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**
Expenses for Working Capital	**Last Board Approved**	**2020**	**2021**	**2022**
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	**Acct**	**$**
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	**Acct**	**$**
System Access:		
• Service - Overhead	1855	$615
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	**Acct**	**$**
System Access:		
• Service - Overhead	1855	$3,982
System Renewal:		
• Line Transformers	1820	$95,124
• Poles & Fixtures	1830	$83,780
• Meters	1860	-$2,667

Major capital cost drivers: 2023	**Acct**	**$**
System Access:		
• Service - Overhead	1855	$5,264
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	**Acct**	**$**
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	**Acct**	**$**
System Access:		
• 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/Kinetrics-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 [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
	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 [6]							RRR	-$370,235	
		Total						**$42,728**		-$33,124	
										$33,123	* 2440 Amort.

Table 5 – 2021 Continuity schedule

Year 2021

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
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	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	2055	WIP	$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	$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$0				$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 applicable[6]							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 [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
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
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	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
		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	$0
		Less Other Non Rate-Regulated Utility Assets (input as negative)		$0	$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[6]							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 [3]	Cost					Accumulated Depreciation				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance		Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
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	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
0	2055	WIP	$0	$0		$0		$0	$0		$0	$0
		Sub-Total	**$1,373,100**	**$79,307**	**-$1,336**	**$1,451,070**	**$0**	**$426,444**	**$53,707**	**-$1,296**	**$478,854**	$972,216
		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**
		Total PP&E	**$1,373,100**	**$79,307**	**-$1,336**	**$1,451,070**	**$0**	**$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 applicable[6]								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				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
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
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	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[6]									
		Total						$57,560			

Table 9 – 2025 Continuity schedule

Year 2025

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [5]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [5]	Additions	Disposals [6]	Closing Balance	
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 applicable[6]									
		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 (2-BB)

Asset Details		Useful Life			USoA Account Number	USoA Account Description	Proposed		Outside Range of Min, Max TUL?		
Category| Component | Type		MIN UL	TUL	MAX UL			Years	Rate	Below Min TUL	Above Max TUL	
Fully Dressed Wood Poles	Overall	35	45	75	1830	Poles, Towers and Fixtures	40	3%	No	No	Proposed should be 45 years
OH Conductors		50	60	75	1835	Overhead Conductors & Devices	60	2%	No	No	Ok
OH Transformers & Voltage Regulators		30	40	60	1850	Line Transformers	40	3%	No	No	Ok
Power Transformers	Overall	30	45	60	1850	Line Transformers	40	3%	No	No	Ok
Primary TR XLPE Cables Direct Buried		25	30	35	1845	Underground Conductors & Devices	40	3%	No	Yes	Proposed should be 30 years
Secondary Cables Direct Buried		25	35	40	1855	Services	60	2%	No	Yes	Proposed should be 30 years
Secondary Cables in Duct		35	40	60	1855	Services	60	2%	No	No	Not used
Pad-Mounted Transformers		25	40	45	1850	Line Transformers	40	3%	No	No	Ok

Asset Details		Useful Life Range			USoA Account Number	USoA Account Description	Proposed		Outside Range of Min, Max TUL?		
Category| Component | Type							Years	Rate	Below Min Range	Above Max Range	
Office Equipment		5	15		1915	Office Furniture & Equipment	10	10%	No	No	Ok
Computer Equipment	Hardware	3	5		1920	Computer Equipment - Hardware	5	20%	No	No	Ok
	Software	2	5		1925	Computer Equipment - Software	5	20%	No	No	Ok
Residential Energy Meters		25	35		1860	Meters	15	7%	Yes	No	Ok
Repeaters - Smart Metering		10	15		1915	Office Furniture & Equipment	5	20%	Yes	No	Proposed should be 10 years

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

Year 2020

		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)	$ 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

		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)	$ 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

		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)	$ 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

		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)	$ 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

		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)	$ 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**	$ 3,221	**$ 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				
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	-5,000	-5,000	-5,000	-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	12,000	12,000	12,000	12,000
Communication					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 constrant 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

Transmission -Network	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
Transmission - Connection	**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

Wholesale Market Service	**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)

RRRP	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)

Smart Meter Entity Charge	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 2025volumes 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	
	Service Points				Description	
Input Name Of Service Point	3 Plantagenet HEC F3			Input LV Billed Components From Host	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	
			2023 KW	**Current Rates (2024)**		
Month	**Description**	**Service Point**	**Kw**	**Rate**	**# 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)	(Bridge)	(Test Year)			
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.

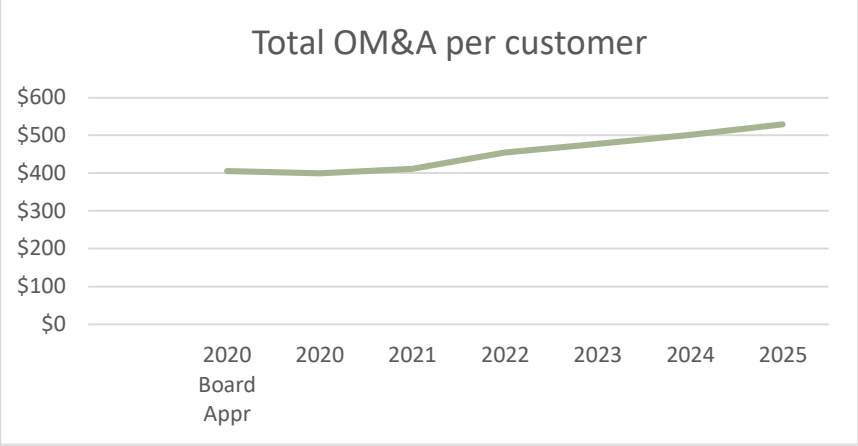
Based on the Benchmarking model, H2000 anticipates that its costs will be 25.49% lower than the initial prediction. H2000's exceptional cost efficiency firmly establishes it as one of the most efficient utilities in the province. H2000 is committed to finding further ways to improve efficiency while 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 confirms that it does not have any high voltage transmission or distribution assets.
H2000 confirms that there is no change from its previous application.

APPENDICES

List of Appendices

Appendix 2A	Distribution System Plan