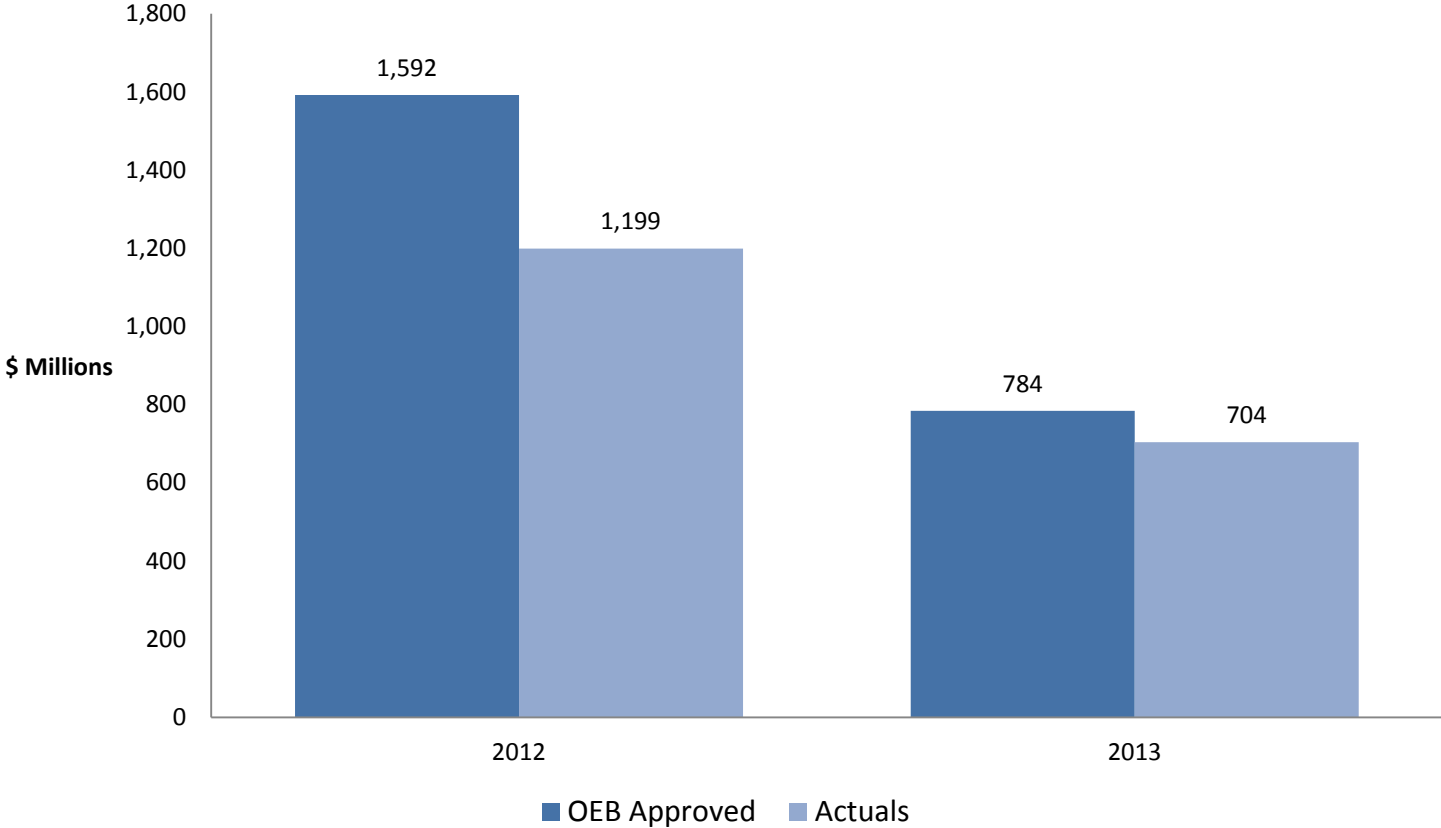


Hydro One 2015-2016 Transmission Rates

Overview of 2012-2013 ISA and 2015-2016 ISA

July 23, 2014

Transmission In-Service Additions



- 2012 Variance: -\$393M, 25%
- 2013 Variance: -\$80M, 10%

Variance Causes

- Variances are due to project timing, as opposed to total project cost.
- Typically a very small number of projects out of overall work program have issues resulting in ISA variances
- Typical factors which result in ISA variances
 - Construction delays/advances resulting in costs getting booked behind/ahead of plan
 - Increased stakeholder consultation (IESO, First Nations, etc.)
 - Land / Real-Estate Rights, difficult to predict timing
 - Outage availability
 - Unforeseen issues during construction

Substantial Changes for the 2015-16 Plan

- Improved enterprise engagement during development of plan (*project timing, outage availability*)
- Leveraging new systems and tools during development and execution of plan (*project timing, outage availability*)
- Better upfront consideration to outage planning
- Only externally-driven projects with a high degree of certainty of proceeding are included in the plan

Results:

More Realistic Completion Dates = more accurate ISA forecasts

Looking to 2015-16 ISA

- Large portion of the ISA planned for 2015-16 are projects in later stages of development → less risk around completion dates given maturity of projects
- 2015 and 2016 ISA amounts are in-line with historic actuals

**Transmission In-Service Additions
2012-13 Actuals, 2014 Brdige Forecast, 2015-16
Forecast**

