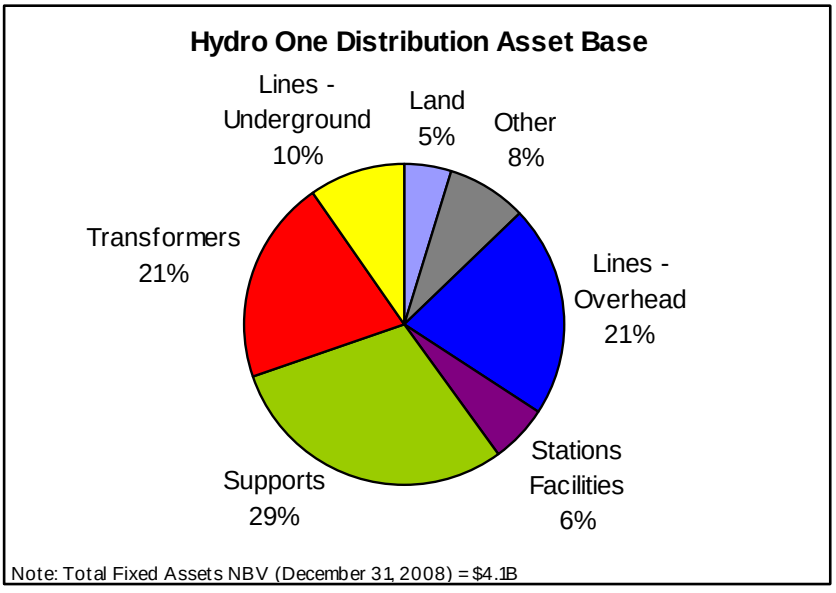
DISTRIBUTION ASSETS

1.0 INTRODUCTION

At Dec. 31, 2008, Hydro One Distribution managed $4.1 billion of distribution net fixed assets to provide the safe and reliable delivery of electricity, from transmission and generation systems, to approximately 1.2 million customers across the Province of Ontario. The assets consist of about 120,200 circuit kilometers of distribution line, 1005 distributing stations (including 77 regulating stations). The major power system components include; conductors, switches, transformers, insulators, reactors, capacitors, connecting hardware, associated protection and control equipment, foundations, grounding systems and revenue meters. The functional breakout of Hydro One Distribution's asset base is shown in Figure 1 below.

Figure 1



2.0 KEY CHARACTERISTICS OF THE DISTRIBUTION SYSTEM

Hydro One Distribution operates in a large service territory characterized by low customer densities. The distribution system has been designed and is operated to industry standards. The system is mainly radial in design, with very little redundancy in supply to customers, which is consistent with rural utilities. Due to this configuration, most component failures require immediate repair to restore service.

Almost exclusively, with the exception of voltage transformation at 88 high voltage distribution stations ("HVDSs"), Hydro One Distribution's power system assets are operated at voltages below 50kV, and all of Hydro One Distribution customers are supplied at voltages below 50 kV.

The key characteristics of Hydro One Distribution's system as of December 31, 2008 are shown in Table 1 below.

Table 1

Hydro One Distribution System Assets		
Customers	Distribution	1,193,000
	Large Users > 5 MW	47
	Embedded LDCs	32
Fixed Assets (NBV YE2008)		$4.1 Billion
Distribution Operating Centre		1
Distribution System Voltages (kV)		44 , 27.6 , 25 , 22 , 13.8 , 12.48 , 8.32, 4.16
Overhead Subtransmission Feeders		24,700 km
Overhead Primary Distribution Feeders		95,500 km
Underground Cable & Submarine Cable (included in the above kilometer figures)		6,600 km
Secondary Distribution Feeders		49,000 km
Poles (line supports)		1.7 million
Distribution Stations		928
Regulating Stations		77
Station Transformers and Regulators		1,460
Pole-mount & Pad-mount Transformers		485,000