

**HYDRO ONE NETWORKS INC.**  
**TRANSMISSION**  
**Calculation of Revenue Requirement**  
Year Ending December 31  
(\$ Millions)

Line No.	Particulars	2011 (a)	2012 (b)
	Cost of Service		
1	Operating, maintenance & administrative	\$ 436.3	\$ 450.0
2	Depreciation & amortization	302.9	334.8
3	Income taxes	80.9	70.0
4	Cost of service excluding return (Note 1)	\$ <u>820.2</u>	\$ <u>854.8</u>
5	Return on capital (Note 2)	625.3	692.6
6	Total revenue requirement	\$ <u><u>1,445.5</u></u>	\$ <u><u>1,547.4</u></u>

Note 1: Per Exhibit C2-1-1

Note 2: Includes AFUDC on the Niagara Reinforcement Project