

UNDERTAKING

Undertaking

TO PROVIDE CALCULATION OF REVISED RETURN AND SHOW THE IMPACT
ON PILs

Response

**Calculation of Return and PILs:
Proposed 2010**

| | | |
|--|---------------------|-------------|
| | | 2010 |
| Rate Base | | 4,836 |
| Return on Debt (Rate Base x 0.6 x 5.40%) | a | 156 |
| Return on Equity (Taxable) (Rate Base x 0.4 x 9.75%) | b | 188 |
| Return | c = a + b | 344 |
| PILs calculation | | |
| Return on Equity (Taxable) | d = b | 188 |
| Plus: Depreciation & amortization | e | 259 |
| Plus: Timing/perm diff (excl. intcap/rate riders) | f | (60) |
| Less: CCA claim | g | (325) |
| Plus: Adjustment to CCA re goodwill | h | 2 |
| Schedule 1 adjustments | i = e + f + g + h | (124) |
| Taxable Income | j = d + i | 64 |
| Tax Rate | k | 31% |
| Calculated PILs (Taxable) | L = j x k | 20 |
| Gross Up of PILs | m = L / (1 - k) - L | 9 |
| Grossed Up PILs | n = L + m | 29 |
| Less: R&D ITC / Ontario education credits | o | (1) |
| PILs (Income Taxes) | p = n + o | 27 |