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Appendix A - 2011 Revenue Requirement Adjustment - Revenue Deficiency Determination

Description	Revenue Requirement Filed	Adjustments to Revenue Requirement: Opening Fixed Asset Adjustments	Depreciation - Change In Half Year Rule	Expense Indirect Overheads	Revenue At Existing Rates Adjusted	PST Adjustment	LEAP Adjustment	GEA Adjustment	Total Adjustments	Adjusted Revenue Requirement
Revenue										
Revenue Deficiency	4,042,406	(307,181)	(673,366)	(2,532,351)	(191,833)	(133,386)	76,057	(163,967)	(3,926,027)	116,379
Distribution Revenue	58,552,937	0	0	0	191,833	0	0	0	191,833	58,744,770
Other Operating Revenue (Net)	3,986,412	0	0	0	0	0	0	0	0	3,986,412
Total Revenue	66,581,755	(307,181)	(673,366)	(2,532,351)	0	(133,386)	76,057	(163,967)	(3,734,194)	62,847,561
Costs and Expenses										
Administrative & General, Billing & Collecting	14,416,233	0	0	(674,292)	0	(105,100)	75,000	0	(704,392)	13,711,841
Operation & Maintenance	10,890,495	0	0	(2,425,901)	0	0	0	0	(2,425,901)	8,464,594
Depreciation & Amortization	12,494,579	0	(500,000)	514,538	0	(9,368)	0	(51,910)	(46,740)	12,447,839
Capital Taxes	0	0	0	0	0	0	0	0	0	0
Deemed Interest	12,964,060	(126,444)	9,673	28,137	0	(12,160)	435	(56,835)	(157,195)	12,806,865
Total Costs and Expenses	50,765,367	(126,444)	(490,327)	(2,557,518)	0	(126,628)	75,435	(108,745)	(3,334,228)	47,431,139
Utility Income Before Income Taxes	15,816,388	(180,737)	(183,038)	25,168	0	(6,759)	622	(55,222)	(399,966)	15,416,422
Income Taxes:										
Corporate Income Taxes	2,520,659	(51,058)	(192,958)	(3,689)	0	5,712	176	3,068	(238,750)	2,281,908
Total Income Taxes	2,520,659	(51,058)	(192,958)	(3,689)	0	5,712	176	3,068	(238,750)	2,281,908
		0	0	0	0	0	0	0		
Utility Net Income	13,295,729	(129,679)	9,920	28,857	0	(12,471)	446	(58,289)	(161,216)	13,134,513
Capital Tax Expense Calculation:										
Total Rate Base	335,073,828	(3,268,121)	250,000	727,232	0	(314,283)	11,250	(1,468,985)	(4,062,907)	331,010,921
Exemption	0	0	0	0	0	0	0	0	0	0
Deemed Taxable Capital	335,073,828	(3,268,121)	250,000	727,232	0	(314,283)	11,250	(1,468,985)	(4,062,907)	331,010,921
Ontario Capital Tax	0	0	0	0	0	0	0	0	0	0
Income Tax Expense Calculation:										
Accounting Income	15,816,388	(180,737)	(183,038)	25,168	0	(6,759)	622	(55,222)	(399,966)	15,416,422
Tax Adjustments to Accounting Income	(6,893,703)	0	(500,000)	(38,226)	0	26,978	0	66,080	(445,167)	(7,338,870)
Taxable Income	8,922,685	(180,737)	(683,038)	(13,058)	0	20,219	622	10,858	(845,134)	8,077,551
Income Tax Expense	2,520,659	(51,058)	(192,958)	(3,689)	0	5,712	176	3,068	(238,750)	2,281,908
	28.25%	28.25%	28.25%	28.25%	0.00%	28.25%	28.25%	28.25%	0.00%	113.00%
Actual Return on Rate Base:										
Rate Base *	335,073,828	(3,268,121)	250,000	727,232	0	(314,283)	11,250	(1,468,985)	(4,062,907)	331,010,921
		0	0	0	0	0	0	0		
Interest Expense	12,964,060	(126,444)	9,673	28,137	0	(12,160)	435	(56,835)	(157,195)	12,806,865
Net Income	13,295,729	(129,679)	9,920	28,857	0	(12,471)	446	(58,289)	(161,216)	13,134,513
Total Actual Return on Rate Base	26,259,789	(256,123)	19,593	56,993	0	(24,630)	882	(115,125)	(318,411)	25,941,379
Actual Return on Rate Base	7.84%	7.84%	7.84%	7.84%	0.00%	7.84%	7.84%	7.84%	7.84%	7.84%
Required Return on Rate Base:										
Rate Base	335,073,828	(3,268,121)	250,000	727,232	0	(314,283)	11,250	(1,468,985)	(4,062,907)	331,010,921
Return Rates:										
Return on Debt (Weighted)	6.45%	6.45%	6.45%	6.45%	0.00%	6.45%	6.45%	6.45%	6.45%	6.45%
Return on Equity	9.92%	9.92%	9.92%	9.92%	0.00%	9.92%	9.92%	9.92%	9.92%	9.92%
Deemed Interest Expense	12,964,060	(126,444)	9,673	28,137	0	(12,160)	435	(56,835)	(157,195)	12,806,865
Return On Equity	13,295,729	(129,679)	9,920	28,857	0	(12,471)	446	(58,289)	(161,216)	13,134,513
Total Return	26,259,789	(256,123)	19,593	56,993	0	(24,630)	882	(115,125)	(318,411)	25,941,379
Expected Return on Rate Base	7.84%	7.84%	7.84%	7.84%	0.00%	7.84%	7.84%	7.84%	7.84%	7.84%

Tax Exhibit

Description	Revenue Requirement Filed	Opening Fixed Asset Adjustments	Depreciation - Change In Half Year Rule	Expense Indirect Overheads	Revenue At Existing Rates Adjusted	PST Adjustment	LEAP Adjustment	GEA Adjustment	Total Adjustments	Adjusted Revenue Requirement
Deemed Utility Income	13,295,729	(129,679)	9,920	28,857	0	(12,471)	446	(58,289)	(161,216)	13,134,513
Tax Adjustments to Accounting Income	(6,893,703)	0	(500,000)	(38,226)	0	26,978	0	66,080	(445,167)	(7,338,870)
Taxable Income prior to adjusting revenue to PILs	6,402,026	(129,679)	(490,080)	(9,369)	0	14,507	446	7,791	(606,383)	5,795,643
Tax Rate	28.25%	28.25%	28.25%	28.25%	0.00%	0.00%	28.25%	28.25%	141.25%	169.50%
Total PILs before gross up	1,808,572	(36,634)	(138,448)	(2,647)	0	4,098	126	2,201	(171,303)	1,637,269
Grossed up PILs	2,520,659	(51,058)	(192,958)	(3,689)	0	5,712	176	3,068	(238,750)	2,281,908

Capital Expenditures 20,984,484 … 22,681,013

*** - Revenue Requirement Adjustment For Cost of Capital Change For ROE & STD Rates per OEB Report November 15, 2010** (432,127)