

Table 1
Summary of Distribution OM&A Budget (\$ Million)

Description	Historic (Actual)			Bridge	Test	
	2006	2007	2008	2009	2010	2011
Sustaining	250.8	272.6	284.5	296.4	318.5	340.5
Development	4.2	8.0	8.0	14.5	21.7	21.9
Operations	14.9	12.6	12.4	12.5	16.7	17.6
Customer Care	103.7	97.1	99.3	106.7	106.3	102.4
Shared Services and Other OM&A	21.2	91.8	62.9	92.4	92.1	88.1
Taxes Other Than Income Tax	4.5	4.2	4.3	4.6	4.7	4.8
TOTAL	399.3	486.4	471.3	527.1	560.0	575.2

Total OM&A expenditures for 2010 are increasing by \$32.9 million or 6.2% over the projected 2009 bridge year expenditures. Total OM&A expenditures in 2011 increase by \$15.2 million or 2.7% over 2010.

Contributing to the increase in OM&A expenditures is a growth in sustainment expenditures driven primarily by increased vegetation management spending to cost-effectively address reliability concerns, new expenditures to inspect and test oil-filled equipment to meet requirements set out by new PCB regulations, and increased efforts on lines maintenance to manage reliability and safety. Increases in development expenditures are primarily attributed to the work required to integrate distributed generation and an increased focus on smart grid, in response to direction provided by the *Green Energy and Green Economy Act, 2009 (GEGEA)*. Also contributing to the total increase in OM&A expenditures is an increasing shared services workload associated with supporting larger core SDO work programs, including GEGEA driven work as well as increased Cornerstone sustainment and enablement activities.

1 **2.0 SUSTAINING**

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3 The Sustaining OM&A budget represents investments required to maintain existing
4 distribution lines and stations facilities so that they will continue to function as originally
5 designed. The proposed investments are intended to manage the reliability of the system,
6 ensure customer commitments are achieved, and satisfy all legislative, regulatory,
7 environmental and safety requirements. Details of the expenditures under this program
8 are provided at Exhibit C1, Tab 2, Schedule 2.

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10 **3.0 DEVELOPMENT**

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12 The Development OM&A program consists of system voltage and loading data
13 collection, as well as system and generation connection studies to enable the analyses
14 needed for the economical, safe and reliable operation, development and expansion of the
15 distribution system. This program also ensures appropriate standards are maintained as
16 required to meet construction, legal and regulatory requirements, as well as funding
17 Research & Development that will enhance the long- and short-term effectiveness of the
18 distribution system. Details of the expenditures under this program are described in detail
19 at Exhibit C1, Tab 2, Schedule 3.

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21 **4.0 OPERATIONS**

22 The Operations OM&A program represents the annual expenditures required for the
23 Distribution Operations work carried out of Hydro One's Ontario Grid Control Centre.
24 Distribution Operations is involved with the real time monitoring and operation of the
25 distribution system, including the coordination of planned outages and the dispatch of
26 field crews in response to distribution system problems (trouble calls) received by the
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1 Customer Call Centre. Details of the expenditures under this program are filed at Exhibit
2 C1, Tab 2, Schedule 4.

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4 **5.0 CUSTOMER CARE**

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6 The Customer Care OM&A work program represents the set of work activities required
7 to provide services to customers connected to Hydro One Distribution's system and to
8 meet the service levels stipulated in the Electricity Distribution Rate Handbook. Details
9 of the expenditures under this program are filed at Exhibit C1, Tab 2, Schedule 5.

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11 **6.0 SHARED SERVICES AND OTHER OM&A**

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13 The Shared Services and other OM&A program includes the provision of Common
14 Corporate Functions and Services and Asset Management programs to support the
15 Distribution business, as well as the maintenance of existing infrastructure, including
16 business systems, facilities, and information technology. The Common Corporate
17 functions and services include the provision of financial, human resource, legal,
18 information technology and strategic planning services. Asset Management programs
19 include developing Distribution asset strategies, policies and standards; identifying,
20 planning and prioritizing specific OM&A and Capital work on the distribution
21 network; facility services; and monitoring the execution of the annual work program.
22 Other OM&A programs include the credits for overheads capitalized and the cost of
23 goods sold in support of external revenues. Details of the expenditures under this
24 program are filed at Exhibit C1, Tab 2, Schedules 6 to 10.

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1 **7.0 TAXES OTHER THAN INCOME TAXES**

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3 This OM&A cost consists of property and proxy taxes, and indemnity payments to the
4 Province. Details of the expenditures under this program are filed at Exhibit C1, Tab 2,
5 Schedule 12.