Incremental Revenue Requirement Calculation

	2013		2014		2015		
Net Fixed Assets		$ 710,000		$ 260,000		$ 261,000	
OM&A	$ 75,000		$ 77,000		$ 80,000		
WCA	13.0%	$ 9,750	13.0%	$ 10,010	13.0%	$ 10,400	
Rate Base		$ 719,750		$ 270,010		$ 271,400	
Deemed ST Debt	4%	$ 28,790	4%	$ 10,800	4%	$ 10,856	
Deemed LT Debt	56%	$ 403,060	56%	$ 151,206	56%	$ 151,984	
Deemed Equity	40%	$ 287,900	40%	$ 108,004	40%	$ 108,560	
ST Interest	2.08%	$ 599	2.08%	$ 225	2.08%	$ 226	
LT Interest	5.11%	$ 20,596	5.11%	$ 7,727	5.11%	$ 7,766	
ROE	8.01%	$ 23,061	8.01%	$ 8,651	8.01%	$ 8,696	
		$ 44,256		$ 16,602		$ 16,688	
OM&A		**$ 75,000**		**$ 77,000**		**$ 80,000**	
Amortization		$ 25,278		$ 53,333		$ 58,889	
Grossed-up PILs		-$ 2,371		-$ 17,161		-$ 15,689	
Revenue Requirement		$ 142,163		$ 129,774		$ 139,887	
Direct Benefit							
OM&A		$ 75,000		$ 77,000		$ 80,000	
Capital		$ 67,163		$ 52,774		$ 59,887	
Direct Benefit % on capital		0.00%		55.25%		41.00%	
Direct Benefit on capital		$ -		$ 29,156		$ 24,552	
Total Direct Benefit		$ 75,000		$ 106,156		$ 104,552	
Total # of Customers (Residential, GS<>50)		15,165		15,165		15,165	
							3 year average
GEA Rate Adder		$ 0.4121		$ 0.5833		$ 0.5745	$ 0.5233
Provincial Rate Protection		$ 67,163		$ 23,619		$ 35,335	
Monthly Adder Amount Paid by IESO		$ 5,597		$ 1,968		$ 2,945	

For example, based on the provisionally approved methodology and allocation (i.e., dollar amounts) proposed by Hydro One as part of its 2010 and 2011 distribution rates application, those dollar amounts represent 6% for REI investments and 17% for Expansion investments. (pg 15)

PILs Calculation

	2013		2014		2015
INCOME TAX					
Net Income	$	23,061	$	8,651	$	8,696
Amortization	$	25,278	$	53,333	$	58,889
CCA	-$	55,000	-$	110,200	-$	111,664
Change in taxable income	-$	6,661	-$	48,216	-$	44,079
Tax Rate		26.25%		26.25%		26.25%
Income Taxes Payable	-$	1,749	-$	12,657	-$	11,571
ONTARIO CAPITAL TAX						
Closing Net Fixed Assets	$	247,222	$	488,889	$	725,000
Less: Exemption	$	-	$	-	$	-
Deemed Taxable Capital	$	247,222	$	488,889	$	725,000
Ontario Capital Tax Rate						
Net Amount (Taxable Capital x Rate)	$	-	$	-	$	-

Gross Up

		PILs Payable		PILs Payable		PILs Payable
Change in Income Taxes Payable	-$	1,748.63	-$	12,656.58	-$	11,570.86
Change in OCT	$	-	$	-	$	-
PIL's	-$	1,748.63	-$	12,656.58	-$	11,570.86

		Grossed Up PILs		Grossed Up PILs		Grossed Up PILs
Change in Income Taxes Payable	-$	2,371.02	-$	17,161.47	-$	15,689.30
Change in OCT	$	-	$	-	$	-
PIL's	**-$**	**2,371.02**	**-$**	**17,161.47**	**-$**	**15,689.30**

Average Net Fixed Assets

Net Fixed Assets

Reclosure		**2013**	**2014**	**2015**
Opening Capital Investment		$ -	$ 250,000	$ 500,000
Capital Investment		$ 250,000	$ 250,000	$ 250,000
Closing Capital Investment		$ 250,000	$ 500,000	$ 750,000
Opening Accumulated Amortization		$ -	$ 2,778	$ 11,111
Amortization Year One	45 years	$ 2,778	$ 2,778	$ 2,778
Amortization Thereafter		$ -	$ 5,556	$ 11,111
Closing Accumulated Amortization		$ 2,778	$ 11,111	$ 25,000
Opening Net Fixed Assets		$ -	$ 247,222	$ 488,889
Closing Net Fixed Assets		$ 247,222	$ 488,889	$ 725,000
Average Net Fixed Assets		$ 123,611	$ 368,056	$ 606,944

Net Fixed Assets

SCADA		**2013**	**2014**	**2015**
Opening Capital Investment		$ -	$ 450,000	$ 450,000
Capital Investment		$ 450,000	$ -	$ -
Closing Capital Investment		$ 450,000	$ 450,000	$ 450,000
Opening Accumulated Amortization		$ -	$ 22,500	$ 67,500
Amortization Year One	10 Years	$ 22,500	$ -	$ -
Amortization Thereafter		$ -	$ 45,000	$ 45,000
Closing Accumulated Amortization		$ 22,500	$ 67,500	$ 112,500
Opening Net Fixed Assets		$ -	$ 427,500	$ 382,500
Closing Net Fixed Assets		$ 427,500	$ 382,500	$ 337,500
Average Net Fixed Assets		$ 213,750	$ 405,000	$ 360,000

For PILs Calculation

UCC for Reclosure		2013	2014	2015
Opening UCC		$ -	$ 240,000	$ 460,800
Capital Additions		$ 250,000	$ 250,000	$ 250,000
UCC Before Half Year Rule		$ 250,000	$ 490,000	$ 710,800
Half Year Rule (1/2 Additions - Disposals)		$ 125,000	$ 125,000	$ 125,000
Reduced UCC		$ 125,000	$ 365,000	$ 585,800
CCA Rate Class	47	[redacted]		
CCA Rate	8%			
CCA		$ 10,000	$ 29,200	$ 46,864
Closing UCC		$ 240,000	$ 460,800	$ 663,936

UCC for SCADA		2013	2014	2015
Opening UCC		$ -	$ 405,000	$ 324,000
Capital Additions		$ 450,000	$ -	$ -
UCC Before Half Year Rule		$ 450,000	$ 405,000	$ 324,000
Half Year Rule (1/2 Additions - Disposals)		$ 225,000	$ -	$ -
Reduced UCC		$ 225,000	$ 405,000	$ 324,000
CCA Rate Class	8	[redacted]		
CCA Rate	20%			
CCA		$ 45,000	$ 81,000	$ 64,800
Closing UCC		$ 405,000	$ 324,000	$ 259,200

Amortization vs CCA analysis

Total Amortization	$ 25,278	$ 53,333	$ 58,889
Total CCA	$ 55,000	$ 110,200	$ 111,664
Excess CCA	-$ 29,722	-$ 56,867	-$ 52,775
Tax effect	-$ 7,802	-$ 14,928	-$ 13,853

Total Capital costs by project

Cost		2013	2014	2015
Renewable Connections Capital - Expansions		-	-	-
Renewable Connections Capital - Renewable Enabling Improvements		250,000	250,000	250,000
Feeder Automation Projects		450,000	-	-
TOTAL		**700,000**	**250,000**	**250,000**

Renewable Connections Capital - Expansions

		2013	2014	2015
Opening Capital Investment		$ -	$ -	$ -
Capital Investment		$ -	$ -	$ -
Closing Capital Investment		$ -	$ -	$ -
Opening Accumulated Amortization		$ -	$ -	$ -
Amortization Year One	47 years	$ -	$ -	$ -
Amortization Thereafter		$ -	$ -	$ -
Closing Accumulated Amortization		$ -	$ -	$ -
Opening Net Fixed Assets		$ -	$ -	$ -
Closing Net Fixed Assets		$ -	$ -	$ -
Average Net Fixed Assets		$ -	$ -	$ -

Renewable Connections Capital - Renewable Enabling Improvements

RECLOSER		2013	2014	2015
Opening Capital Investment		$ -	$ 250,000	$ 500,000
Capital Investment		$ 250,000	$ 250,000	$ 250,000
Closing Capital Investment		$ 250,000	$ 500,000	$ 750,000
Opening Accumulated Amortization		$ -	$ 2,778	$ 11,111
Amortization Year One	45 Years	$ 2,778	$ 2,778	$ 2,778
Amortization Thereafter		$ -	$ 5,556	$ 11,111
Closing Accumulated Amortization		$ 2,778	$ 11,111	$ 25,000
Opening Net Fixed Assets		$ -	$ 247,222	$ 488,889
Closing Net Fixed Assets		$ 247,222	$ 488,889	$ 725,000
Average Net Fixed Assets		$ 123,611	$ 368,056	$ 606,944

Feeder Automation Projects

SCADA		**2013**	**2014**	**2014**
Opening Capital Investment		$ -	$ 450,000	$ 450,000
Capital Investment		$ 450,000	$ -	$ -
Closing Capital Investment		$ 450,000	$ 450,000	$ 450,000
Opening Accumulated Amortization		$ -	$ 22,500	$ 67,500
Amortization Year One	10 years	$ 22,500	$ -	$ -
Amortization Thereafter		$ -	$ 45,000	$ 45,000
Closing Accumulated Amortization		$ 22,500	$ 67,500	$ 112,500
Opening Net Fixed Assets		$ -	$ 427,500	$ 382,500
Closing Net Fixed Assets		$ 427,500	$ 382,500	$ 337,500
Average Net Fixed Assets		$ 213,750	$ 405,000	$ 360,000

Average Net Fixed Assets	**Direct Benefit %**	**2012**	**2013**	**2014**
Renewable Connections Capital - Expansions	17%	$ -	$ -	$ -
Renewable Connections Capital - Renewable Enabling Improvements	6%	$ 123,611	$ 368,056	$ 606,944
Feeder Automation Projects	100%	$ -	$ 405,000	$ 360,000
		$ 123,611	$ 773,056	$ 966,944
Direct Benefit		$ 7,417	$ 427,083	$ 396,417
Weighted Average Direct Benefit %		0.00%	55.25%	41.00%

Breakdown of Costs for GEA Funding Adder

Project Description	Equipment	Capital OM&A	Component Useful Life	2013	2014	2015	2016	2017
ASR - Automated Sectionlization & Restoration	Reclososers/Switches/Fiber/Radio	Capital	45	200,000	200,000	200,000	200,000	200,000
	Programming/Installation/Commissioning	Capital	45	50,000	50,000	50,000	50,000	50,000
Support Technician	Smart Grid/Green Energy Projects	OM&A		75,000	77,250	79,600	82,000	84,460
SCADA System Phase II	Software	Capital	10	200,000	-	-	-	-
SCADA	Hardware	Capital	10	50,000	-	-	-	-
WAN/Automation (SCADA)	Hardware	Capital	10	180,000				
	Software	Capital	10	20,000				
	Total			**775,000**	**327,250**	**329,600**	**332,000**	**334,460**

Summary of capital costs

	Useful life	2013	2014	2015	2016	2017
Reclosure	45	250,000	250,000	250,000	250,000	250,000
SCADA	10	450,000	-	-	-	-
Total Capital Costs		**700,000**	**250,000**	**250,000**	**250,000**	**250,000**

GEA RATE RIDER CALCULATIONS