

UNDERTAKING

Undertaking

J4.2 - TO PROVIDE COMPONENTS OF CHANGE TO REVENUE REQUIREMENT FOR 2010 AND 2011, EXCLUDING ALL DIRECT COSTS ASSOCIATED WITH THE GREEN ENERGY ACT.

J4.3 - TO REPRODUCE TABLE 3 AND TABLE 5 OF EXHIBIT E1, TAB 1, SCHEDULE 1, EXCLUDING THE DIRECT GREEN ENERGY COSTS

Response

The tables 2 and 3 in Exhibit E1, Tab 1, Schedule 1 are updated below to reflect removal of the revenue requirement impact of Green Energy Plan direct OM&A and capital as follows:

(M\$)	<u>2010</u>	<u>2011</u>
OM&A	13	13
Capital	46	95

- Per Exhibit A, Tab 14, Schedule 2, Page 1, Line 20.

Table 2
Comparison of Revenue Requirements: 2008 vs. 2010 (\$ Millions)

Line No	Description	Year 2008 OEB Approved	Year 2010	Difference
1	OM&A	466	547	81
2	Depreciation	230	258	28
3	Capital Taxes	8	4	(4)
4	Income Taxes	35	13	(22)
5	Return	289	313	24
	Total Revenue Requirement	1,028	1,135	107
6	Deduct External Revenues	(42)	(48)	(6)
	Revenue Requirement less External Revenues	986	1,087	101

Table 3
Components of Change to Revenue Requirement

Previously OEB-Approved (2008) vs. Proposed (2010) Description	Amount (\$ millions)
Increase in OM&A	81
Impact of increased rate base	82
Increase in asset removal costs	10

Increased external revenue	(6)
Tax timing differences and other	(20)
Lower ROE	(9)
Impact of lower capital tax rate	(8)
Lower cost of debt	(7)
Impact of lower income tax rate	(1)
Other (includes OPEB)	(22)
Total Change	101

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Table 4
Comparison of Rates Revenue Requirements 2010 vs. 2011 (\$ Millions)

Line no.	Description	Year 2010	Year 2011	Difference
1	OM&A	547	562	15
2	Depreciation	258	288	30
3	Capital Taxes	4	0	(4)
4	Income Taxes	13	40	27
5	Return	313	354	41
	Total Revenue Requirement	1,135	1,244	109
6	Deduct External Revenues	(48)	(48)	0
	Revenue Requirement less External Revenues	1,087	1,196	109

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Table 5
Components of Change to Rates Revenue Requirement:
Proposed 2010 vs. Proposed 2011

Description	Amount (\$millions)
Impact of increased rate base	41
Tax timing differences and other	32
Higher ROE	20
Increased OM&A	15
Higher cost of debt	3
Impact of lower income tax rates	(4)
Impact of lower capital tax rates	(4)
Other	6
Total change	109

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