhead & Underground	\$13,532	\$79,274	\$95,124	\$19,090	\$36,000	\$36,000
1855	Services -Overhead	\$32,254	\$615	\$3,982	\$5,264	\$5,500	\$5,500
1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0		\$0	\$12,000	\$0
1860	Meters (Smart Meters)	\$12,024	\$2,129	\$0	\$4,662	\$10,000	\$12,000
1915	Office Furniture & Equipment (10 years)	\$0	\$210	\$350	\$830	\$500	\$500
1920	Computer Equip.- Hardware(Post Mar. 19/07)	\$0	\$0	\$1,505	\$0	\$2,500	\$2,500
2440	Deferred Revenue	-\$789	\$0	-\$7,130	-\$11,237	-\$15,545	-\$5,000
	Sub-Total	\$97,753	\$143,640	\$180,483	\$79,307	\$126,615	\$97,600
	Disposal	-\$3972	-\$7,474	-\$2,667	-\$1,336		
	Total	-\$93,781	\$136,166	\$177,816	\$77,971	\$126,615	\$97,600

Table 21 – Year over Year variances

OEB Account	Description	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1611	Computer Software (Formally known as Account 1925)	\$28,913	-\$31,548	\$0	\$5,060	\$440
1810	Leasehold Improvements	\$0	\$2,872	-\$2,872	\$500	\$0
1830	Poles, Towers & Fixtures -Wood	-\$384	\$57,817	-\$27,577	-\$1,203	-\$30,000
1835	Overhead Conductors & Devices	-\$4,000	\$0	\$0	\$10,500	\$0
1840	Underground Conduit	\$0	\$0	\$0	\$4,600	\$0
1845	Underground Conductors & Devices	-\$3,850	-\$3,900	\$4,496	-\$4,496	\$0
1850	Line Transformers - Overhead & Underground	\$65,742	\$15,849	-\$76,034	\$16,911	\$0
1855	Services -Overhead	-\$31,639	\$3,367	\$1,282	\$236	\$0
1860	Meters - Energy Meters, CT/PT, Repeaters, & Collectors	\$0	\$0	\$0	\$12,000	-\$12,000
1860	Meters (Smart Meters)	-\$9,895	-\$2,129	\$4,662	\$5,338	\$2,000
1915	Office Furniture & Equipment (10 years)	\$210	\$140	\$480	-\$330	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0	\$1,505	-\$1,505	\$2,500	\$0
2440	Deferred Revenue	\$789	-\$7,130	-\$4,107	-\$4,308	\$10,545

In 2021, Hydro 2000 allocated \$28,913 for Computer Software (formerly Account 1925), which included the purchase of a new software license from Honeywell for smart meters. Additionally, \$65,742 was spent on overhead and underground line transformers (Account 1850), covering the purchase of 13 transformers. This included the replacement of 8 transformers—4 containing PCB levels >500mg/kg and 4 with PCB levels <500mg/kg—in compliance with PCB Regulations (SOR/2008-273) by the December 31, 2025, deadline.

In 2022, \$57,817 was spent on replacing wooden poles (Account 1830), including 5 damaged by a derecho storm, 1 pole damaged in a car accident, and 2 poles replaced to accommodate broadband connections.

2.2.5 Capitalization Policy

H2000's capitalization policy has not changed since its last Cost of Service in 2020 other than it now records capital assets at cost in accordance with MIFRS accounting principles as well as guidelines set out by the Ontario Energy Board, where applicable.

All expenditures by the Corporation are classified as either capital or operating expenditures. The intention of these classifications is to allocate costs across accounting periods in a manner that appropriately matches those costs with the related current and future economic benefits. The amount to be capitalized is the cost to acquire or construct a capital asset, including any ancillary costs incurred to place a capital asset into its intended state of operation. H2000 does not currently capitalize interest on funds used for construction.

H2000's adherence to the capitalization policy can be described as follows.

- ✓ Assets that are intended to be used on an on-going basis and are expected to provide a future economic benefit (generally considered to be greater than one year) will be capitalized.
- ✓ General Plant items with an estimated useful life greater than one year and valued at greater than \$500 will be capitalized.
- ✓ Expenditures that create a physical betterment or improvement of the asset (i.e. there is a significant increase in the physical output or service capacity, or the useful life of the capital asset is extended) will be capitalized.
- ✓ With respect to vehicles, please note that H2000 does not own any vehicles.
- ✓ Maintenance services are contracted out.

Indirect overhead costs, such as general and administration costs that are not directly attributable to an asset, are not, nor have they ever been capitalized.

2.3. DERIVATION OF THE WORKING CAPITAL ALLOWANCE

H2000's working capital allowance was determined by taking the sum of Cost of Power and controllable expenses (i.e., Operations, Maintenance, Billing and Collecting, Community Relations, Administration and General) and applying an allowance of 7.5%. The table below shows H2000's calculations in determining its Allowance for Working Capital. The increase in OM&A is discussed in detail in exhibit 4. Other components of the Working Capital Allowance are discussed below. The Working Capital Allowance has increased by \$656 over the 2020 Board Approved. The decrease from the 2020 Board Approved to the Test Year 2025 is due to the reduction in Power Supply Expenses.

Table 22 – Trend in Working Capital Allowance

Expenses for Working Capital	Last Board Approved	2020	2021	2022	2023	2024	2025	Var
Eligible Distribution Expenses:								
3500-Distribution Expenses - Operation	\$10,000	\$28,125	\$16,054	\$22,384	\$17,129	\$18,962	\$24,872	\$14,872
3550-Distribution Expenses - Maintenance	\$31,146	\$31,669	\$26,381	\$49,074	\$39,308	\$42,194	\$44,220	\$13,074
3650-Billing and Collecting	\$155,231	\$145,696	\$176,958	\$204,078	\$237,401	\$246,629	\$262,463	\$107,232
3700-Community Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3800-Administrative and General Expenses	\$296,322	\$297,653	\$300,102	\$301,477	\$319,741	\$338,883	\$355,920	\$59,598
6105-Taxes other than Income Taxes	\$0	-\$365	\$0	\$0	\$0	\$0	\$0	\$0
Total Eligible Distribution Expenses	\$492,699	\$502,778	\$519,495	\$577,012	\$613,578	\$646,669	\$687,474	\$194,775
3350-Power Supply Expenses	\$2,529,321	\$3,140,496	\$2,763,659	\$2,431,081	\$2,546,346	\$2,668,570	\$2,343,290	-\$186,032
Total Expenses for Working Capital	\$3,022,020	\$3,643,274	\$3,283,154	\$3,008,093	\$3,159,924	\$3,315,239	\$3,030,764	\$8,743
Working Capital factor	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Working Capital	\$226,652	\$273,246	\$246,237	\$225,607	\$236,994	\$248,643	\$227,307	\$656

Increased Distribution Expenses

H2000's 2025 Test Year operating costs are projected to be \$687,474, representing an increase of \$194,75 or 39.5% from its 2020 Board Approved costs. Details are introduced in Table 1 below. Explanations and details are presented in Exhibit 4.

Table 23 – 2025 OM&A vs 2020 Board Approved OM&A

	2020 Board Approved	2025	Var \$	Var %
Operations	\$10,000	\$24,872	\$14,872	148.72%
Maintenance	\$31,146	\$44,220	\$13,074	41.98%
Billing and collecting	\$155,231	\$262,463	\$107,232	69.08%
Community Relations	\$0	\$0	\$0	
Administrative and General	\$296,322	\$355,920	\$59,598	20.11%
Total	\$492,699	\$687,474	\$194,775	39.53%

2.3.1 Derivation of the Cost of Power

The components of H2000's cost of power are summarized below and detailed in several tables illustrated over the following pages. H2000 confirms that it used the most up to date inputs and guidelines to determine its cost of power.

Table 24 – 2025 Cost of Power

Component	\$	Calculated based on loss adjusted or non-loss adjusted
4705 -Power Purchased	\$1,883,284	Loss adjusted
4707- Global Adjustment	\$232,299	Loss adjusted
4708-Charges-WMS	\$93,362	Loss adjusted
4714-Charges-NW	\$180,445	Loss adjusted
4716-Charges-CN	\$150,799	Loss adjusted
4730-RRRP	\$29,046	
4750-Charges-LV	\$221,381	Non-loss-adjusted
4751-IESO SME	\$6,469	Customer Count
Misc A/R or A/P	-\$453,796	
TOTAL	\$2,343,290	

Commodity and Global Adjustment non-RPP (4705- Power Purchased and 4707 Global Adjustment)

H2000 attests that the Cost of Power is determined by the split between RPP and non-RPP customers based on actual data, using the most current RPP price and current UTR. H2000 calculated the cost of power for the 2025 Test Year based on the results of the load forecast discussed in detail in Exhibit 3. The commodity prices used in the calculation were published in the Board's "Regulated Price Plan - Price Report Nov 01, 2023, to October 31, 2024. Should the Board issue a revised Regulated Price Plan Report before the Board's Decision in the application, H2000 will update the electricity prices in the forecast.

The Commodity share of the Cost of Power is calculated in the same manner as has been previously approved by the OEB in H2000's previous Cost of Service application and other applications.

The sale of energy is a flow-through revenue, and the cost of power is a flow-through expense. Energy sales and the cost of power expense are presented in the table below. H2000 records no profit or loss from the flow-through energy revenues and costs. Any temporary variances are included in the RSVA account balances.

Commodity		2024 Test Year				
Customer						
Class Name	UoM	Class B Non-RPP Volume**	Class B RPP Volume**	Average HOEP	Average RPP Rate	Amount
Residential	kWh	-	12,925,269	\$0.0318	\$0.1111	\$1,435,351
General Service < 50 kW	kWh	-	3,103,163	\$0.0318	\$0.1111	\$344,606
General Service > 50 to 4999 kW	kWh	3,026,606	-	\$0.0318	\$0.1111	\$96,216
Unmetered Scattered Load	kWh	-	17,747	\$0.0318	\$0.1111	\$1,971
Street Lighting	kWh	161,682	-	\$0.0318	\$0.1111	\$5,140
TOTAL		3,188,288	16,046,179			\$1,883,284

*Regulated Price Plan Price Report November 1, 2023, to October 31, 2024 Ontario Energy Board Oct 19, 2023

**Table ES-1: Average RPP Supply Cost Forecast Summary
(November 1, 2023 to October 31, 2024)**

RPP Supply Cost Summary		
for the period from November 1, 2023 through October 31, 2024		\$/MWh
Forecast Wholesale Electricity Price - Simple Average		\$29.38
Load-Weighted Costs for RPP Consumers		
Wholesale Electricity Cost - RPP-Weighted		\$31.79
Global Adjustment	+	\$72.86
Adjustment to Clear Existing Variances	+	\$5.40
Adjustment to Address Bias Towards Unfavourable Variance	+	\$1.00
Average Supply Cost for RPP Consumers		= \$111.05

Transmission Network and Connection Charges (4714-Charges-NW and 4716-Charges-CN)

Electricity distributors are charged for transmission costs at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (RTSRs). For each distribution rate class, there are two RTSRs:

- RTSR Network charge - recovers the Uniform Transmission Rates (UTR) wholesale network service charge
- RTSR Connection charge - recovers the UTR wholesale line and transformation connection charges.

The table below summarizes the projected transmission network and connection expenses, applying the proposed rates to the 2025 load forecast kWh and kW volumes:

Table 25 - Transmission Network and Connection Expenses

<i>Transmission - Network</i>	Units	Volume	Rate	\$	Volume	Rate	\$	Total
Class per Load Forecast								
Residential	kWh	13,941,770	0.0087	121,409	-	0.0087	-	
General Service < 50 kW	kWh	3,347,210	0.0079	26,416	-	0.0079	-	
General Service > 50 to 4999 kW	kW		3.2414	-	9,698	3.2414	31,435	
Unmetered Scattered Load	kWh	19,143	0.0079	151	-	0.0079	-	
Street Lighting	kW		2.4444	-	423	2.4444	1,034	
SUB-TOTAL				147,976			32,469	180,445
<i>Transmission - Connection</i>	Units	Volume	Rate	\$	Volume	Rate	\$	Total
Class per Load Forecast								
Residential	kWh	13,941,770	0.0072	100,459	-	0.0072	-	
General Service < 50 kW	kWh	3,347,210	0.0069	23,114	-	0.0069	-	
General Service > 50 to 4999 kW	kWh	-	2.7026	-	9,698	2.7026	26,210	
Unmetered Scattered Load	kWh	19,143	0.0069	132	-	0.0069	-	
Street Lighting	kWh	-	2.0894	-	423	2.0894	884	
SUB-TOTAL				123,705			27,094	150,799

**Rates are based on Decision and Rate Order EB-2024-0183 2024 Uniform Transmission Rates issued June 27, 2024*

The transmission network charges, included in the Cost of Power for the Test Year 2025, are projected at \$180,445, and the connection charges are projected at \$150,799. The Rates are applied to the 2025 Load Forecast to determine the amount included in the Cost of Power.

Wholesale Market Service Charges & Capacity Based Recovery Charges (4708-Charges-WMS)

The OEB released Decision and Order for the Wholesale Market Service (WMS) effective December 7, 2023. The Board's decision is summarized as follows:

- The WMS rate used by rate-regulated distributors to bill their customers shall be \$0.0041 per kilowatt-hour, effective January 1, 2024.
- For Class B customers, a Capacity-based Recovery (CBR) component of \$0.0004 per kilowatt-hour shall be added to the WMS rate for a total of \$0.0045 per kilowatt-hour.
- For Class A customers, distributors shall bill the actual CBR costs to Class A customers in proportion to their contribution to the peak.

In compliance with this order, H2000 has applied the Board-approved rate of \$0.0045/kWh to its' 2025 Load Forecast to include \$85,063 for WMS and \$8,299 in Class B CBR in its' Cost of Power projections as illustrated in the table below:

Table 26- Wholesale Market and CBR

<i>Wholesale Market Service</i>	Units	Volume	Rate	\$	Volume	Rate	\$	Total
Class per Load Forecast								
Residential	kWh	13,941,770	0.0041	57,161	-	0.0041	-	
General Service < 50 kW	kWh	3,347,210	0.0041	13,724	-	0.0041	-	
General Service > 50 to 4999 kW	kWh	-	0.0041	-	3,264,631	0.0041	13,385	
Unmetered Scattered Load	kWh	19,143	0.0041	78	-	0.0041	-	
Street Lighting	kWh	-	0.0041	-	174,398	0.0041	715	
SUB-TOTAL				70,963			14,100	85,063
Class B CBR	Units	Volume	Rate	\$	Volume	Rate	\$	Total
Class per Load Forecast								
Residential	kWh	13,941,770	0.0004	5,577	-	0.0004	-	
General Service < 50 kW	kWh	3,347,210	0.0004	1,339	-	0.0004	-	
General Service > 50 to 4999 kW	kWh	-	0.0004	-	3,264,631	0.0004	1,306	
Unmetered Scattered Load	kWh	19,143	0.0004	8	-	0.0004	-	
Street Lighting	kWh	-	0.0004	-	174,398	0.0004	70	
SUB-TOTAL				6,923			1,376	8,299

Rural or Remote Electricity Protection Rate (RRRP) Charges

The OEB released Decision and Order for the Rural Remote Electricity Protection Rate (RRRP) effective December 7, 2023. The Board's decision is summarized as follows:

The RRRP rate used by rate-regulated distributors to bill their customers shall be \$0.0014 per kilowatt-hour, effective January 1, 2024.

In compliance with this order, H2000 has applied the Board Approved \$0.0014/kWh to its' 2025 Load Forecast to include \$29,046 in its' Cost of Power as illustrated in the table below:

Table 27 – Rural or Remote Electricity Rate Protection (4708-Charges-RRRP)

<i>RRRP</i>	Units	Volume	Rate	\$	Volume	Rate	\$	Total
Class per Load Forecast								
Residential	kWh	13,941,770	0.0014	19,518	-	0.0014	-	
General Service < 50 kW	kWh	3,347,210	0.0014	4,686	-	0.0014	-	
General Service > 50 to 4999 kW	kWh	-	0.0014	-	3,264,631	0.0014	4,570	
Unmetered Scattered Load	kWh	19,143	0.0014	27	-	0.0014	-	
Street Lighting	kWh	-	0.0014	-	174,398	0.0014	244	
SUB-TOTAL				24,231			4,815	29,046

Smart Meter Charge

The proposed rate remains at \$0.42 per the OEB guidance provided on December 7, 2023. In compliance with this order, H2000 has applied the Board Approved rate of \$0.42 per month for the forecasted Residential and General Service<50kW customers for Test Year 2025 and included the projected amount of \$6,469 in its' Cost of Power as illustrated below:

Table 28 - Smart Meter Entity (4751-IESO SME)

<i>Smart Meter Entity Charge</i>	Customers	Rate	\$
Class per Load Forecast			
Residential	1145	0.42	5769
General Service < 50 kW	139	0.42	700
			-
SUB-TOTAL			6,469

The table below shows the derivation of proposed retail rates for Low Voltage ("LV") service. The 2025 estimates of total LV charges were calculated based on the last three years of actual charges from Hydro One. Details are shown in the next table (Table 29)

The 2025 projected LV charges are based 2023 LV charges adapted to current 2024 rates as invoiced by Hydro One.

The projections were allocated to customer classes, according to each class share of projected Transmission-Connection revenue, per Board policy. The resulting LV charges for each class were divided by the applicable 2025 volumes from the load forecast, as presented in Exhibit 3. Current LV revenues are recovered through a separate rate adder and are not embedded within the approved Distribution Volumetric rate. LV rates appear on a distinct line item on the proposed schedule of rates.

Table 29 – Proposed LV Charges (4750-Charges-LV)

2023				2023		
Input Name Of Service Point	Service Points			Input LV Billed Components From Host	Description	
	3 Plantagenet HEC F3				Common ST Line	
	2 ALFRED PME HEC				Monthly Service Charge	
	1 ALFRED DS F3 HEC				Def Tax Asset Fixed Rider	
	LV Line Plantagenet				Meter Charge	
Month	Description	Service Point	2023 KW	Current Rates (2024)	# Of Accounts	Total Charge
January	Common ST Line	3 Plantagenet Hec F3	1,510.40	2.0255		\$3,059.32
	Common ST Line	2 Alfred Pme Hec	579.84	2.0255		\$1,174.47
	Common ST Line	1 Alfred Ds F3 Hec	1,940.16	2.0255		\$3,929.79
	Common ST Line	Lv Line Plantagenet	4,024.16	2.0255		\$8,150.94
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$20,148.66
February	Common ST Line	3 Plantagenet Hec F3	1,812.16	2.0255		\$3,670.53
	Common ST Line	2 Alfred Pme Hec	723.60	2.0255		\$1,465.65
	Common ST Line	1 Alfred Ds F3 Hec	2,389.44	2.0255		\$4,839.81
	Common ST Line	Lv Line Plantagenet	4,939.30	2.0255		\$10,004.55
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$23,814.69
March	Common ST Line	3 Plantagenet Hec F3	1,298.56	2.0255		\$2,630.23
	Common ST Line	2 Alfred Pme Hec	515.28	2.0255		\$1,043.70
	Common ST Line	1 Alfred Ds F3 Hec	1,704.32	2.0255		\$3,452.10
	Common ST Line	Lv Line Plantagenet	3,543.32	2.0255		\$7,176.99
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$18,137.18
April	Common ST Line	3 Plantagenet Hec F3	1,447.36	2.0255		\$2,931.63
	Common ST Line	2 Alfred Pme Hec	869.28	2.0255		\$1,760.73
	Common ST Line	1 Alfred Ds F3 Hec	3,037.44	2.0255		\$6,152.33
	Common ST Line	Lv Line Plantagenet	4,862.05	2.0255		\$9,848.08
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$24,526.92
May	Common ST Line	3 Plantagenet Hec F3	1,297.92	2.0255		\$2,628.94
	Common ST Line	2 Alfred Pme Hec	331.20	2.0255		\$670.85
	Common ST Line	1 Alfred Ds F3 Hec	1,322.56	2.0255		\$2,678.85
	Common ST Line	Lv Line Plantagenet	2,953.08	2.0255		\$5,981.46
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$15,794.24
June	Common ST Line	3 Plantagenet Hec F3	1,400.00	2.0255		\$2,835.70
	Common ST Line	2 Alfred Pme Hec	354.48	2.0255		\$718.00
	Common ST Line	1 Alfred Ds F3 Hec	1,468.80	2.0255		\$2,975.05

	Common ST Line	Lv Line Plantagenet	3,250.18	2.0255		\$6,583.24
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$16,946.14
July	Common ST Line	3 Plantagenet Hec F3	1,456.96	2.0255		
	Common ST Line	2 Alfred Pme Hec	362.64	2.0255		\$734.53
	Common ST Line	1 Alfred Ds F3 Hec	1,490.88	2.0255		\$3,019.78
	Common ST Line	Lv Line Plantagenet	3,331.30	2.0255		\$6,747.55
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$17,287.08
August	Common ST Line	3 Plantagenet Hec F3	1,220.48	2.0255		\$2,472.08
	Common ST Line	2 Alfred Pme Hec	318.24	2.0255		\$644.60
	Common ST Line	1 Alfred Ds F3 Hec	1,240.32	2.0255		\$2,512.27
	Common ST Line	Lv Line Plantagenet	2,768.85	2.0255		\$5,608.31
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$15,071.40
September	Common ST Line	3 Plantagenet Hec F3	1,492.80	2.0255		
	Common ST Line	2 Alfred Pme Hec	365.04	2.0255		\$739.39
	Common ST Line	1 Alfred Ds F3 Hec	1,555.20	2.0255		\$3,150.06
	Common ST Line	Lv Line Plantagenet	3,440.38	2.0255		\$6,968.49
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$17,715.75
October	Common ST Line	3 Plantagenet Hec F3	1,146.88	2.0255		\$2,323.01
	Common ST Line	2 Alfred Pme Hec	341.76	2.0255		\$692.23
	Common ST Line	1 Alfred Ds F3 Hec	1,310.72	2.0255		\$2,654.86
	Common ST Line	Lv Line Plantagenet	2,717.79	2.0255		\$5,504.88
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$15,009.14
November	Common ST Line	3 Plantagenet Hec F3	1,328.64	2.0255		\$2,691.16
	Common ST Line	2 Alfred Pme Hec	492.48	2.0255		\$997.52
	Common ST Line	1 Alfred Ds F3 Hec	1,673.28	2.0255		\$3,389.23
	Common ST Line	Lv Line Plantagenet	3,515.45	2.0255		\$7,120.54
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$18,032.60
December	Common ST Line	3 Plantagenet Hec F3	1,397.76	2.0255		\$2,831.16
	Common ST Line	2 Alfred Pme Hec	516.72	2.0255		\$1,046.62
	Common ST Line	1 Alfred Ds F3 Hec	1,790.40	2.0255		\$3,626.46
	Common ST Line	Lv Line Plantagenet	3,731.99	2.0255		\$7,559.15
	Def Tax Asset Fixed Rider			36.1800	3	\$108.54
	Meter Charge			417.5900	3	\$1,252.77
	Monthly Service Charge			824.2800	3	\$2,472.84
						\$18,897.53
			86,581.85			\$221,381.34

Table 29 – Proposed LV Charges (4750-Charges-LV) (Cont'd)

Proposed Loss Factor		1.0786							
Rate Class	Unit	2025	RTSR Connection Rate	Loss Adjusted Volume	RTSR Connection Revenue	Allocation	Allocated Low Voltage Charges	Delivered Volume	Low Voltage Rates
Residential	\$/kWh	11,782,231	0.0072	12,708,838.74	91,575.00	50.98%	112,853.57	11,782,231	0.0096
General Service < 50 kW	\$/kWh	3,672,224	0.0069	3,961,023.69	27,352.39	15.23%	33,708.05	3,672,224	0.0092
General Service > 50 to 4999 kW	\$/kW	9,698	2.7026	9,697.96	26,209.77	14.59%	32,299.92	9,698	3.3306
Unmetered Scattered Load	\$/kWh	16,511	2.0894	16,511.44	34,499.53	19.20%	42,515.92	16,511	2.5749
Street Lighting	\$/kW	423	0.0069	456.27	3.15	0.00%	3.88	423	0.0092
TOTAL					179,640	100.0%	221,381		

2.4. DISTRIBUTION SYSTEM PLAN FOR SMALL UTILITIES

Per section 2.2.2.1 of the filing requirements, H2000 has filed its 2025 DSP as a stand-alone document, included in Appendix 2A of this exhibit.

The DSP describes how H2000's proposed capital investments for the 2025-2029 period are informed by its asset management process and continuous internal asset condition monitoring and assessment.

As a preamble to the DSP, H2000's Capital Expenditure Checklist, shown in the table below, highlights areas of change that affect the utility's capital investment and overall plan.

Table 30 – Capital Expenditure Checklist

Area to Address	Capital Investment Required?
Capacity Issues	No
Reliability	YES
Safety	No
Service Quality	YES
Efficiency Assessment & Unit Cost Metrics	No
Regional Planning	No
Renewable Energy Generation / DER	No
Major Asset Replacement	No
New ACM	No
Customer Growth	No
Asset Condition	No
Other	No

Capacity Issues:

System Loading Under Normal Operation: Hydro 2000 does not foresee any capacity issues in the near future and opted not to perform a new load flow study for cost reasons, relying on the 2019 study's findings. The 2019 report established that the winter peak demand was conservatively calculated at 3,897 kVA, accounting for some diversity. The utility is confident that the 7.5MVA transformer will meet the peak demand over the next 10 years, assuming a 2% annual growth rate. Additional load from Hydro One's rural feeder 2 section and the Alfred system was also modeled to assess the transformer's ability to support future growth, with load models constructed for both summer and winter conditions. Winter peak data was collected in October 2019.

System Reliability & Performance

Table 31 - Count of All Causes of Power Interruptions (2020-2023)

	2019	2020	2021	2022	2023
	hours	hours	hours	hours	hours
Defects Equip	3	5.3	21	5.5	7
Loss of supply	4	0	9.5	95	12
Schedule outage	11.75	44.83	9	8	5

Equipment Defects: Outages due to equipment failures fluctuated from 2019 to 2023. The average outage duration increased from 3 hours in 2019 to 5.3 hours in 2020, indicating rising equipment issues. In 2021, outages peaked at 21 hours but improved significantly to 5.5 hours in 2022. Although outages rose slightly to 7 hours in 2023, they remained well below the 2021 peak, showing better management of equipment-related problems.

Supply Loss: Outages due to supply loss fluctuated over five years. In 2019, outages totaled 4 hours, with no supply-related outages in 2020. However, disruptions increased to 9.5 hours in 2021. The most significant spike occurred in May 2022, reaching 95 hours due to a derecho storm. By 2023, outages decreased to 12 hours, reflecting improved supply management after the 2022 peak.

Scheduled Outage: Scheduled outages fluctuated between 2019 and 2023. They rose from 11.75 hours in 2019 to 44.83 hours in 2020 due to additional maintenance or upgrades. In 2021, outages dropped to 9 hours, as much of the work was completed the prior year. This downward trend continued with 8 hours in 2022 and 5 hours in 2023.

Safety - Operational Effectiveness Indicators: H2000 has consistently met all safety requirements and indicators; therefore, no issues or capital investments are required to meet safety targets.

Efficiency Assessment & Unit Cost Metrics

	2019	2020	2021	2022	2023	2024	2025
	(History)	(History)	(History)	(History)	(History)	(Bridge)	(Test)
PEG Model							
Cost Benchmarking Summary							
Actual Total Cost	658,731	643,986	677,429	739,056	765,040	820,862	877,182
Predicted Total Cost	823,830	864,001	911,250	957,334	1,022,897	1,054,972	1,131,891
Difference	(165,100)	(220,015)	(233,821)	(218,279)	(257,857)	(234,111)	(254,709)
Percentage Difference (Cost Performance)	-22.4%	-29.4%	-29.7%	-25.88%	-29.05%	-25.09%	-25.49%
Three-Year Average Performance			-27.1%	-28.31%	-28.19%	-26.67%	-26.54%
Stretch Factor Cohort							
Annual Result	2	1	1	1	1	1	1
Three Year Average			1	1	1	1	1
PEG Published results *	2	2	2	2	2		

* Note: The results from the OEB Benchmarking model differ from the published results.

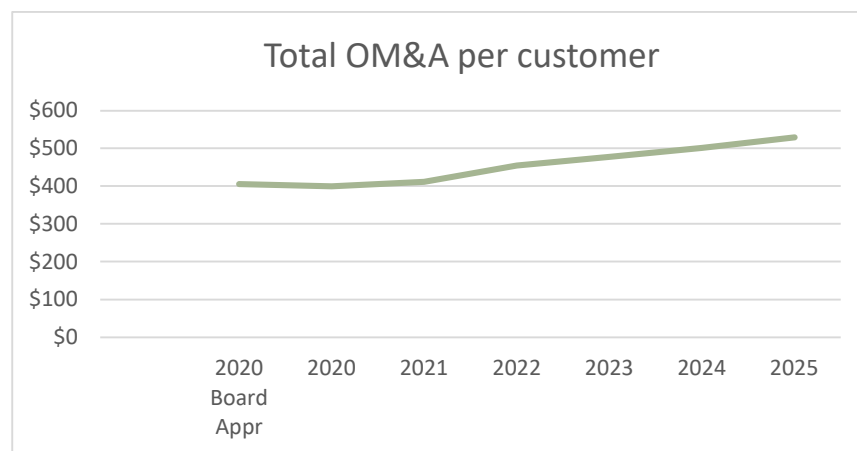
Based on the Benchmarking model, H2000 anticipates that its costs will be 25.49% lower than the initial prediction. H2000's exceptional cost efficiency firmly establishes it as one of the most efficient utilities in the province. H2000 is committed to finding further ways to improve efficiency while also prioritizing the maintenance of its distribution system to ensure customers continue to receive the same high level of service they have always received.

Cost per Customer

The chart below illustrates H2000's "Cost per Customer" over the six years 2020 - 2025:

Table 32 – Total Cost per Customer per Year

	2020 Board Appr	2020	2021	2022	2023	2024	2025
OM&A Costs							
O&M	\$41,146	\$59,794	\$42,435	\$71,458	\$56,436	\$61,156	\$69,092
Admin Expenses	\$451,553	\$443,349	\$477,059	\$505,555	\$557,142	\$585,513	\$618,383
Total Recoverable OM&A from Appendix 2-JB ⁵	\$492,699	\$503,143	\$519,495	\$577,012	\$613,578	\$646,669	\$687,474
Number of Customers ^{2,4}	1215	1257	1264	1268	1285	1291	1298
Number of FTEs ^{3,4}	3	3	3	3	3	3	3
Customers/FTEs	405.00	419.06	421.28	422.75	428.17	430.49	432.82
OM&A cost per customer							
O&M per customer	\$34	\$48	\$34	\$56	\$44	\$47	\$53
Admin per customer	\$372	\$353	\$377	\$399	\$434	\$453	\$476
Total OM&A per customer	\$406	\$400	\$411	\$455	\$478	\$501	\$529
OM&A cost per FTE							
O&M per FTE	\$13,715	\$19,931	\$14,145	\$23,819	\$18,812	\$20,385	\$23,031
Admin per FTE	\$150,518	\$147,783	\$159,020	\$168,518	\$185,714	\$195,171	\$206,128
Total OM&A per FTE	\$164,233	\$167,714	\$173,165	\$192,337	\$204,526	\$215,556	\$229,158



The table below summarizes the change in "Cost per Customer" over the five years. As can be seen, the utility is working towards reducing its costs per customer. The progress towards achieving lower rates was interrupted in the utility's last cost of service and was, for the most part, related to the addition of the transformer station.

Like most distributors in the province, H2000 has experienced increases in its total operating costs required to deliver quality and reliable services to customers. Investments in new information systems technology, cyber-security, and labour cost adjustments for inflation for

employees, as well as the renewal of the distribution system, have all contributed to increased operating and capital costs.

H2000's customer growth rate for its territory is considered to be relatively steady at approximately 1% per year. The utility will continue to seek innovative solutions to help ensure cost per customer remains competitive and within acceptable limits to its customers.

H2000 will continue to replace distribution assets and has provision for replacement of assets based on its replacement process and age as described in the LDC's capital investment plan for 2025-2029.

Regional Planning

H2000 confirms that there are no capacity issues or need for regional planning investment in the service area that would affect H2000.

Renewable Energy Generation / DER

Any FIT-size generator connection application process for H2000 customers requires the involvement of HONI. The application process includes an internal review of applications. H2000 also requires approval from HONI for projects greater than 10kW for connection capacity, as HONI is the Host Distributor. H2000 is unaware of any upstream capacity constraints at the HONI-owned TS in Chesterville relating to the H2000 supply feeders.

Net Metering

H2000 has not received any requests for the connection of "net metering" in its service territory. Based upon the above information, H2000 does not expect to reach the current available capacity for renewable generation in the near future (i.e., over the 5-year forecast horizon).

Smart Grid

At this time, there is no capital investment for Renewable Generation or DER included in H2000's forecasted capital expenditure plan for 2025-2029.

Major Asset Replacement

H2000 does not have any major assets at this time.

Advanced Capital Module (ACM)

For the Capital Plan period 2026-2029, H2000 is not requesting an ACM to fund a capital project.

Customer Growth

No customer growth outside of the usual trend will present capacity or loading issues during the 5-year DSP period of 2025-2029.

Asset Condition Assessment

H2000's asset base is small and manageable enough that a formal Asset Condition Assessment (ACA) does not need to be conducted. H2000's asset base comprises transformers, pole-mount transformers, pad-mount transformers, and poles. H2000, with the input of its 3rd party capital work contractor Sproule Powerline Construction Ltd ultimately decides on the replacement of assets that are at risk of failing or are in poor health. A minimum number of overall replacements are required throughout the 5-year plan to sustain asset performance at current levels. Inspections and testing programs are designed to identify poor health poles and transformers for proactive replacement before failure.

Approximately 709 primarily wood-type poles support the overhead distribution system. H2000 completes system patrols regularly. The patrol includes a visual inspection of the poles looking for visible signs of damage or a leaning pole. Poles are tested every three to four years. Currently, the results are used to provide input into the capital plan primarily for the following year as well as going into a cost-of-service year. Poles flagged as problematic are planned for replacement.

Other

No other issues were identified for capital investment.

Capitalization of overhead

Indirect overhead costs, such as general and administrative costs that are not directly attributable to an asset, are not, nor have they ever been capitalized. (As such, Appendix 2-D is not applicable in this case)

Costs of eligible investments for distributors

H2000 attests that it has not included any costs or Investments to Connect Qualifying Generation Facilities in its capital costs or its Distribution System Plan.

As such, details of any capital contributions made or forecast to be made to a transmitter concerning a Connection and Cost Recovery Agreement are not applicable in this case.

H2000 is not considering incremental conservation initiatives to defer or avoid future infrastructure projects as part of distribution system planning processes, nor is it planning on applying for funding through distribution rates to pursue activities such as energy efficiency

programs, demand response programs, energy storage programs, etc. Lastly, H2000 is not considering a generation facility.

New policy options for the funding of capital

H2000 is not proposing any unique or different approach to funding its capital expenditure

Addition of ICM assets to rate base

H2000 has not applied to recover investments through the OEB's Incremental Capital Module. And as such, H2000 does not need to reconcile the balance in account 1508 with rate base amounts.

Transmission or high voltage assets

Per ANSI standard C84.1-1989, "Low" voltage is described as 600V and below. "Medium" voltage is 2.4kV through 69kV. "High" voltage is 115kV through 230kV and "Extra-High" voltage is 345kV to 765kV, while "Ultra-high" voltage is 1.1MV. The higher voltage of the transformer (primary or secondary) is the voltage on which the transformer is designated.

H2000 currently operates one 44KV and one 115KV which technically could be classified as "high voltage which are still expected to be treated as distribution assets. H2000 confirms that it does not have any transmission assets or distribution assets which are treated differently than its previous application.

APPENDICES

List of Appendices

Appendix 2A	Distribution System Plan

H2000 Inc.

Distribution System Plan

2025 Cost of Service

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1. DISTRIBUTION SYSTEM PLAN

This Distribution System Plan (DSP, “The Plan”) has been prepared by Hydro 2000 Inc. (H2000).

H2000’s DSP supports cost-effective planning that ensures efficiency, dependability, sustainability, and customer value. The DSP documents current practices, policies, and processes. These processes ensure that investment decisions meet H2000’s goals cost-effectively and add customer value. H2000 follows its DSP to benefit customers.

H2000 used the template and section headers from the very small utility working group example to organize the information. The OEB categorizes investment projects and operations as System Access, System Renewals, System Service, or General Plant. The DSP covers the historic years, the bridge year, the test year, and the projected years. For the purposes of this DSP, 2020 to 2023 are the historic years, 2024 is the bridge year, 2025 is the test year and 2026-2029 are the forecast years.

H2000 confirms that this plan’s information is current and based on actual expenses as of end of 2023 and capital expenditure predictions for 2025 to 2029. Project details have been provided for projects over H2000’s materiality threshold of \$50,000 as described in Exhibit 1.

H2000’s integrated approach to planning, prioritizing, and managing assets includes regional planning, local stakeholder consultations, and renewable generation connections. H2000 has completed this DSP with a focus on customer preferences and operational effectiveness while achieving optimal value for capital spending.

The purpose of this DSP is to present H2000’s Asset Management Strategy and to provide justifications for the capital investments required to maintain its core business: supplying reliable electrical services to its customers at a reasonable cost. This requires:

- a thorough understanding of the age, condition and performance of its assets,
- documenting its inspection practices in accordance with the DSC,
- describing its maintenance activities in accordance with good utility practice,
- ensuring that all aspects of employee and public safety are addressed in compliance with all regulatory and legal obligations,
- recognizing and addressing constraints in the current distribution system and anticipating future capacity requirements,
- demonstrating that the asset management process recognizes the above items and prioritizes projects to accommodate customers and system requirements, and
- developing a five-year forward-looking capital expenditure plan that anticipates the future growth, capacity and performance of the distribution system while remaining flexible to accommodate the unknown requirements of its customer base.

1.1.1.Key elements of the DSP

H2000's second DSP largely remains unchanged from the previous 2020 filing, as operational and service requirements are expected to stay consistent through the planning period. The projected expenditures for 2024 and 2025 focus on:

- Routine spending for a mature, stable customer base.
- Targeted capital investments to replace aging infrastructure and ensure reliable supply.
- Minimal general plant upgrades for office and IT needs.

Key areas of investment include replacing end-of-life assets like poles and transformers and maintaining supply capacity.

Several factors guide investment planning, including customer service, asset management outputs (maintenance and replacement), coordination with municipal projects, and regulatory obligations. Notably, there are no expectations for load growth due to developments.

H2000 regularly assesses the condition of its assets, updating information after maintenance and capital projects. Poles undergo periodic third-party testing to ensure reliability. The latest testing was recently done in advance of the utility's cost of service application. Capital investment decisions are prioritized during the budgeting process, evaluating project costs, expected benefits, and risks to determine investment priority.

Following good utility practices, H2000 adheres to OEB's Distribution System Code (DSC), ensuring safe, reliable operations. While it has not implemented newer technologies like SCADA or GIS, H2000 uses consultants such as Stantec and its 3rd party contractor to monitor load and voltage requirements.

The DSP aims to maintain quality and reliability at affordable costs through preventative maintenance, refurbishment, and asset replacements. H2000 prioritizes non-discretionary investments and replacement of end-of-life infrastructure while managing costs to reduce rate impacts on customers.

H2000 remains committed to proactive response during adverse weather, coordinating with local authorities, monitoring forecasts, and engaging third-party contractors to ensure swift power restoration and infrastructure repairs. Efforts like vegetation management are also prioritized to prevent weather-related damage and enhance system resilience.

The DSP does not include any CDM Activities at this time.

1.1.2. Sources of Cost Savings

H2000's planning, prioritization, and investment processes follow good utility practices that are executed through the DSP. These practices not only ensure operational efficiency but also inherently drive cost savings by emphasizing sound decision-making, thoughtful compromises, and carefully timed actions. By aligning investment with the right priorities and maintaining optimum expenditure levels, H2000 minimizes unnecessary costs, ensuring that every dollar spent contributes to long-term value while keeping rates manageable for customers.

1.1.3. Investment by Category

In developing its long-term DSP, H2000's objective is to make timely investments in infrastructure to ensure its distribution system continues to deliver power at the quality and reliability levels required by its customers. Details of the forecast for capital expenses can be seen in Section 7.

H2000 tracks its capital spending in both the traditional system USoA and the RRFE categories (System Access, System Renewal, System Service, and General Plant).

The table below provides the Historical Investments as reported in its last DSP up to projected investments H2000 has made since 2014 up to projected investments for 2024 and 2025.

Table 1 – Investment by Category

Category	2020	2021	2022	2023	2024	2025
System Access	32,254	615	3,982	5,264	15,500	17,500
Capital Contributions	-789		-7,130	-11,237	-15,545	-5000
<i>Planned 2020DSP</i>	<i>37290</i>	<i>5000</i>	<i>5000</i>	<i>5000</i>	<i>5000</i>	
System Renewal	59,681	103,793	176,237	83,114	118,100	76,100
<i>Planned 2020DSP</i>	<i>106798</i>	<i>100000</i>	<i>100000</i>	<i>100000</i>	<i>100000</i>	
System Service	0	0	0	0	0	
<i>Planned 2020DSP</i>						
General Plant	2,635	31,758	4,726	830	8,560	9,000
<i>Planned 2020DSP</i>	<i>350</i>	<i>5500</i>	<i>5500</i>	<i>5500</i>	<i>5500</i>	
Total Capex (includes disposals)	93,781	136,166	177,815	77,971	126,615	97,600

Utility Overview and System Configuration

1.1.4. Utility Overview

H2000 Inc. was incorporated in September 2000. H2000 is the local distribution company in Eastern Ontario that is responsible for the distribution of electricity to the former Corporation of the Village of Alfred and the former Village of Plantagenet. Located in Eastern Ontario, the Township of Alfred and Plantagenet has a population of more than 9,680 including the former municipalities of Alfred, Plantagenet, Curran, Wendover, Treadwell, Lefaivre and Pendleton.

H2000 is incorporated under the Ontario Business Corporations Act and is 100% owned by the Township of Alfred and Plantagenet. H2000 is managed by a Board of Directors appointed by the Township of Alfred and Plantagenet. H2000 has three employees: a Manager, an Administrative Coordinator and a Client Services Representative in the office. H2000 hires Sproule Powerline Construction (SPL) to address the outside plant matters. Consequently, most of the operational and technical input comes from the contractor SPL.

H2000 is the local distribution company that is responsible for the distribution of electricity to the Village of Alfred and the village of Plantagenet. The distribution service territory has an area of nine square kilometers. The distribution service has 21 kilometers of lines comprised of 18 kilometers of overhead lines and three kilometers of underground lines.

H2000's revenue is earned by delivering electric power to the homes and businesses in the service territory. The rates charged for this, and the performance standards that the energy delivery system must meet, are regulated by the OEB.

As an embedded utility, H2000 is billed monthly by Hydro One.

The weather in Alfred and Plantagenet is characterized by cold winters with snow and cold temperatures. The township has a semi-continental climate, with a warm, humid summer and a very cold winter. Winters in the township are severe. Snow depths of greater than 1 cm are experienced about 120 days each year and freezing rain is not uncommon in the winter. Minimum average temperatures in January are about -15 degrees Celsius and in summer the maximum average temperature is about 26 degrees Celsius.

1.1.5. System Configuration

H2000 is responsible for the distribution of electricity within its nine-square-kilometer service area, which includes the villages of Alfred and Plantagenet. The distribution network consists of 21 kilometers of lines—18 kilometers of overhead and 3 kilometers of underground—operating at a primary distribution voltage of 8.32 kV. Notably, H2000 does not host any other utilities in its territory.

As an embedded utility, H2000 receives its power from Hydro One Networks Inc. (HONI) and distributes it to 725 customers in Alfred and 515 customers in Plantagenet. The distribution system in Alfred is fed by an 8.32 kV feeder and a pole-mounted feeder from HONI's 44 kV Alfred Distribution Station, located on Peat Moss Road. In Plantagenet, power is supplied via an 8.32 kV feeder from HONI's Plantagenet Distribution Station on County Road #9. Both stations are powered by feeder M26, which is connected to the Longueil Transformer Station (TS).

H2000 owns and maintains all distribution assets, including 205 transformers (189 pole-mounted and 16 pad-mounted), as well as the associated protective devices and secondary conductors that supply electricity to its customers.

To date, HONI has not identified any constraints with the feeders serving H2000. Coordination between H2000 and HONI occurs as needed, with HONI managing planned outages, switching plans, and providing a weekly update from the Ontario Grid Control Centre to inform customers of significant events affecting its transmission and distribution systems.

Table 2 - System Equipment Ratings

<i>System Component</i>	<i>Rating</i>	<i>Ampacity @ 8.32kV</i>
44kV Primary Fuses	Continuous Amps	761.5A (144A)
S&C Electric SMD-1A, 125E	Daily 8 hour peak	772.1A (146A)
Slow Speed, TCC 119-1	Emergency 8 hour peak	835.6A (158A)
44,000/8,800V Transformer	Continuous Amps	520A (98.4A)
Delta/Wye (Grnd.), 7.5 MVA (ONAN)		
Z = 5.56%		
8.32kV Secondary Switchgear	Continuous Amps	*600A
8.32kV Hydraulic Oil Circuit Reclosers	Continuous Amps	280A
Cooper Type 'L' with 280A Trips		

It should be noted that the evaluation of loading and capacity at the substation is the responsibility of Hydro One Networks Inc (HONI).

The ratings of most feeder level switches within this system were estimated as 100 or 200 Amps, based on the cable size they were connected to. Most aggregated backbone switches are solid-blade type, and their ratings were estimated at 300 Amps, based on the cable size they were connected to. These conservative values will allow us to ensure that all normal and emergency situations which may be above that level are flagged properly. Typically, winter ratings of these switches are at least 25% higher than summer ratings due to the lower ambient temperature and are rated that way within this study. It would be beneficial to confirm and add all switch and fuse ampacities to the system utility diagram at some point in the future.

1.2. Asset Management Strategy and Objectives

1.2.1. Overview

This document outlines H2000's asset management philosophy and the key elements of the process that guide its capital investment decisions. It explains how the utility's objectives and asset management goals influence the selection and prioritization of H2000's planned capital investments which are essential for repairing or replacing aging infrastructure, including conductors, insulators, lightning arrestors, and wooden poles.

1.2.2. Drivers and Influencers

This section outlines the key factors that drive and influence H2000's strategic decisions related to infrastructure investment and operational priorities. These drivers ensure that the utility remains responsive to evolving customer needs, regulatory requirements, and technological advancements, while maintaining system reliability and meeting future capacity demands. The following factors—customer demand, system reliability, municipal directives, capacity requirements, asset management obligations, infrastructure renewal, and smart metering—shape the direction of H2000's capital expenditures and long-term planning efforts. Each plays a critical role in guiding investment choices and ensuring that the utility continues to deliver reliable, efficient, and cost-effective services.

1.2.3. Strategy

H2000's DSP is designed to present a fully integrated approach to capital expenditure planning. This includes comprehensive documentation of its asset management process to support its future five-year capital expenditure plan and detailing the history of its past five years' activities.

H2000's strategic priorities are defined in its corporate goals and reflect its mission and value statements:

- To form partnerships and alliances with other local distribution companies for economies of scale and cost-sharing opportunities
- To stay current with industry, sector and regulatory changes
- To pursue new business opportunities, partnerships and best management practices in our quest to meet or exceed financial expectations of our community by cost sharing, efficiency gains, cost savings, improve reliability, superior customer service and protecting the environment
- To investigate roles and opportunities that H2000 can pursue in generation.

H2000 recognizes its responsibilities to provide its customers with reliable service that is acknowledged as excellent value for money, by ensuring that its asset management activities maintain alignment with RRFE objectives – customer focus, operational effectiveness, public policy responsiveness and financial performance.

1.2.4. Objective

H2000's asset management objectives form the high-level philosophy framework for its capital program. These objectives help to define the content of the programs and the major projects in the capital expenditure plan necessary to sustain H2000's electrical distribution system. The objectives provide guidance to make effective capital investment decisions, which inherently make the best use of, and maximize the value of the assets. The objectives identify an initial starting point and are developed, enhanced, or adjusted so that they are aligned with H2000's business environment. The qualitative asset management objectives have been integrated into H2000's Capital Investment Process to prioritize investments for five years including the bridge and test years.

Asset management objectives describe the specific and measurable outcomes required of the asset management system and are used to measure the success of the Asset Management Plan.

H2000's multi-level commitment to its stakeholders is reflected in these asset management objectives:

- to construct, maintain and operate all assets in a condition safe to staff, contractors and the public,
- to actively manage distribution assets to optimally balance system investments and reliability,
- to align asset investments with customer expectations of cost, reliability and service performance,
- to continually seek out, develop and deliver sustainable cost efficiencies relating to asset deployment, operations, and maintenance,
- to manage the pace and magnitude of asset investments over the long term, to level customer rate impacts while maintaining corporate financial stability and continuing to deliver economically reliable power to customers,
- to ensure that environmental considerations are taken into account in the design and management of the distribution system,
- to satisfy growth and loading needs by managing capacity and asset utilization, and
- to incorporate and leverage the benefits of new technology as appropriate.

The goals and objectives are used throughout H2000's asset management approach and are embedded within the asset management policy, strategies, and plan. Key tactical initiatives are included to achieve the objectives. The goals and objectives will have targets established to determine the measure of success of the asset management programs and practices. Conceptually, objectives will most likely revolve around, but not be limited to safety, reliability and cost efficiency.

1.3. Asset Management Process

The planning begins with reviewing system performance to ensure it meets management objectives. Key components of the Asset Management Process include:

- 1) Assessing asset conditions through inspections, life expectancy, fault frequency, maintenance costs, and customer impact.
- 2) Replacing assets as needed for system reliability (non-discretionary) or when it's more economical to replace than maintain (discretionary).

Data used in asset management comes from inspections, reliability info, asset condition assessments, and outage data. Internal and external factors, such as safety, customer needs, regulatory changes, and system reliability, drive decisions.

When selecting capital projects, H2000 considers safety, system reliability, rate impact, and other factors. Safety and compliance are mandatory, while other criteria are weighed based on system needs.

Capital spending is guided by identified needs, with projects reviewed for rate impacts, customer service value, and shareholder investment. A combination of bottom-up and top-down approaches informs the budget, which is approved by the H2000 Board of Directors. The capital budget is flexible, allowing for adjustments throughout the year based on changing requirements, such as storm damage or unanticipated municipal projects. Over the last four years, this process has effectively managed H2000's assets and capital expenditures.

1.3.1. Non-Discretionary vs. Discretionary Capital Projects

Non-discretionary

Non-discretionary capital projects are automatically included in the capital budget based on their need and include:

- emergency replacement of failed equipment (system renewal),
- safety-related projects (system service),
- new/enhanced customer service connections (system access),
- plant relocation projects necessitate by road construction (system access),
- mandated service obligations—regulatory, legal, or road authority (system access), and
- renewable energy projects (system access).

Discretionary

All other projects not mandated are deemed discretionary. Evaluating the absolute or relative importance of these proposed investments in distribution assets can be an intricate task. There are often competing requirements for available resources in any year. The decision to recommend an individual project in the current year is made by management and the board of directors.

H2000 uses a combined needs and risk-based approach to considering discretionary capital projects. This evaluation generally considers a range of criteria including health and safety concerns, load and customer growth projections, regulatory and environmental requirements, system reliability, life expectancy, operational efficiency, and optimal lifecycle costs.

The following criteria are used to turn subjective factors into objective evaluations for comparing discretionary capital projects:

- **Public safety:** Assesses whether the project reduces the risk of public injury. If the risk is high and unacceptable, it becomes a non-discretionary project.
- **Worker safety:** Similar to public safety, it evaluates if the project lowers the risk of injury to workers.
- **Regulatory compliance:** Considers how the project meets OEB requirements and whether it affects the utility's license or business.
- **Environmental impairment:** Evaluates the project's impact on reducing environmental risks and the costs of deferred remediation.
- **Environmental footprint:** Focuses on whether the project reduces greenhouse gases or aligns with energy efficiency and conservation goals.
- **Reliability:** Assesses how the project improves system reliability or customer service, with measurable or qualitative benefits.
- **Power quality:** Determines if the project maintains or improves power quality standards.
- **Customer satisfaction:** Evaluates how the project impacts service quality and whether it's necessary to meet regulatory service standards.
- **Customer perception:** Considers how the public views the project, though this isn't the sole deciding factor.
- **Financial:** Looks at whether the project has a positive return on investment.
- **End of Life:** Prioritizes replacing assets nearing obsolescence to avoid safety or service issues, which may become non-discretionary.
- **Maintainability:** Evaluates whether the project will make system maintenance easier or lower costs.
- **Operability:** Assesses whether the project improves system operations and flexibility or lowers operating costs.

2. OVERALL PLANNING PROCESS

In general, the condition of assets is determined to ensure that:

- they are safe for the public and for competent knowledgeable staff to work on using approved procedures,
- they are working within specifications,
- within the device current and voltage capabilities,
- with no deterioration to impair the 'normal' function of the asset, and
- are as secure as it was when initially installed properly.

Assets are generally categorized as "Overhead vs Underground". While fulfilling its asset management responsibilities, H2000 engages in the following type of maintenance programs on each category:

- **Predictive maintenance**

- Inspections address risk management by actively assessing the condition of the plant visually. Inspections are required to meet regulatory requirements and are performed on a rotation—one-third of the system each year.
- Testing addresses risk management by actively assessing condition of plant. It is more detailed and more focused than inspection and typically involves the measurement of some aspect of the asset. This is done on an interval basis determined by the rate of deterioration of the asset.

- **Preventative maintenance**

- Maintenance activities to extend the trouble-free operation of assets, making the activity economical and reliable, are performed on a cyclical basis and usually coincide with the inspection cycle.

- **Condition-based or reactive maintenance**

- Corrective action and follow-up activities are necessary when a plant malfunctions or is out of specification. Occasionally, replacement is the most cost-effective way to remedy the situation.

H2000 completes inspections as prescribed in the DSC, and in a manner and frequency that addresses public safety and cost efficiency. Predefined geographical areas are designated for inspection based on a three-year cycle.

After the inspections are completed, deficiency reports are returned, processed and converted into a form to document follow-up and ensure completion within a reasonable period.

The information is retained and available for review or verification if needed.

2.1. Overhead Assets - Predictive Maintenance

Assets must meet the requirements of the DSC, Ontario Regulation 22/04 and the relevant environmental standards such as the regulations addressing the use, storage and handling of PCBs.

The Minimum Inspection Requirements (Appendix 'C' of the OEB's DSC) details the inspection standards and cycles required within the Code.

H2000's supply area is served by an urban distribution system supplying the Town of Alfred and Plantagenet. Systematic and routine visual patrols are conducted to comply with the OEB inspection requirements (at a minimum). H2000 inspects the overhead distribution system in each inspection zone, every three year, as per DSC's 'Minimum Inspection Requirements'. The visual inspections of the major distribution facilities meet the level of detail for the patrol inspection definition in the DSC.

The overhead area uses a street map since the plant is visible when inspecting. The process identifies what to inspect, how to record deficiencies, document what needs to be corrected, and when the inspection is completed.

There are separate databases containing the information of transformers and switches with pertinent device information such as nameplate data and device characteristics, and location.

The visual patrol inspects and assesses the condition of overhead assets, including wood poles and their supports and attachments and pole-mount distribution transformers. Historically, the line patrol would only produce a Line Inspection Deficiency Report highlighting deficiencies. Today, H2000 uses a line inspection record to document the completion/date of inspection, the name of the inspector; when a defect is identified during the inspection, the equipment, location and condition details are listed. Follow-up maintenance is prioritized and scheduled, and a line advice notice is issued to a crew to correct defects.

In addition to fulfilling the requirements of the DSC, the inspections allow for deficiencies and the general condition of system components and related peripheral equipment and hardware, to be realized and documented with sufficient lead time and for subsequent analysis in support of maintenance and capital planning activities.

During the visual inspections, the conductors are inspected for obvious signs of deterioration. Concerns are noted on the inspection sheets and followed up. The condition of overhead system assets is also inspected during preventative maintenance activities, mainly as a result of vegetation management.

Inspections of pole-mounted transformers, switches and vegetation growth are also completed as part of the cyclical visual patrol of the overhead distribution system. Deficiencies related to the transformers, switches and excess vegetation are noted on the Line Inspection Record and addressed through reactive maintenance programs. Overhead fused switches or cutouts are inspected as per DSC requirements and are also inspected when they are operated manually or after they operate automatically. Damaged cutouts are replaced. Overhead transformers are inspected visually, and problems are corrected. The strategy for this asset class is to replace based on asset condition. Service connections trigger a review of transformer loading and sizing, and units are upgraded and/or replaced.

2.2. Overhead Assets - Preventative Maintenance

2.2.1. *Vegetation Management*

Vegetation management, or tree trimming, is a preventative maintenance program scheduled annually and completed each year by contractors.

H2000 collaborates with Sproule Power Line (SPL) for its tree trimming and vegetation management efforts. Each year in February, SPL performs an annual inspection to assess the condition of vegetation around power lines and infrastructure. Working within a \$5,000 budget, SPL prioritizes the areas that require the most urgent attention to ensure safety and system reliability.

If clients raise concerns about vegetation on their property, H2000 arranges for SPL to provide an estimate for addressing the vegetation, allowing clients to decide if they want to proceed with trimming or removal at their own expense. This approach balances H2000's system maintenance needs with customer preferences and responsibility for personal vegetation management.

2.2.2. *Line Patrol (3rd party)*

Line patrolling, performed by staff. It allows H2000 to identify problem areas and turn unplanned outages into shorter planned outages or eliminate the outage completely. This is reflected in both H2000 system reliability statistics and in the customer survey responses and feedback.

The service area's size and the repetitive attention to localized areas in daily activities ensure that minor issues are addressed before they escalate into larger problems. This proactive approach has yielded a multitude of information regarding system conditions that can be utilized in system planning to enable staff to proactively and predictively resolve system issues before they escalate into problems. H2000 observes that third-party contractors are averse to after-hours issue calls and endeavor to prevent unforeseen circumstances whenever possible.

2.3. Overhead Assets - Condition-based Maintenance

2.3.1. Following pole inspections and line inspections

A 3rd party contractor inspects and reports on poles requiring attention. These reports are prioritized based on safety and risk for subsequent repair actions. Repair activities are tracked, documented, and signed off upon completion in accordance with ESA regulations. The tables below present a sample of the testing conducted regularly by a third-party contractor, which is then conveyed to the General Manager of H2000 to facilitate the replacement planning.

2.3.2. Following vegetation management

As part of the regular maintenance plan for the pole line assets, H2000 schedules regular tree-trimming activities, as described below:

Vegetation and Right of Way control is required under the Minimum Inspection Requirements of the Distribution System Code and good utility practice. H2000 has a relatively heavy mature tree cover where overhead hydro lines are in proximity to trees. Tree contact with energized lines can cause the following:

- Interruption of power due to short circuit to ground or between phases.
- Damage to conductors, hardware and poles
- Danger to persons and property within the vicinity due to falling conductors, hardware, poles and trees.
- Danger of electric shock potential from electricity energizing vegetation

Care must be taken to balance the requirements of customers and stakeholders and safe and reliable operation of the distribution system.

Tree Trimming inspections have been incorporated into the other inspection programs included in this plan and additional verification will be performed by work crews in the area in which regular work is performed.

Depending on the size, shape and growth pattern of each tree species, the tree trimmers remove sufficient material from the tree to limit the possibility of contact during high wind situations. This work is carried out by H2000 contractors based on cost and availability of resources.

All debris is removed, and the site is returned to as-found condition. Any pole line damage or anomaly noticed by the tree trimming crew is reported to H2000's General Manager for remedial action.

2.4. Underground Assets - Predictive Maintenance

2.4.1. Underground Inspections

Similar to the general overhead process of inspection and condition assessment, the underground distribution system is also inspected on a cyclical basis to assess the condition of underground assets including pad-mount transformers, transformers, underground switches, transformer vaults and civil structures. The buried assets cannot be totally inspected visually like the overhead assets, but care is taken to inspect all assets that can be seen to assess their condition. The Line Inspection Record documents the inspection completion, date of inspection and the inspector. The equipment, location and condition details of defects identified are documented in the Report the defect(s). Data from inspection activities are compiled and used for reporting.

2.4.2. Underground Distribution Transformers

Inspections of pad-mount transformers occur within the visual patrol of the underground distribution system and are therefore inspected on a cycle. Approximately one-third of the transformers within H2000's distribution system are inspected on an annual basis. Enclosures are opened to allow a visual check of the condition of the plant. The Line Inspection Record is used to document deficiencies such as broken bushings, oil leaks or paint chips, and condition of the concrete base—bases with cracks or deteriorated are identified for replacement.

2.4.3. Underground System Switchgear

Inspections of pad-mounted switches occur as part of the visual patrol of the underground distribution system and on a cycle. Approximately one-third of the switches within H2000's distribution system are inspected on a regular basis. Inspection includes opening the enclosures so a visual check can be made of the condition of the plant. Deficiencies such as broken bushings, oil leaks or paint chips, among others, are noted on the Line Inspection Record.

2.4.4. Underground Cable

The underground primary cable has not failed in H2000's system. Cable terminations are inspected visually in switching units and in transformers. Unless specific issues are identified, they run to failure.

Underground secondary cable terminations are visually inspected at the transformer when the transformer inspection is carried out. Unless specific issues are identified, they run to failure.

2.5. Underground Assets - Condition-based Maintenance

H2000 uses the inspection form for items that are discovered in inspections. The inspection form identified defect is classified as needing attention immediately or in a less time critical manner. Reports are completed and recorded in the database. The work is dispatched to the appropriate crew(s) and the work is completed. Once the work is completed appropriate signoffs are made to ensure the distribution system is safe for the public and staff and that the system is restored to proper working order. The signed off reports are logged in the electronic database and the paper copy signed off is retained by year and report number.

2.6. Asset Lifecycle Optimization and Practices

H2000 owns all the distribution assets within its service area. H2000 is responsible for the management of all its distribution assets.

The asset register for field assets consists of a spreadsheet for each asset type. This allows the capture of data that is adequate for H2000 to manage its assets. Asset data was gathered and input from a multitude of sources including construction as built records and legacy records. As the asset is visited through planned inspections or maintenance, the asset data is verified or corrected. The information in the spreadsheet, such as location, asset ratings or specifics of the asset, and installation date describes the asset.

The asset register is intended to hold asset attribute information as well as historical financial information over each asset's lifecycle. Currently, the spreadsheet holds locational data, attribute data and historical non-financial information (i.e. inspection history, tests, etc.). It is the intent of H2000, over time, to continue to populate the spreadsheets with additional non-financial and historic financial data as appropriate and useful.

H2000 maintains the efficiency and reliability of its distribution system through an active inspection, maintenance and asset management program that focuses on customer service, employee safety and cost-effective maintenance, refurbishment and replacement of assets that can no longer meet acceptable utility standards.

2.7. Asset Life

H2000 has adopted depreciation rates based on the Kinectrics Asset Depreciation Study. The utility is not proposing any changes to the depreciation rates for any assets.

3. ASSETS MANAGED, MAINTENANCE AND PLANNING PROCESS

3.1. Transformers

H2000 has 15 single phase and 1 three phases *Utility owned Pad-Mounted Transformers*.

Table 3 - Pad Mounted Transformer Data

Manufactured	1 Phase Pad Mount Quantity of active transformer
2019-2024	
2014-2018	
2009-2013	0
2004-2008	2
1999-2003	
1994-1998	0
1989-1993	9
1984-1988	0

H2000 has 138 single-phase Pole-Mounted Transformers and 51 three-phase Pole-Mounted

Table 4 - Pole Mounted Transformer Data

Manufactured	1 Phase Pole Mount Quantity of active transformer
2019-2024	41
2014-2018	6
2009-2013	2
2004-2008	2
1999-2003	5
1994-1998	3
1989-1993	8
1984-1988	7
1979-1983	23
1974-1978	19
1969-1973	15
1964-1968	6
older	1

3.1.1. Transformers Maintenance:

The inspection of transformers includes:

Pole Mounted:

- Paint condition and corrosion
- Leaking oil
- Flashed or cracked insulators.
- Contamination/discoloration of bushings
- Ground lead attachments
- Damaged disconnect switches or lightning arresters.
- Ground wire on arresters unattached

Pad Mounted:

- Paint condition and corrosion
- Placement on pad or vault
- Leaking oil
- Lid Damage, missing bolts, cabinet damage
- Cable connections
- Ground connections

H2000 performs maintenance on any transformers which are identified by either visual or infrared inspection as needing work. This work may include replacement of connections if found to be hot, painting or replacement of unit if leaking.

3.1.1. Transformers Maintenance with BCP:

Under PCB Regulations SOR (2008-273) Current transformers, potential transformers, circuit breakers, reclosers and bushings that are located at an electrical generation, transmission or distribution facility containing PCBs in a concentration of 500 mg/kg or more and was in use on September 5, 2008, has end-of-use deadline of December 31, 2025.

H2000 has tested all transformers older than 1984 and identified potential PCB hazard. At this time, H2000 has no more transformer on its territory with PCB greater than 500 mg/kg. H2000 is proceeding to replace all transformers on priority of PCB presence although <500 mg/kg.

3.2. Conductor

Line patrols are conducted annually in accordance with the H2000 Procedures. The line patrols include a visual inspection of the following:

Conductors and Cables

- Broken/frayed conductors or tie wires
- Exposed broken ground conductors
- Broken strands, bird caging, and excessive or inadequate sag

Hardware and Attachments

- missing or damaged hardware
- damaged Insulators
- Conductor unattached from insulators
- Ground wire broken or removed
- Ground wire guards removed or broken

General Conditions, Vegetation and Right of Way

- Leaning or broken
- Growth into line
- Accessibility
- Vines or bush growth interference
- Grade changes that could expose cable.
- Excessive vegetation on right of way

3.3. Poles

H2000 currently has approximately 709 poles across its service area. Poles regularly undergo visual inspection during periodic line patrol inspections. This condition assessment is correlated with risk parameters based on the location and use of the pole to determine which poles require replacement in a year. Also, when the pole is within five years of its financial depreciation it is tested to determine its condition. H2000 has purchased a pole testing device to have more scientific factual data on which to base its replacement decision. If a pole test indicates it is in good condition it is retested in another five years.

The charts below show the result of the date installed and the replacement due date expected.

Table – pole listing

Year Installed	# Poles	Expected Due Date	Year Installed	# Poles	Expected Due Date
1945	2	1990	1978	4	2023
1946	1	1991	1979	6	2024
1948	1	1993	1980	41	2025
1949	1	1994	1981	1	2026
1950	1	1995	1982	12	2027
1951	2	1996	1983	4	2028
1953	2	1998	1984	6	2029
1954	3	1999	1985	30	2030
1957	6	2002	1986	7	2031
1958	1	2003	1987	12	2032
1959	1	2004	1988	10	2033
1960	10	2005	1989	7	2034
1961	3	2006	1990	34	2035
1962	1	2007	1991	1	2036
1963	3	2008	1992	6	2037
1964	2	2009	1993	8	2038
1965	12	2010	1994	1	2039
1966	3	2011	1995	2	2040
1967	8	2012	1996	4	2041
1968	1	2013	1997	2	2042
1969	5	2014	1998	3	2043
1970	14	2015	1999	4	2044
1971	1	2016	2000	6	2045
1972	1	2017	2001	11	2046
1973	2	2018	2002	4	2047
1974	8	2019	2003	1	2048
1975	12	2020	2004	4	2049
1976	20	2021	2005	4	2050
1977	6	2022	2006	3	2051
2007	5	2052	2018	4	2063

2008	8	2053		2019	1	2064
2009	1	2054		2020	1	2065
2011	3	2055		2021	4	2066
2012	3	2057		2022	8	2067
2014	5	2058		2023	3	2068
2015	2	2059				

3.3.1. Poles Maintenance

Scheduled visual inspections of H2000 poles are conducted on a three-year cycle satisfying the inspection requirements of the DSC. The condition-based assessment allows H2000 to monitor and identify defects such as the integrity of the pole, concerning the condition of the pole, supports and attachments including conductor, cross arms, guys and guy guards, cable dips, etc. Defects and concerns are identified in the Line Inspection Record and detailed further through commentary on the Report.

3.3.2. Poles Planning

Poles are tested every five (5) years. H2000 uses a pole testing machine. When reports are delivered H2000 submits a service order to replace the existing pole. On average, H2000 plans on changing five to seven poles yearly based on the condition report.

3.4. Meters

H2000 owns and maintains approximately 1280 active meters on its customers' premises for the purpose of measuring energy consumption of electricity for billing purposes. Meters vary in type by customer and include meters capable of measuring kWh consumption, kW demand and kVA, as well as hourly interval data. H2000 invoices its customers monthly, on a calendar billing cycle.

Retail Metering

H2000 uses Elster-Honeywell meters across its service territory and has contractual agreements with:

- Utilismart (ODS) which involves the validation, estimation and editing (VEE) of metered data.
- UtiliSmart as the LDC's appointed Advanced Metering Infrastructure (AMI) Operator and.
- UtiliSmart for settlement services and web presentment of Wholesale, Retail, Embedded Generation interval data.

Smart Meters

All Smart metered interval data (Residential and General Service <50kW customers) is provided to the Meter Data Management and Repository (MDM/R) who process, store and manage the data. The MDM/R metered data is shared with the LDC who, with support from Utilismart, validates the interval usage and ensures completeness of data.

In 2019-2020, H2000 sampled a population of Smart Meters for accuracy in accordance with Measurement Canada requirements due to the meters approaching a seal life of 10 years. The results from the sampling were good, meaning the Smart meters were sealed for use for a further 7 years. Every year thereafter, when a meter is 10 years of age, it is test and reseal for another 7 years.

MicroFIT/FIT

MicroFIT/FIT interval metered data follows the same routine process as Smart meters, with the exception that the data is not sent to or stored in the MDM/R.

Over 50kW Meters

General Service 50-999kW (GS50-999kW) interval metered data and meter readings are transmitted by telecommunications each night. Each meter is dialed, and the data is downloaded into MV90 and shared with Utilismart.

MIST Meter

All of H2000's GS 50-4999 Meters are MIST meters as of 2021.

Meter Capital

H2000 has included the following its' 2022-2029 capital investment program:

	2024	2025	2026	2027	2028	2029
Smart Meter	\$ 7,635.68	\$ 8,810.40	\$ 8,810.40	\$ 8,810.40	\$ 8,810.40	\$ 8,810.40
Commercial SM	\$ 3,018.01	\$ 3,168.01	\$ 3,168.01	\$ 3,168.01	\$ 3,168.01	\$ 3,168.01
Gate Keepers	\$11,375.00					
	\$22,000.00	\$ 12,000.00	\$12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00

3.4.1. Meters Maintenance

All maintenance activities related to meters follow the requirements of Measurement Canada guidelines.

Honeywell is transitioning from A3 to A4 technology, introducing meters equipped with internal antennas. However, H2000 prefers meters with external antennas due to their enhanced communication capabilities, which mitigate communication issues with H2000's Gate Keepers. As a result, H2000 intends to wait until 2025 to procure the new technology featuring external antennas.

Regarding the 600V meters, which are overdue, these are essential for older three-phase services. H2000 understand that Honeywell plans to produce this type of meter by 2028.

4. PERFORMANCE MEASUREMENT FOR CONTINUOUS IMPROVEMENT

This section captures the results of H2000's annual reliability performance, whose purpose is to maintain activities and assist in establishing priorities for capital investments while mindful of its ability to meet all the customer's needs in a sustainable manner.

H2000 has a small service territory and, as such, does not have the workload to sustain a complement of staff to provide all the functions of the utility in-house. It acquires the services it needs on a contract basis. As a result, engineering studies are contracted out, as are the system construction, maintenance, emergency trouble-calls, and responses and billing. The overall management, purchasing, finance functions, and customer service are maintained in-house.

This approach works well for H2000 from a cost management and timing perspective for the physical work and the timely financial billing or project costing. Project work is contracted on a fixed price basis. Maintenance and repair work is based on unit prices negotiated in advance and authorized before the work is started except in the case of emergency work after hours. This approach also means that H2000 does not incur fixed or ongoing costs for engineering work or power system work unless work is done. The work is defined, and the costs are included. In this way, cost efficiency and work performance are kept high.

The cost of electricity is an essential matter for H2000s customers. In their 2023 Customer Survey the response to the question, "To what extent, if any, is the cost of Electrical service a strain on your household budget?" was that 86.37% of those surveyed responded with either "A great deal" or "Relatively." Hence, the cost is of importance to H2000 customers. Most of the general comments were also with respect to the cost of electricity.

This indicates that H2000's efforts in controlling its rates align with its customer's needs.

Table 5 – Service Reliability and Quality Indicators

Service Quality						
Indicator	OEB Minimum Standard	2019	2020	2021	2022	2023
1. Connection of New Services - Low Voltage (LV) *	90.0%	100	100	100	90	100
2. Connection of New Services - High Voltage (HV)	90.0%	0	0	0	0	0
3. Appointment Scheduling	65.0%	100	0	100	100	100
4. Appointments Met *	90.0%	100	0	100	100	100
5. Rescheduling a Missed Appointment	80.0%	0	0	0	0	0
6. Telephone Accessibility *	80.0%	99.74	100	99.88	93.06	97.53
7. Telephone Call Abandon Rate	80.0%	0.26	0	0.12	6.94	2.47
8. Written Responses to Enquiries	10.0%	100	100	100	100	100
9. Emergency Response Urban	90.0%	100	100	0	100	0
10. Emergency Response Rural	100.0%	0	0	0	0	0
11. Reconnection Performance Standard	85.0%	100	100	100	100	100
12. Micro-embedded Generation Facilities	90.0%	0	0	0	0	100

5. RELIABILITY INDICES

Guidance provided by the OEB in the recently published Report of the Board: Electricity Distribution System Reliability Measures and Expectations (EB-2014-0189), indicates that it would like to use the average or arithmetic mean of the previous five years (or historical period) of data to establish performance expectations for the forecast period. Specifically, the OEB referred to SAIDI and SAIFI as the two reliability indicators that would benefit from using targeted goals.

H2000 records and reports annually the following Service Reliability Indices:

$$\text{SAIDI} = \text{System Average Interruption Duration Index} = \frac{\text{Total Customer-Hours of Interruptions}}{\text{Total Customers Served}}$$

$$\text{SAIFI} = \text{System Average Interruption Frequency Index} = \frac{\text{Total Customer Interruptions}}{\text{Total Customers Served}}$$

H2000 uses the above reliability indexes to gauge the system reliability performance and maintain a tight control over their capital and maintenance spending. The Maintenance Program is primarily condition based. The maintenance component addresses statutory requirements such as inspection per the DSC, as well as prudent “testing” of the plant to help identify end of life conditions for poles.

H2000 collects a variety of statistics and analyzes the data to assess system performance and to act as inputs to its asset management program and capital prioritization processes. The data is also used as a tool to improve restoration time and drive/support policy.

H2000 records the power outage start time as the time the LDC received communication from a customer or dispatch reporting the interruption.

The OEB expects a utility to keep its hours of interruption within the range of its 5-year historical performance average.

Table 6 – Reliability Indicators

<i>System Reliability Indicators</i>	2019	2020	2021	2022	2023	AVG
<i>Total Outages</i>						
<i>SAIDI Avg. outage duration (hours)</i>	0.02	0.04	0.02	0.01	0.03	0.02
<i>SAIFI Avg. outage frequency (interruptions / customer)</i>	1.69	0.09	1.63	0.09	2.59	1.22
<i>Loss of Supply Adjusted</i>						
<i>SAIDI Avg. outage duration (hours)</i>	0.02	0.04	0.02	0.01	0.01	0.02
<i>SAIFI Avg. outage frequency (interruptions / customer)</i>	1.1	0.09	0.02	0.43	0.23	0.37
<i>Loss of Supply and Major Events Adjusted</i>						
<i>SAIDI Avg. outage duration (hours)</i>	0.02	0.04	0.02	0.01	0.03	0.02
<i>SAIFI Avg. outage frequency (interruptions / customer)</i>	1.69	0.09	1.63	0.043	2.59	1.21

Total Outages

- **SAIDI (Outage Duration):** The average outage duration is 0.02 hours (1.2 minutes). Each year stays close to this, with 2023 slightly higher at 0.03 hours.
- **SAIFI (Outage Frequency):** The average is 1.22 interruptions per customer, but 2023 saw a big increase to 2.59 interruptions, which is much higher than previous years and the average.

Loss of Supply Adjusted

- **SAIDI:** The average duration is 0.02 hours, and every year is consistent with this, including 2023.
- **SAIFI:** The average is 0.37 interruptions per customer. In 2023, the frequency dropped to 0.23, which is below average.

Loss of Supply and Major Events Adjusted

- **SAIDI:** The average duration is 0.02 hours. Each year is very close to this, showing steady performance.
- **SAIFI:** The average is 1.21 interruptions per customer, but 2023 jumps to 2.59, well above the average.

5.1.1. Cause Codes for Power Interruptions

Outages are categorized by cause codes; the number of customers affected, and the duration of a given outage are collected and reported. As H2000 continues with its capital replacement and infrastructure renewal programs, the number of outages due to equipment and vegetation has been continued to be low. H2000 believes that by continuing its steady improvements to the system, the reduced outages trend will continue.

The table below summarizes all causes of power interruptions non-adjusted experienced by H2000 customers for the period 2019 to 2023:

Table 7 - Interruptions (2019-2023)

	2019	2019	2019	2020	2020	2020
<i>Month</i>	<i># Interruption / As a result of the cause interruption</i>	<i># Of Customer Interruption</i>	<i># Customers Hours</i>	<i># Interruption / As a result of the cause interruption</i>	<i># Of Customer Interruption</i>	<i># Customers Hours</i>
<i>January</i>	3	658	2	1	1	2
<i>February</i>	1	2	3	1	8	1
<i>March</i>	1	6	3	0	0	0
<i>April</i>	5	10	7	1	1	1
<i>May</i>	1	4	6	13	25	34
<i>June</i>	1	725	4	2	4	6
<i>July</i>	1	669	2	1	1	1
<i>August</i>	0	0	0	1	13	1
<i>September</i>	0	0	0	4	59	6
<i>October</i>	0	0	0	0	0	0
<i>November</i>	1	5	3	1	2	1
<i>December</i>	0	0	0	0	0	0

Table 8 - Interruptions (2019-2023) (Cont'd)

	2021	2021	2021	2022	2022	2022	2023	2023	2023
<i>Month</i>	<i># Interruption / As a result of the cause interruption</i>	<i># Of Customer Interruption</i>	<i># Customers Hours</i>	<i># Interruption / As a result of the cause interruption</i>	<i># Of Customer Interruption</i>	<i># Customers Hours</i>	<i># Interruption / As a result of the cause interruption</i>	<i># Of Customer Interruption</i>	<i># Customers Hours</i>
<i>January</i>	2	4	12	2	24	1	1	1247	6
<i>February</i>	0	0	0	0	0	0	0	0	0
<i>March</i>	0	0	0	0	0	0	2	74	8
<i>April</i>	0	0	0	2	35	4	2	1760	12
<i>May</i>	1	1	1	2	1210	96	3	83	5
<i>June</i>	1	1	2	1	24	2	4	74	1
<i>July</i>	3	174	5	0	0	0	3	35	1
<i>August</i>	1	1240	2	1	15	1	0	0	0
<i>September</i>	3	17	13	0	0	0	0	0	0
<i>October</i>	0	0	0	0	0	0	1	23	2
<i>November</i>	0	0	0	0	0	0	1	9	1
<i>December</i>	1	1240	5	2	546	6	0	0	0

Table 9 – Interruptions Cause Code (2019-2023)

	2019	2020	2021	2022	2023
	hours	hours	hours	hours	hours
Defects Equip	3	5.3	21	5.5	7
loss of supply	4	0	9.5	95	12
Schedule outage	11.75	44.83	9	8	5

Equipment Defects: Outages due to equipment failures fluctuated between 2019 and 2023. In 2019, the average duration of outages caused by equipment faults was 3 hours increasing to 5.3 hours in 2020, indicating a rise in equipment-related difficulties. However, 2021 saw a considerable increase in outages owing to faults, with the total number of hours reaching 21. By 2022, the figure had reduced to 5.5 hours, indicating a significant improvement. Outages caused by equipment flaws rose slightly to 7 hours in 2023, but remained significantly lower than the high in 2021, indicating better control of equipment concerns than in previous years.

Supply Loss: Outages due to loss of supplies varied significantly throughout a five-year period. In 2019, there were 4 hours of outages due to supply loss, which is a reasonable level. No outages were reported in 2020 due to supply concerns. However, by 2021, the number of supply-related disruptions had increased to 9.5 hours. The most notable change happened in May of 2022, when outages increased to 95 hours, as a result of the derecho storm. Fortunately, 2023 saw a significant improvement, with interruptions reducing back to 12 hours, indicating better supply management following the 2022 peak.

Scheduled Outage: Scheduled outages varied significantly between 2019 and 2023. Scheduled outages totaled 11.75 hours in 2019, but rose to 44.83 hours in 2020, due to additional maintenance or infrastructure upgrades. By 2021, the number of anticipated outage hours had dropped significantly to nine, indicating that the primary work may have been completed the previous year. This downward trend continued into 2022, with 8 hours of scheduled outages, and was reduced even more in 2023 to 5 hours. The results indicate a concerted effort to reduce disruption caused by scheduled maintenance over time, with steady gains over the past three years.

5.1.2. Major Events

H2000 reported a major event in 2022 for the Derecho storm which caused higher than usual outages and damage to the distribution system

6. COORDINATED PLANNING WITH THIRD PARTIES

This DSP has been prepared through a coordinated planning process with the following stakeholders:

- a) Regionally interconnected Transmitters and Distributors – Hydro One.
- b) Regional and municipal governments.
- c) Telecommunication Entities.

6.1.1. Commercial Customers

As of the latest discussions, commercial customers within the service area are not planning any immediate, significant or material modifications within the service period.

6.1.2. Residential Customers

H2000 values its customers and regularly seeks feedback to ensure that their needs are met and to receive suggestions on how H2000 can improve their overall customer experience and include

- person to person communication,
- inserts in hydro bills,
- website interaction,
- surveys.

H2000 is one of the few electric utilities that maintains a full-service customer counter, which facilitates daily interactions with consumers. To open new accounts, relocate services, pay bills, or resolve any concerns, customers may visit the office or contact H2000 via telephone, email, or fax. This direct interaction with local representatives guarantees that customer concerns are addressed with respect and urgency.

In 2020, H2000 implemented an improved, user-friendly website that was intended to be more informative and accessible. The website prioritizes strategies for energy cost reduction, conservation, and demand management. It responds to customer inquiries and concerns and offers a comprehensive overview of H2000. Customers have access to their accounts 24/7, which enables them to examine their account balances and payment histories, as well as monitor their energy consumption, which is updated nightly through smart meters. In 2024, H2000 implemented a new portal that incorporates advanced cybersecurity protocols to improve security. Silverblaze was also implemented in 2024.

In 2023, H2000 conducted an Electrical Safety Awareness Survey and a Customer Satisfaction Survey. A response rate of approximately 3% from the community was attained by H2000 in its most recent survey. H2000 acknowledges that consumers prioritize tangible outcomes over communication endeavors. Customer survey fatigue is the reason for the decreasing survey response rates, according to the utility. For that reason, H2000 reduced the number of questions from 30+ to 10 questions. The survey addressed a wide range of topics, such as the financial impact of billing, conservation efforts, service levels, and consumer satisfaction. The survey comprised questionnaires that were distinct for consumers who were either French or English speakers. The findings suggested a satisfaction rate of 94%.

6.1.3. Hydro One

H2000 is an embedded utility in HONI and receives its supply from a distribution station at Peat Moss Road in Alfred and a distribution station at County Road #9 in Plantagenet. Both DS's are fed from the feeder M26 from Longueuil TS.

H2000 distributes electricity to the Township of Alfred and Plantagenet at a primary distribution voltage of 8.32 kV. H2000 does not host any utilities.

To date there have been no constraints identified by HONI regarding any of the feeders that service and supply H2000. H2000 coordinates with the IESO and HONI. There are no new requirements requested by H2000 since their load has decreased in the past year.

H2000 does not have a SCADA system or other smart grid capability currently. They do not expect to install such devices or capability in the foreseeable future.

Operations coordination between H2000 and HONI happens when necessary. HONI identifies planned outages and switching plans. HONI also supplies a weekly Ontario Grid Control Centre update to inform customers of significant events associated with its transmission and distribution systems.

6.1.4. Municipal Government

H2000 maintains a close relationship with the Town of Alfred and Plantagenet. Discussions include planned activities that can affect budgets, and scheduling and coordination on a per project basis and during construction season.

The town is mature and stable with respect to growth and development. Residential and Commercial and Industrial growth is minimal.

6.1.5. Telecommunication Entities.

H2000 has three telecommunications entities that operate in its service territory, Bell Communications, IGS Hawkesbury and Eastlink. Furthermore, Bell has installed fiber across H2000's service territory, and to the best of H2000's knowledge, Rogers is scheduled to install Broadband following the Accelerated High Speed Internet Program. Based on the above information, H2000 has not included any capital investment expenditure for "Broadband Expansion" telecommunications entities and has no specific requests from the two telecommunications entities.

6.1.6. Integrated Regional Resource Planning

H2000 has not been part of any Regional Resource Planning group due to its small size and relation with HONI.

Comment Letter from IESO Regarding REG Investments:

H2000's REG investment plan was forwarded to the IESO. IESO's response is as follows:

"The IESO notes that H2000 is not proposing any capital investments for constraint mitigation, or for capacity upgrades to facilitate the connection of renewable energy generation. In the case where a distributor has no REG investments during the 5-year Distribution System Plan (DSP) period, no letter from the IESO is required, as the requirement is for when there are investments."

H2000 has had no capital costs related to the connection of REG projects. There have been only five micro-FIT projects for a total of 48.39kW of solar generation connected.

7. CAPITAL EXPENDITURE PLAN

7.1. Comparison of Planned Expenditures versus Historical

The charts below illustrate how much H2000 spent (Actuals) on System Access over the historic period of 2020-2024 compared to the LDC's forecasted Capex plan for this investment category:

System Access

Table 10 - System Access – Historic Actuals versus Planned Capex

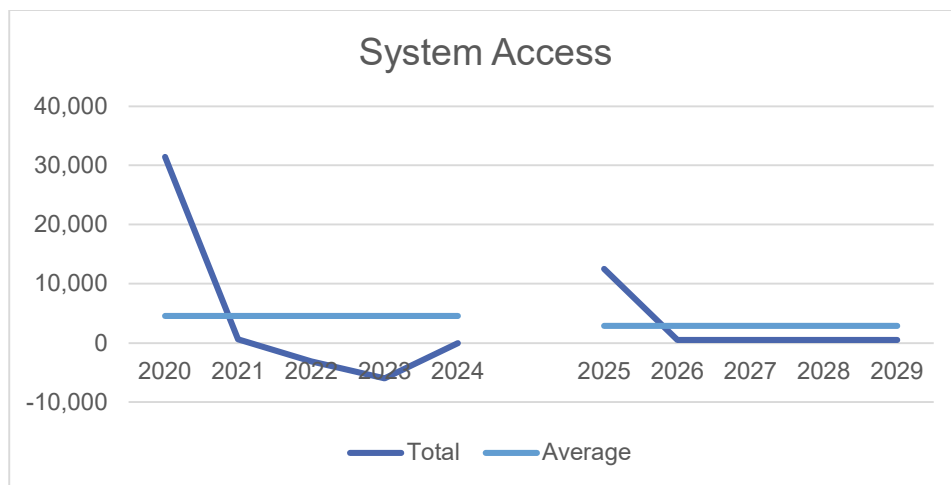


Table 11 - System Access – Historic Actuals versus Planned – Net Capex

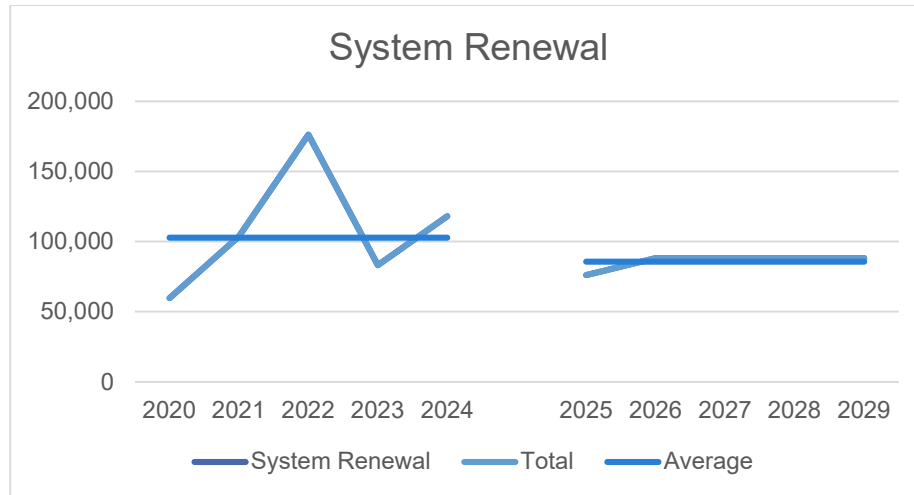
Category	2020	2021	2022	2023	2024
System Access	32,254	615	3,982	5,264	15,500
Capital Contributions	-789		-7,130	-11,237	-15,545
Total	31,465	615	-3,148	-5,973	-45
Average	4,583				

Category	2025	2026	2027	2028	2029
System Access	17,500	5,500	5,500	5,500	5,500
Capital Contributions	-5,000	-5,000	-5,000	-5,000	-5,000
Total	12,500	500	500	500	500
Average	2,900				

System Renewal

The chart below illustrates how much H2000 spent (Actuals) on System Renewal over the historic period of 2020-2024 compared to the LDC's forecasted Capex plan for this investment category:

Table 12 - System Renewal – Historic Actuals versus Planned Capex



The table below illustrates H2000's Net Capital Expenditures, both historically and for the proposed planning period. As per previous years,

Table 13 - System Renewal – Historic Actuals versus Planned – Net Capex

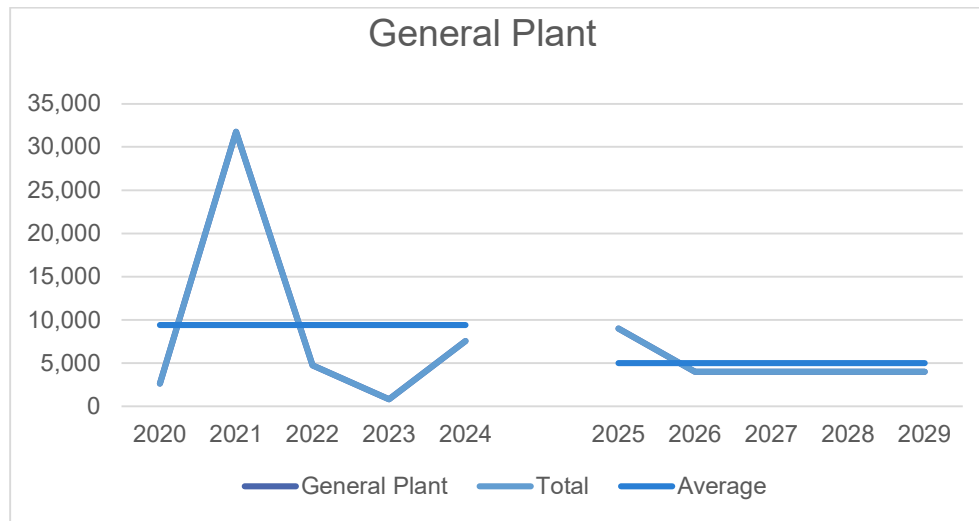
Category	2020	2021	2022	2023	2024
System Renewal	59,681	103,793	176,237	83,114	118,100
Total	59,681	103,793	176,237	83,114	118,100
Average	102,838				

Category	2025	2026	2027	2028	2029
System Renewal	76,100	88,100	88,100	88,100	88,100
Total	76,100	88,100	88,100	88,100	88,100
Average	85,700				

General Plant

The chart below illustrates how much H2000 spent (Actuals) on General Plant over the historic period of 2020-2024 compared to the LDC's forecasted Capex plan for this investment category:

Table 14 – General Plant – Historic Actuals versus Planned – Gross Capex



Except for 2021 where H2000 invested 35K in the CIS system, The remaining trend for General Plan expenditures indicates a marginal increase compared to the previous average. This upward trend is primarily attributed to the changes in economic conditions and operational requirements that emerged in the aftermath of the COVID-19 pandemic. The above chart includes capital contributions

Table 15 – General Plant – Historic Actuals versus Planned – Net Capex

Category	2020	2021	2022	2023	2024
General Plant	2,635	31,758	4,726	830	7,560
Total	2,635	31,758	4,726	830	7,560
Average	9,418				

Category	2025	2026	2027	2028	2029
General Plant	9,000	4,000	4,000	4,000	4,000
Total	9,000	4,000	4,000	4,000	4000
Average	5,000				

7.2. Capital Expenditure Summary

The table below illustrates the programs included in H2000's planned 5-year capital investment forecast as programs:

H2000's capital expenditures by OEB investment category are:

Table 16 - OEB Categorization: Capex Plan 2020 to 2025 (App 2-AB)

Category	2020	2021	2022	2023	2024	2025
System Access	32,254	615	3,982	5,264	15,500	17,500
Capital Contributions	-789		-7,130	-11,237	-15,545	-5000
<i>Planned 2020DSP</i>	<i>37290</i>	<i>5000</i>	<i>5000</i>	<i>5000</i>	<i>5000</i>	
System Renewal	59,681	103,793	176,237	83,114	118,100	76,100
<i>Planned 2020DSP</i>	<i>106798</i>	<i>100000</i>	<i>100000</i>	<i>100000</i>	<i>100000</i>	
System Service	0	0	0	0	0	
<i>Planned 2020DSP</i>						
General Plant	2,635	31,758	4,726	830	8,560	9,000
<i>Planned 2020DSP</i>	<i>350</i>	<i>5500</i>	<i>5500</i>	<i>5500</i>	<i>5500</i>	
Total Capex	93,781	136,166	177,815	77,971	126,615	97,600

Table 17 - Capex Plan 2020 to 2020 Actuals

Category	Description	Forecast (2020 DSP)	2020 Actuals	Variance
	All amounts are in \$			
System Access				
	New O/H and U/G services	\$37,290	\$32,254	-\$5,037
	Capital Contribution	-\$27,134	-\$789	\$26,346
	Category Total	\$10,156	\$31,465	\$21,309
System Renewal				
	Overhead Conductors and devices	\$14,500	\$4,000	-\$10,500
	Underground Conductors and devices	\$7,300	\$7,750	\$450
	Line Transformers	\$42,900	\$13,532	-\$29,368
	Poles & Fixtures	\$25,000	\$23,966	-\$1,034
	U/G conduit		\$0	\$0
	Meters	\$17,098	\$10,433	-\$6,665
	Category Total	\$106,798	\$59,681	-\$47,117
System Service				
	Close loops on u/g radial feeds	\$0	\$0	\$0
	Category Total	\$0	\$0	\$0
General Plant				
	Leasehold Improvement - Alarm System	\$500	\$0	-\$500
	Office Furniture and Equipment	\$500	\$0	-\$500
	Computer Equipment	\$2,500	\$0	-\$2,500
	Software	\$0	\$2,635	\$2,635
	Category Total	\$3,500	\$2,635	-\$865
	Total Capital	\$120,454	\$93,781	-\$26,673

Table 18 - Capex Plan 2021 to 2021 Actuals

Category	Description	Forecast (2020 DSP)	2021 Actuals	Variance
	All amounts are in \$			
System Access				
	New O/H and U/G services	\$5,000	\$615	-\$4,385
	Capital Contribution	-\$27,134	\$0	\$27,134
	Category Total	\$5,000	\$615	\$22,749
System Renewal				
	Overhead Conductors and devices	\$10,500	\$0	-\$10,500
	Underground Conductors and devices	\$3,300	\$3,900	\$600
	Line Transformers	\$47,900	\$79,274	\$31,374
	Poles & Fixtures	\$25,000	\$22,502	-\$2,499
	U/G conduit	\$0	\$0	\$0
	Meters	\$13,300	-\$1,883	-\$15,183
	Category Total	\$100,000	\$103,793	\$3,793
System Service				
		\$0	\$0	\$0
	Category Total	\$0	\$0	\$0
General Plant				
	Leasehold Improvement - Alarm System	\$500	\$0	-\$500
	Office Furniture and Equipment	\$500	\$210	-\$290
	Software	\$2,500	\$31,548	\$29,048
	Software	\$2,000	\$0	-\$2,000
	Category Total	\$5,500	\$31,758	\$26,258
	Total Capital	\$110,500	\$136,166	\$52,800

Table 19 - Capex Plan 2022 to 2022 Actuals

Category	Description	Forecast (2020 DSP)	2021 Actuals	Variance
	All amounts are in \$			
System Access				
	New O/H and U/G services	\$5,000	\$3,982	-\$1,018
			\$0	\$0
	Category Total	\$5,000	\$3,982	-\$1,018
System Renewal				
	Overhead Conductors and devices	\$10,500	\$0	-\$10,500
	Underground Conductors and devices	\$3,300	\$0	-\$3,300
	Line Transformers	\$47,900	\$95,124	\$47,224
	Poles & Fixtures	\$25,000	\$83,780	\$58,780
	U/G conduit	\$0	\$0	\$0
	Meters	\$13,300	-\$2,667	-\$15,967
	Capital Contribution	-\$27,134	-\$7,130	\$20,004
	Category Total	\$100,000	\$169,107	\$96,241
System Service				
			\$0	\$0
	Category Total	\$0	\$0	\$0
General Plant				
	Leasehold Improvement - Alarm System	\$500	\$2,872	\$2,372
	Office Furniture and Equipment	\$500	\$349	-\$151
	Computer Equipment	\$2,500	\$1,505	-\$995
	Software	\$2,000	\$0	-\$2,000
	Category Total	\$5,500	\$4,726	-\$774
	Total Capital	\$110,500	\$187,613	\$94,449
	Capital Contribution		-\$7,130	
	Disposal		-\$2,667	
	Total		\$177,816	

Table 20 - Capex Plan 2023 Planned to 2023 Actuals

Category	Description	Forecast (2020 DSP)	2021 Actuals	Variance
	All amounts are in \$			
System Access				
	New O/H and U/G services	\$5,000	\$5,264	\$264
	Category Total	\$5,000	\$5,264	\$264
System Renewal				
	Overhead Conductors and devices	\$10,500	\$0	-\$10,500
	Underground Conductors and devices	\$3,300	\$4,496	\$1,196
	Line Transformers	\$47,900	\$19,090	-\$28,811
	Poles & Fixtures	\$25,000	\$56,203	\$31,203
	U/G conduit	\$0	\$0	\$0
	Meters	\$13,300	\$3,326	-\$9,974
	Capital Contribution	-\$27,134	-\$11,237	\$15,897
	Category Total	\$100,000	\$71,877	-\$989
System Service				
			\$0	\$0
	Category Total	\$0	\$0	\$0
General Plant				
	Leasehold Improvement - Alarm System	\$500	\$0	-\$500
	Office Furniture and Equipment	\$500	\$830	\$330
	Computer Equipment	\$2,500	\$0	-\$2,500
	Software	\$2,000	\$0	-\$2,000
	Category Total	\$5,500	\$830	-\$4,670
	Total Capital	\$110,500	\$90,544	-\$5,395
	Capital Contribution		-\$11,237	
	Disposal		-\$1,336	
	Total		\$77,971	

Table 21 - Capex 2024 Projections

Category	Description	2024 Planned
	All amounts are in \$	
System Access		
	New O/H and U/G services	\$5,500
	Meters	\$10,000
	Capital Contribution	-\$15,545
	Category Total	-\$45
System Renewal		
	Overhead Conductors and devices	\$10,500
	Underground Conductors and devices	\$4,600
	Line Transformers	\$36,000
	Poles & Fixtures	\$55,000
	U/G conduit	\$0
	Communicator	\$12,000
	Category Total	\$118,100
System Service		
		\$0
	Category Total	\$0
General Plant		
	Leasehold Improvement - Alarm System	\$500
	Office Furniture and Equipment	\$500
	Computer Equipment	\$2,500
	Software	\$5,060
	Category Total	\$8,560
	Total Capital	\$142,160
	Capital Contribution	-\$15,545
	Total	\$126,615

System Access

The estimated total cost for connecting a new customer is approximately \$5,500.00. The cost of connecting a new customer includes labor involved for linemen, the price of the initial 30 meters of wire, and the cost of essential electrical accessories.

The cost of meters for new residential accounts and replacements has risen to approximately \$8,600.00, largely due to price increases and delivery issues. Most of the bulk of these meters were originally purchased in 2009, but recent challenges have made procurement more costly.

Similarly, meters for new commercial accounts, especially the 3-phase meters that are due for replacement, have also seen a price increase. These commercial meters now cost around \$1,400.00, with delivery delays adding further complications to the process. Both residential and commercial meter upgrades are affected by these rising costs and supply chain disruptions.

System Renewal

Pole Replacement: As part of its asset management program, poles are tested when they are within five years of their forecasted depreciation end of life. This proactive testing helps identify which poles need to be replaced, ensuring the reliability and safety of the infrastructure. For this project, \$30,000 was allocated specifically to pole testing in advance of the 2025 cost of service and Distribution System Plan (DSP), while the remaining \$25,000 is allocated to cover the actual pole replacement work. The total estimated cost for this initiative is \$55,000.00, reflecting the utility's commitment to maintaining and upgrading its assets in line with future service and planning requirements.

Porcelain line insulators are prone to developing cracks over time due to repeated stress, and H2000 has identified small cracks in some of its post insulators, although no failures have occurred to date. To ensure continued system reliability, H2000 has initiated a project to gradually replace these porcelain units. This proactive replacement strategy aims to prevent future outages that could become inevitable if no action is taken. A previous incident highlighted the risks when a crew was called out on a winter night, and an insulator broke upon contact by the lineman, creating a hazardous situation for the workers. The annual cost of this project is estimated at \$10,500.00, covering the phased replacement of the porcelain insulators to enhance system safety and reliability.

Transformers: H2000 is committed to maintaining and overhauling its pad-mounted transformers to prevent the costly replacement of these essential units. The utility targets three pad-mounted transformers for maintenance each year, allowing it to service all 16 transformers on a rotating schedule, ensuring each unit is maintained every five years. This proactive approach helps extend the lifespan of the transformers and prevent unexpected failures. However, the cost of manpower has increased considerably, contributing to the overall project cost, which is estimated at \$4,600.00 annually. This effort is crucial for ensuring the reliability of the underground electrical infrastructure.

Line Transformers: The price of line transformers has risen significantly, and lead times for delivery now extend to 48 months in most cases. As a result, H2000 has decided to scale back its transformer replacement program, focusing only on changing the minimal number of units necessary. This decision is based on the age of the transformers and the potential for PCB accumulation nearing the permissible threshold. By prioritizing the most critical replacements,

H2000 aims to manage costs and avoid further delays. The estimated cost for this program is \$36,000.00, reflecting the increased prices and longer delivery times while ensuring compliance and system reliability.

As meter communicators approach the end of their life, it's essential to upgrade them to ensure they meet current operational needs. H2000's existing meter communicators have been in service for 15 years and now require replacement to continue functioning efficiently. Upgrading these communicators will address the current technological demands and enhance the overall metering system. The estimated cost for replacing both communicators is \$12,000.00, which includes the purchase and installation of new, up-to-date equipment.

General Plant

H2000 has allocated a provision of \$500.00 for minor capital repairs to its building, ensuring that any necessary upkeep or small repairs can be addressed promptly. Additionally, a provision of \$2,500.00 has been set aside for the replacement of computer hardware to maintain efficient operations and a provision of \$500 for office furniture & equipment. On the software front, every time the Ontario Energy Board introduces innovations, there are associated costs to amend the Harris system to meet new requirements. This includes adapting to changes such as Customers' Choice options or enhancements to the Ontario Electricity Support Program. The estimated cost for these software adjustments is \$5,060.00 per upgrade.

Table 22 - 2025 Projections

Category	Description	2025 Planned
	All amounts are in \$	
System Access		
	New O/H and U/G services	\$5,500
	Capital Contribution	-5000
	Category Total	\$500
System Renewal		
	Overhead Conductors and devices	\$10,500
	Underground Conductors and devices	\$4,600
	Line Transformers	\$36,000
	Poles & Fixtures	\$25,000
	U/G conduit	\$0
	Meters	\$12,000
	Capital Contribution	\$0
	Category Total	\$88,100
System Service		
		\$0
	Category Total	\$0
General Plant		
	Leasehold Improvement - Alarm System	\$500
	Office Furniture and Equipment	\$500
	Computer Equipment	\$2,500
	Computer software	\$5,500
	Category Total	\$9,000
	Total Capital	\$102,600
	Capital Contribution	-5000
		\$97,600

System Access

The estimated total cost for connecting a new customer is approximately \$5,500.00. The cost of connecting a new customer includes labor involved for linemen, the price of the initial 30 meters of wire, and the cost of essential electrical accessories.

The cost of meters for new residential accounts and replacements has risen to approximately \$10,000, largely due to price increases and delivery issues. Most of the bulk of these meters were originally purchased in 2009, but recent challenges have made procurement more costly.

Similarly, meters for new commercial accounts, especially the 3-phase meters that are due for replacement, have also seen a price increase. These commercial meters now cost around \$2,000.00, with delivery delays adding further complications to the process. Both residential and commercial meter upgrades are affected by these rising costs and supply chain disruptions.

System Renewal

Pole Replacement: As part of H2000's asset management program, poles are tested within five years of reaching their expected end of life based on depreciation forecasts. This testing helps identify which poles require replacement due to their condition. This project covers the cost of replacing the identified poles, with an estimated budget of \$25,000.

Porcelain Line Insulators: Porcelain insulators tend to develop cracks over time due to repeated stress. H2000 has discovered small cracks in some of its post insulators, although no failures have occurred yet. To ensure system reliability and prevent future outages, the utility is starting a gradual replacement of these insulators. Failure to act could lead to outages and safety hazards. There was an instance where a crew responded to a winter night call, and when the lineman touched the insulator, it broke, creating a safety risk. This project has an annual budget of \$10,500.

Underground Conductors: H2000 regularly maintains and overhauls its padmount transformers to avoid the high costs associated with replacing them. The utility targets the maintenance of three padmount transformers per year. With a total of 16 transformers in the system, each unit receives maintenance every five years. Due to rising labor costs, the estimated budget for this work is \$4,600.

Line Transformers: The cost of line transformers has increased significantly, and delivery lead times have now stretched to as long as 48 months in many cases. As a result, H2000 is reducing its transformer replacement program to the bare minimum, focusing on older units and those at risk of accumulating polychlorinated biphenyls (PCBs) near permissible limits. The budget for this project is \$36,000.

General Plant

Building and office equipment: This is a budget provision set aside for minor capital repairs to the building and upgrading office furniture, with an allocation of \$1000.

Computer Hardware: This is a provision for replacing computer hardware, when necessary, with a budget of \$2,500.

Software: When the Ontario Energy Board introduces new innovations or requirements, there are associated costs for updating the Harris system to ensure compliance. This may include updates for features like the Customers' Choice option or enhancements to the Ontario Electricity Support Program. The budget allocated for these software updates is \$5,500.