

COST OF CAPITAL

1.0 INTRODUCTION

The purpose of this evidence is to summarize the method and cost of financing Hydro One Distribution's capital requirements for the 2015 through 2019 test years.

2.0 CAPITAL STRUCTURE

Hydro One Distribution's deemed capital structure for rate making purposes is 60% debt and 40% common equity. This capital structure was approved by the Board as part of its April 9, 2010 Decision on Hydro One Distribution's Rate Application (EB-2009-0096). This is consistent with the report of the Board on the Cost of Capital for Ontario's Regulated Utilities dated December 11, 2009 (EB-2009-0084). The 60% debt component is comprised of 4% deemed short term debt and 56% long term debt.

3.0 RETURN ON COMMON EQUITY

Hydro One Distribution's evidence reflects a return on equity ("ROE") for each of the following test years: 9.71% for 2015, 9.96% for 2016, 10.16% for 2017, 10.21% for 2018 and 10.21% for 2019, per the Board's formulaic approach in Appendix B of the Cost of Capital Report dated December 11, 2009. The returns are based on the Long Canada Bond Forecast for 2014 using the September 2013 Consensus Forecast and for 2015 to 2019 using the October 2013 Long Term Consensus Forecast.

Hydro One assumes that the ROE for each test year will be updated in accordance with the Cost of Capital Report, upon the final decision in this case. Specifically, for 2015, the Board would determine the ROE for Hydro One Distribution based on the September

1 2014 Consensus Forecasts and Bank of Canada data which would be available in October
2 2014. Similarly, the 2016 to 2019 ROE would be updated to reflect the September
3 Consensus Forecasts and Bank of Canada data available in October of the preceding year
4 as part of the Draft Rate Order for those test years.

6 **4.0 DEEMED SHORT-TERM DEBT**

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8 The Board has determined that the deemed amount of short-term debt that should be
9 factored into rate setting be fixed at 4% of rate base. The Board has indicated in
10 Appendix D of the December 11, 2009 Cost of Capital Report that, once a year, in
11 January, Board Staff will obtain real market quotes from major banks, for issuing spreads
12 over Bankers' Acceptance (BA) rates to calculate an average spread. The short term debt
13 rate will be calculated as the average BA rates for the 3 months in advance of the
14 effective date for the rates, plus the average spread obtained as described above. Variable
15 rate debt which pays interest based on the BA rate, has been included as part of the
16 deemed short term debt amount of 4% of rate base. The deemed short-term rate is 3.19%
17 for 2015, 4.45% for 2016, 5.43% for 2017, 5.61% for 2018, and 5.80% for 2019, using
18 the June 2013 Global Insight BA rate plus the average annual BA spread as per the
19 OEB's Cost of Capital Parameters, dated February 14, 2013, for Rates Effective May 1,
20 2013. Hydro One assumes that the deemed short term debt rate for each test year will be
21 updated in accordance with the Cost of Capital Report, upon the final decision in this
22 case. Specifically, for 2015, the Board would determine the deemed short term debt rate
23 for Hydro One Distribution based on the September 2014 Bank of Canada data which
24 would be available in October 2014 plus the average spread obtained by Board Staff in
25 2014. Similarly, the 2016 to 2019 short term debt rate would be updated to reflect the
26 Bank of Canada data available in October of the preceding year plus the applicable
27 average spread obtained by Board staff as part of the Draft Rate Order for those test
28 years.

1 **5.0 LONG-TERM DEBT**

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3 The Board has determined that the deemed amount of long-term debt that should be
4 factored into rate setting be fixed at 56% of rate base. The long term debt rate is
5 calculated to be 4.91% for 2015, 4.98% for 2016, 5.04% for 2017, 5.17% for 2018 and
6 5.37% for 2019. The long term debt rate is calculated as the weighted average rate on
7 embedded debt, new debt and forecast debt planned to be issued in 2014 to 2019 as
8 discussed in Exhibit B1, Tab 2, Schedule 1. Details of Hydro One Distribution's long-
9 term debt rate calculation for the 2015 to 2019 test years are identified at Exhibit B2, Tab
10 1, Schedule 2, pages 6 to 10. A detailed discussion of Hydro One Distribution's debt and
11 forecast interest rate support is provided at Exhibit B1, Tab 2, Schedule 1.

12
13 Historical long-term debt cost information is filed at Exhibit B2, Tab 1, Schedule 2,
14 pages 1 to 5.

15
16 As discussed in this exhibit, forecast interest rates will be updated consistent with the
17 methodology used for the return on common equity and deemed short term interest rate.
18 In addition Hydro One assumes that long term debt rate will be updated to reflect and
19 take into account the actual issuances of debt since the time of original application and
20 changes in the interest rate forecast, consistent with the OEB Decision on Hydro One
21 Transmission 2013 and 2014 rate application in EB-2012-0031.

22
23 As Hydro One Distribution has a market determined cost of debt, the weighted average
24 long term debt rate is also applied to any notional debt that is required to match the actual
25 amount of long term debt to the deemed amount of long term debt consistent with the
26 Board's Decision in EB-2009-0096.

6.0 COST OF CAPITAL SUMMARY

Table 1 below summaries the return of capital for each of the test years from 2015 to 2019:

**Table 1
 2015 to 2019 Cost of Capital**

	2015			
Amount of Deemed	(\$M)	%	Cost Rate (%)	Return (\$M)
Long-term debt	3,268.1	50.5%	4.91%	160.3
Short-term debt	259.1	4.0%	3.19%	8.3
Deemed Long-Term debt	358.9	5.5%	4.91%	17.6
Common equity	2,590.8	40.0%	9.71%	251.6
Total	6,476.9	100.0%	6.76%	437.7
	2016			
Amount of Deemed	(\$M)	%	Cost Rate (%)	Return (\$M)
Long-term debt	3,427.4	50.7%	4.98%	170.8
Short-term debt	270.4	4.0%	4.45%	12.0
Deemed Long-Term debt	357.6	5.3%	4.98%	17.8
Common equity	2,703.6	40.0%	9.96%	269.3
Total	6,758.9	100.0%	6.95%	469.9
	2017			
Amount of Deemed	(\$M)	%	Cost Rate (%)	Return (\$M)
Long-term debt	3,749.4	52.8%	5.04%	189.1
Short-term debt	283.9	4.0%	5.43%	15.4
Deemed Long-Term debt	225.0	3.2%	5.04%	11.3
Common equity	2,838.9	40.0%	10.16%	288.4
Total	7,097.1	100.0%	7.10%	504.2

	2018			
Amount of Deemed	(\$M)	%	Cost Rate (%)	Return (\$M)
Long-term debt	3,967.2	52.8%	5.17%	205.2
Short-term debt	300.5	4.0%	5.61%	16.9
Deemed Long-Term debt	239.7	3.2%	5.17%	12.4
Common equity	3,005.0	40.0%	10.21%	306.8
Total	7,512.4	100.0%	7.21%	541.3
	2019			
Amount of Deemed	(\$M)	%	Cost Rate (%)	Return (\$M)
Long-term debt	4,041.3	51.0%	5.37%	217.2
Short-term debt	316.7	4.0%	5.80%	18.4
Deemed Long-Term debt	392.1	5.0%	5.37%	21.1
Common equity	3,166.7	40.0%	10.21%	323.3
Total	7,916.7	100.0%	7.33%	580.0

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2 Historical, bridge and test year debt and equity summary schedules have been provided at
3 Exhibit B2, Tab 1, Schedule 1.

COST OF LONG-TERM DEBT

1.0 HYDRO ONE DISTRIBUTION LONG-TERM DEBT

The debt portfolio for Hydro One Distribution, as set out in Exhibit B2, Tab 1, Schedule 2, is based on debt issued by Hydro One Networks Inc. to Hydro One Inc., of which the Distribution business is mapped a portion. Hydro One Networks Inc. issues debt to Hydro One Inc., reflecting debt issues by Hydro One Inc. to third party public debt investors.

Third party public debt investors hold all of the long-term debt issued by Hydro One Inc. Hydro One Inc.'s debt financing strategy takes into consideration the objectives of cost effectiveness, distributing debt maturities evenly over time, and ensuring the term of the debt portfolio is compatible with the long life of the Company's assets.

Hydro One Inc. has a Medium Term Note ("MTN") Program that provides ready access to issue debt with a term greater than one year into the Canadian debt capital markets. The standard maturity terms of five, ten and 30 years are preferred by investors and represent the main financing which Hydro One Inc. utilizes to execute its financing strategy and raise the required funds. The short form base shelf prospectus for the current \$3.0 billion MTN Program is provided in Exhibit A, Tab 14, Schedule 2.

2.0 CREDIT RATINGS

As Hydro One Inc. issues medium term notes in the Canadian public debt markets, credit ratings are a requirement. The credit ratings of Hydro One Inc.'s debt obligations by Dominion Bond Rating Service, Moody's Investors Service and Standard & Poor's Rating Services are as follows:

Table 1
Credit Ratings for Hydro One Inc.

Rating Agency	Short-term Debt	Long-term Debt
Standard & Poor's Rating Services (S&P)	A-1	A+
Dominion Bond Rating Service (DBRS)	R-1(middle)	A(high)
Moody's Investors Service (Moody's)	Prime-1	A1

The most recent rating agency reports are provided in Exhibit A, Tab 14, Schedule 1.

3.0 COST OF LONG-TERM DEBT

The long-term debt rate is calculated as the weighted average rate on embedded debt, new debt (debt issued after the last OEB approved rate application) and forecast debt planned to be issued in 2014, 2015, 2016, 2017, 2018 and 2019. The weighted average rate on long-term debt is 4.87% for 2014, 4.91% for 2015, 4.98% for 2016, 5.04% for 2017, 5.17% for 2018, and 5.37% for 2019. Details of Hydro One Distribution's long-term debt rate calculation for the 2014 bridge year and 2015 to 2019 test years are identified at Exhibit B2, Tab 1, Schedule 2, pages 5 to 10.

The amount of each Hydro One Networks Inc. debt issue that is mapped to the Distribution business is based on its most recent forecast of borrowing requirements. Borrowing requirements are driven mainly by debt retirement, capital expenditures net of internally generated funds, and the maintenance of its capital structure. For example, in October of 2013, Hydro One Inc. issued \$750 million of five-year notes with a 2.78% coupon rate, of which \$337.5 million was mapped to Hydro One Distribution, as shown on line 31 of Exhibit B2, Tab 1, Schedule 2, page 6. The interest rates of debt issues mapped to the Distribution business, as shown in Exhibit B2, Tab 1, Schedule 2, are equal to the actual interest rates on debt issued by Hydro One Networks Inc. to Hydro One Inc., and by Hydro One Inc. to third party public debt investors.

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3.1 Embedded Debt

The Board has determined in its Cost of Capital Report that for embedded debt, the rate approved in prior Board decisions shall be maintained for the life of each active instrument, unless a new rate is negotiated, in which case it will be treated as new debt. Hydro One Distribution’s embedded long-term debt, which was issued during the period from 2000 to 2010, is shown on lines 1 to 22 of Exhibit B2, Tab 1, Schedule 2, page 6. The rates on these embedded debt issues were approved by the Board as part of EB-2009-0096.

3.2 New Debt

The Board has determined in its Cost of Capital Report that the rate for new debt that is held by a third party will be the prudently negotiated contract rate. This would include recognition of premiums and discounts. The following discusses new debt issued from 2011 to 2013, which are shown on lines 23 to 31 of Exhibit B2, Tab 1, Schedule 2, page 6.

In January of 2011, Hydro One Inc. issued \$250 million of notes maturing in September 2015, of which \$100 million was mapped to Hydro One Distribution. At the time of the issue Hydro One entered into a \$250 million notional principal amount fixed to floating interest rate swap to convert this note into variable or floating rate debt paying an effective interest rate of three-month bankers’ acceptance rate plus 51 basis points. This variable rate debt has been included as part of the deemed short-term debt amount equal to 4% of rate base.

1 In January of 2011, Hydro One Inc. also issued \$50 million of four-and-a-half-year
2 floating rate notes maturing in July 2015 paying an effective interest rate of three-month
3 bankers' acceptance rate plus 48 basis points, of which \$20 million was mapped to Hydro
4 One Distribution. This variable rate debt has been included as part of the deemed short-
5 term debt amount equal to 4% of rate base.

6
7 In September of 2011, Hydro One Inc. issued \$300 million of thirty-year notes with a
8 4.39% coupon rate, of which \$75 million was mapped to Hydro One Distribution, as
9 shown on line 23 of Exhibit B2, Tab 1, Schedule 2, page 6.

10
11 In December of 2011, Hydro One Inc. issued \$100 million of forty-year notes with a
12 4.00% coupon rate, of which \$30 million was mapped to Hydro One Distribution, as
13 shown on line 24 of Exhibit B2, Tab 1, Schedule 2, page 6.

14
15 In January of 2012, Hydro One Inc. issued \$300 million of ten-year notes with a 3.20%
16 coupon rate, of which \$126 million was mapped to Hydro One Distribution, as shown on
17 line 25 of Exhibit B2, Tab 1, Schedule 2, page 6.

18
19 In May of 2012, Hydro One Inc. issued \$300 million of ten-year notes with a 3.20%
20 coupon rate, of which \$135 million was mapped to Hydro One Distribution, as shown on
21 line 26 of Exhibit B2, Tab 1, Schedule 2, page 6.

22
23 In May of 2012, Hydro One Inc. also issued \$125 million of forty-year notes with a
24 4.00% coupon rate, of which \$56.3 million was mapped to Hydro One Distribution, as
25 shown on line 27 of Exhibit B2, Tab 1, Schedule 2, page 6.

26

1 In July of 2012, Hydro One Inc. issued \$75 million of fifty-year notes with a 3.79%
2 coupon rate, of which \$22.5 million was mapped to Hydro One Distribution, as shown on
3 line 28 of Exhibit B2, Tab 1, Schedule 2, page 6.

4
5 In August of 2012, Hydro One Inc. issued \$235 million of fifty-year notes with a 3.79%
6 coupon rate, of which \$94 million was mapped to Hydro One Distribution, as shown on
7 line 29 of Exhibit B2, Tab 1, Schedule 2, page 6. The issue was a re-opening of the
8 3.79% coupon note originally issued in July 2012, bringing the total amount in that series
9 to \$310 million.

10
11 In December of 2012, Hydro One Inc. also issued \$50 million of four-year floating rate
12 notes maturing in December 2016 paying an effective interest rate of three-month
13 bankers' acceptance rate plus 45 basis points, of which \$20 million was mapped to Hydro
14 One Distribution. This variable rate debt has been included as part of the deemed short-
15 term debt amount equal to 4% of rate base.

16
17 In October of 2013, Hydro One Inc. issued \$435 million of thirty-year notes with a 4.59%
18 coupon rate, of which \$195.8 million was mapped to Hydro One Distribution, as shown
19 on line 30 of Exhibit B2, Tab 1, Schedule 2, page 6. This issue was offered on a
20 registered basis in both Canada and the United States and was listed on the New York
21 Stock Exchange.

22
23 In October of 2013, Hydro One Inc. also issued \$750 million of five-year notes with a
24 2.78% coupon rate, of which \$337.5 million was mapped to Hydro One Distribution, as
25 shown on line 31 of Exhibit B2, Tab 1, Schedule 2, page 6. This issue was also offered on
26 a registered basis in both Canada and the United States and was listed on the New York
27 Stock Exchange.

1 **3.3 Forecast Debt**

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3 Hydro One Distribution's forecast borrowing requirements are \$150.3 million for 2014,
4 \$279.9 million for 2015, \$441.6 million for 2016, \$380.4 million for 2017, \$501.6
5 million for 2018 and \$218.4 million for 2019. For 2014 to 2019 planning purposes it is
6 assumed that debt issuance will be evenly distributed over the standard five, ten and 30-
7 year terms, which are preferred by investors.

8

9 Table 2 lists the fixed rate MTN's which Hydro One Distribution plans to issue in 2014,
10 as shown in lines 32 to 34 of Exhibit B2, Tab 1, Schedule 2, page 6.

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12

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Table 2
Forecast Debt Issues for 2014

Year	Principal Amount (\$Millions)	Term (Years)	Coupon
2014	50.1	5	3.10%
	50.1	10	4.09%
	50.1	30	4.93%

14

1 Table 3 lists the fixed rate MTN's which Hydro One Distribution plans to issue in 2015 to
 2 2019, as shown on lines 26 to 43 of Exhibit B2, Tab 1, Schedule 2, page 10.

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 4
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Table 3
Forecast Debt Issues for 2015 to 2019

Year	Principal Amount (\$Millions)	Term (Years)	Coupon
2015	93.3	5	3.80%
	93.3	10	4.79%
	93.3	30	5.63%
2016	147.2	5	4.30%
	147.2	10	5.29%
	147.2	30	6.13%
2017	126.8	5	4.70%
	126.8	10	5.69%
	126.8	30	6.53%
2018	167.2	5	4.80%
	167.2	10	5.79%
	167.2	30	6.63%
2019	72.8	5	4.80%
	72.8	10	5.79%
	72.8	30	6.63%

6

1 **3.4 Interest Rates for 2014, 2015 to 2019 Forecast Debt Issues**

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3 Distribution business borrowing will be financed at market rates applicable to Hydro One
 4 Inc. Table 4 summarizes the derivation of the forecast Hydro One Inc. yield for each of
 5 the planned issuance terms for 2014 to 2019.

6

7

8

Table 4
Forecast Yield for 2014-2019 Issuance Terms

	2014			2015			2016		
	5- year	10- year	30- year	5- year	10- year	30- year	5- year	10- year	30- year
Government of Canada	2.23%	2.90%	3.40%	2.93%	3.60%	4.10%	3.43%	4.10%	4.60%
<i>Hydro One Spread</i>	0.87%	1.19%	1.53%	0.87%	1.19%	1.53%	0.87%	1.19%	1.53%
<i>Forecast Hydro One Yield</i>	3.10%	4.09%	4.93%	3.80%	4.79%	5.63%	4.30%	5.29%	6.13%

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	2017			2018			2019		
	5- year	10- year	30- year	5- year	10- year	30- year	5- year	10- year	30- year
Government of Canada	3.83%	4.50%	5.00%	3.93%	4.60%	5.10%	3.93%	4.60%	5.10%
<i>Hydro One Spread</i>	0.87%	1.19%	1.53%	0.87%	1.19%	1.53%	0.87%	1.19%	1.53%
<i>Forecast Hydro One Yield</i>	4.70%	5.69%	6.53%	4.80%	5.79%	6.63%	4.80%	5.79%	6.63%

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11 Each rate is comprised of the forecast Canada bond yield plus the Hydro One Inc. credit
 12 spread applicable to that term. The ten-year Government of Canada bond yield forecast
 13 for 2014 is based on the average of the 3 month and 12 month forecast from the
 14 September 2013 Consensus Forecast. The ten-year Government of Canada bond yield
 15 forecast for 2015 to 2019 is based on the average of the October 2013 Long Term
 16 Consensus Forecast. The five and 30-year Government of Canada bond yield forecasts
 17 are derived by adding the September, 2013 average spreads (five-year to ten-year for the
 18 five-year forecast and 30-year to ten-year for the 30-year forecast) to the ten-year

1 Government of Canada bond yield forecast. Hydro One's credit spreads over the
2 Government of Canada bonds are based on the average of indicative new issue spreads
3 for September, 2013 obtained from the Company's MTN dealer group for each planned
4 issuance term.

5

6 Hydro One assumes that forecast debt issuance interest rates for each test year will be
7 updated consistent with the ROE methodology, upon the final decision in this case. For
8 rates effective January 1, 2015, the forecast interest rate for Hydro One Transmission
9 debt issues will be based on the September 2014 Consensus Forecasts and the average of
10 indicative new issue spreads for September 2014 which will be obtained from the
11 Company's MTN dealer group for each planned issuance term. For rates effective
12 January 1, 2016 through 2019, the forecast interest rate for Hydro One Transmission debt
13 issues will be based on the September Consensus Forecasts and the average of indicative
14 new issue spreads for September of the prior year which will be obtained from the
15 Company's MTN dealer group for each planned issuance term. In addition Hydro One
16 assumes that long term debt rate will be updated to reflect and take into account the
17 actual issuances of debt since the time of original application consistent with the OEB's
18 Decision on Hydro One Transmission's 2013 and 2014 rate application in EB-2012-0031
19 and changes in the interest rate forecast.

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1 **3.5 Treasury OM&A Costs**

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3 Treasury OM&A costs are incurred to:

- 4 • execute borrowing plans and issue commercial paper and long-term debt;
- 5 • ensure compliance with securities regulations, bank and debt covenants;
- 6 • manage the company's daily liquidity position, control cash and manage the
7 company's bank accounts;
- 8 • settle all transactions and manage the relationship with creditors; and
- 9 • communicate with debt investors, banks and credit rating agencies.

10

11 Treasury OM&A costs can be found in the long term debt schedules for the bridge and
12 test years in Exhibit B2, Tab 1, Schedule 2 and are summarized in Table 5 below:

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Table 5
Forecast Treasury OM&A Costs

Year	Amount (\$Millions)	Line	Page
2014	1.0	37	5
2015	1.0	39	6
2016	1.0	42	7
2017	1.0	42	8
2018	1.1	43	9
2019	1.1	45	10

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1 **3.6 Other Financing-Related Fees**

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3 Column (e) of Exhibit B2, Tab 1, Schedule 2 ("Premium, Discount and Expenses")
4 represents the costs of issuing debt. These costs are specific to each debt issue and
5 include commissions, legal fees, debt discounts or premiums on issues or re-openings of
6 issues relative to par, and hedge gains or losses.

7
8 Other financing related fees include the Distribution allocation of Hydro One Inc.'s
9 annual credit rating agency, letter of credit, banking, custodial and trustee fees. The
10 amount of these fees can be found in the long term debt schedules for the bridge and test
11 years in Exhibit B2, Tab 1, Schedule 2 and are summarized in Table 6 below:

12
13 **Table 6**
14 **Forecast Other Financing-Related Fees**

Year	Amount (\$Millions)	Line	Page
2014	2.0	38	5
2015	1.8	40	6
2016	1.9	42	7
2017	1.9	43	8
2018	2.0	44	9
2019	2.0	46	10

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Debt and Equity Summary
Historical Years (2010, 2011, 2012, 2013) and Bridge Year (2014)
As at December 31
(\$ Millions)

Updated Line No.	Particulars	Amount Outstanding 2010	Amount Outstanding 2011	Amount Outstanding 2012	Amount Outstanding 2013	Amount Outstanding 2014
		Actual (a)	Actual (a)	Actual (b)	Projection (c)	Projection (d)
1	Long-term debt *	2,630.9	2,659.9	2,769.7	3,072.9	3,148.1
2	Short-term debt	112.0	79.0	234.5	91.7	280.8
3	Preference shares	137.0	137.0	137.0	137.0	137.0
4	Common equity	1,839.3	2,030.6	2,181.8	2,372.4	2,315.1

* Includes debt payable within one year; excludes variable rate debt, unamortized debt premiums/discount, hedging gains/losses and marks to market

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Summary of Cost of Capital
Test Years (2015, 2016, 2017, 2018, and 2019)
Utility Capital Structure
Year Ending December 31

Line No.	Particulars	2015				2016				2017				2018				2019			
		(\$M)	%	Cost Rate (%)	Return (\$M)	(\$M)	%	Cost Rate (%)	Return (\$M)	(\$M)	%	Cost Rate (%)	Return (\$M)	(\$M)	%	Cost Rate (%)	Return (\$M)	(\$M)	%	Cost Rate (%)	Return (\$M)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(e)	(f)	(g)	(h)	(e)	(f)	(g)	(h)	(e)	(f)	(g)	(h)
1	Long-term debt	3,268.1	50.5%	4.91%	160.3	3,427.4	50.7%	4.98%	170.8	3,749.4	52.8%	5.04%	189.1	3,967.2	52.8%	5.17%	205.2	4,041.3	51.0%	5.37%	217.2
2	Short-term debt	259.1	4.0%	3.19%	8.3	270.4	4.0%	4.45%	12.0	283.9	4.0%	5.43%	15.4	300.5	4.0%	5.61%	16.9	316.7	4.0%	5.80%	18.4
3	Deemed long-term debt	358.9	5.5%	4.91%	17.6	357.6	5.3%	4.98%	17.8	225.0	3.2%	5.04%	11.3	239.7	3.2%	5.17%	12.4	392.1	5.0%	5.37%	21.1
4	Total debt	3,886.1	60.0%	4.79%	186.2	4,055.3	60.0%	4.95%	200.6	4,258.3	60.0%	5.07%	215.8	4,507.4	60.0%	5.20%	234.5	4,750.0	60.0%	5.40%	256.7
5	Common equity	2,590.8	40.0%	9.71%	251.6	2,703.6	40.0%	9.96%	269.3	2,838.9	40.0%	10.16%	288.4	3,005.0	40.0%	10.21%	306.8	3,166.7	40.0%	10.21%	323.3
6	Total rate base	<u>6,476.9</u>	<u>100.0%</u>	<u>6.76%</u>	<u>437.7</u>	<u>6,758.9</u>	<u>100.0%</u>	<u>6.95%</u>	<u>469.9</u>	<u>7,097.1</u>	<u>100.0%</u>	<u>7.10%</u>	<u>504.2</u>	<u>7,512.4</u>	<u>100.0%</u>	<u>7.21%</u>	<u>541.3</u>	<u>7,916.7</u>	<u>100.0%</u>	<u>7.33%</u>	<u>580.0</u>

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Historical Year (2011)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates (m)
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/10 (\$Millions)	at 12/31/11 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.400%	1-Dec-11	76.0	(0.2)	76.2	100.28	6.36%	76.0	0.0	70.2	4.5	
3	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
4	17-Sep-02	5.770%	15-Nov-12	213.0	1.0	212.0	99.55	5.83%	213.0	213.0	213.0	12.4	
5	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
6	31-Jan-03	5.770%	15-Nov-12	111.0	(0.5)	111.5	100.48	5.70%	111.0	111.0	111.0	6.3	
7	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
8	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
9	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
10	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
11	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
12	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
13	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
14	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
15	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
16	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
17	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
18	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
19	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
20	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	160.0	160.0	8.2	
21	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	70.0	70.0	3.0	
22	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
23	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
24	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
25	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
26	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
27	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
28	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
29	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	0.0	75.0	75.0	3.3	
30	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	0.0	30.0	30.0	1.2	
31		Subtotal							2630.9	2659.9	2730.1	147.7	
32		Treasury OM&A costs										0.8	
33		Other financing-related fees										3.3	
34		Total							<u>2630.9</u>	<u>2659.9</u>	<u>2730.1</u>	<u>151.8</u>	<u>5.56%</u>

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Historical Year (2012)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (\$Dollars)		at 12/31/11 (\$Millions)	at 12/31/12 (\$Millions)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	5.770%	15-Nov-12	213.0	1.0	212.0	99.55	5.83%	212.0	0.0	179.4	10.5	
4	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
5	31-Jan-03	5.770%	15-Nov-12	111.0	(0.5)	111.5	100.48	5.70%	111.5	0.0	94.4	5.4	
6	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
7	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
8	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
9	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
10	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
11	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
12	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
13	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
14	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
15	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
16	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
17	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
18	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
19	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	160.0	160.0	8.2	
20	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	70.0	70.0	3.0	
21	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
22	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
23	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
24	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
25	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
26	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
27	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
28	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
29	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
30	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	0.0	126.0	126.0	4.1	
31	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	0.0	135.0	135.0	4.2	
32	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	0.0	56.3	56.3	2.3	
33	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	0.0	22.5	22.5	0.9	
34	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	0.0	94.0	94.0	3.6	
35		Subtotal							2659.5	2769.7	3043.5	155.4	
36		Treasury OM&A costs										0.8	
37		Other financing-related fees										3.3	
38		Total							2659.5	2769.7	3043.5	159.4	5.24%

HYDRO ONE NETWORKS INC.
 DISTRIBUTION
 Cost of Long-Term Debt Capital
 Historical Year (2013)
 Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/12 (\$Millions)	at 12/31/13 (\$Millions)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
17	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	0.0	135.4	6.9	
18	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	0.0	59.2	2.6	
19	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
20	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
21	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
22	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
23	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
24	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
25	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
26	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
27	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
28	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
29	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
30	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
31	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
32	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
33	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	0.0	195.8	45.2	2.1	
34	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	0.0	337.5	77.9	2.2	
35		Subtotal							2769.7	3072.9	2857.4	142.1	
36		Treasury OM&A costs										1.0	
37		Other financing-related fees										2.2	
38		Total							2769.7	3072.9	2857.4	145.2	5.08%

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Bridge Year (2014)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates	
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/13 (\$Millions)	at 12/31/14 (\$Millions)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1		
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4		
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4		
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7		
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0		
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0		
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6		
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6		
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5		
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2		
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4		
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3		
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3		
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9		
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9		
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9		
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4		
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0		
19	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	0.0	63.5	2.0		
20	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4		
21	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3		
22	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0		
23	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0		
24	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3		
25	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2		
26	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1		
27	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2		
28	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3		
29	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9		
30	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6		
31	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1		
32	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7		
33	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	0.0	50.1	38.5	1.9		
34	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	0.0	50.1	27.0	1.1		
35	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	0.0	50.1	15.4	0.5		
36	Subtotal									3072.9	3148.1	3142.3	150.2	
37	Treasury OM&A costs												1.0	
38	Other financing-related fees												2.0	
39	Total									3072.9	3148.1	3142.3	153.2	4.87%

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Test Year (2015)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/14 (\$Millions)	at 12/31/15 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
19	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
20	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
21	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	0.0	69.2	2.1	
22	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
23	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
24	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
25	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
26	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
27	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
28	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
29	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
30	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
31	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7	
32	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	50.1	50.1	50.1	2.5	
33	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	50.1	50.1	50.1	2.1	
34	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	50.1	50.1	50.1	1.6	
35	15-Mar-15	5.628%	15-Mar-45	93.3	0.5	92.8	99.50	5.66%	0.0	93.3	71.8	4.1	
36	15-Jun-15	4.791%	15-Jun-25	93.3	0.5	92.8	99.50	4.86%	0.0	93.3	50.2	2.4	
37	15-Sep-15	3.801%	15-Sep-20	93.3	0.5	92.8	99.50	3.91%	0.0	93.3	28.7	1.1	
38		Subtotal							3148.1	3328.1	3268.1	157.5	
39		Treasury OM&A costs										1.0	
40		Other financing-related fees										1.8	
41		Total							3148.1	3328.1	3268.1	160.3	4.91%

HYDRO ONE NETWORKS INC.
 DISTRIBUTION
 Cost of Long-Term Debt Capital
 Test Year (2016)
 Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates	
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/15 (\$Millions)	at 12/31/16 (\$Millions)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1		
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4		
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4		
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7		
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0		
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0		
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6		
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6		
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5		
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	0.0	20.8	1.0		
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4		
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	0.0	20.8	1.0		
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3		
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9		
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9		
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9		
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4		
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0		
19	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4		
20	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3		
21	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0		
22	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3		
23	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2		
24	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1		
25	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2		
26	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3		
27	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9		
28	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6		
29	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1		
30	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7		
31	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	50.1	50.1	50.1	2.5		
32	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	50.1	50.1	50.1	2.1		
33	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	50.1	50.1	50.1	1.6		
34	15-Mar-15	5.628%	15-Mar-45	93.3	0.5	92.8	99.50	5.66%	93.3	93.3	93.3	5.3		
35	15-Jun-15	4.791%	15-Jun-25	93.3	0.5	92.8	99.50	4.86%	93.3	93.3	93.3	4.5		
36	15-Sep-15	3.801%	15-Sep-20	93.3	0.5	92.8	99.50	3.91%	93.3	93.3	93.3	3.7		
37	15-Mar-16	6.128%	15-Mar-46	147.2	0.7	146.4	99.50	6.17%	0.0	147.2	113.2	7.0		
38	15-Jun-16	5.291%	15-Jun-26	147.2	0.7	146.4	99.50	5.36%	0.0	147.2	79.2	4.2		
39	15-Sep-16	4.301%	15-Sep-21	147.2	0.7	146.4	99.50	4.41%	0.0	147.2	45.3	2.0		
41	Subtotal									3328.1	3589.6	3427.4	167.9	
42	Treasury OM&A costs												1.0	
43	Other financing-related fees												1.9	
44	Total									3328.1	3589.6	3427.4	170.8	4.98%

HYDRO ONE NETWORKS INC.
 DISTRIBUTION
 Cost of Long-Term Debt Capital
 Test Year (2017)
 Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates	
						Total Amount (\$Millions)	Per \$100 Principal (\$Dollars)		at 12/31/16 (\$Millions)	at 12/31/17 (\$Millions)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1		
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4		
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4		
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7		
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0		
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0		
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6		
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6		
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5		
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4		
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3		
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9		
13	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	0.0	57.7	3.0		
14	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	0.0	92.3	4.6		
15	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4		
16	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0		
17	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4		
18	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3		
19	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0		
20	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3		
21	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2		
22	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1		
23	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2		
24	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3		
25	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9		
26	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6		
27	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1		
28	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7		
29	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	50.1	50.1	50.1	2.5		
30	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	50.1	50.1	50.1	2.1		
31	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	50.1	50.1	50.1	1.6		
32	15-Mar-15	5.628%	15-Mar-45	93.3	0.5	92.8	99.50	5.66%	93.3	93.3	93.3	5.3		
33	15-Jun-15	4.791%	15-Jun-25	93.3	0.5	92.8	99.50	4.86%	93.3	93.3	93.3	4.5		
34	15-Sep-15	3.801%	15-Sep-20	93.3	0.5	92.8	99.50	3.91%	93.3	93.3	93.3	3.7		
35	15-Mar-16	6.128%	15-Mar-46	147.2	0.7	146.4	99.50	6.17%	147.2	147.2	147.2	9.1		
36	15-Jun-16	5.291%	15-Jun-26	147.2	0.7	146.4	99.50	5.36%	147.2	147.2	147.2	7.9		
37	15-Sep-16	4.301%	15-Sep-21	147.2	0.7	146.4	99.50	4.41%	147.2	147.2	147.2	6.5		
38	15-Mar-17	6.528%	15-Mar-47	126.8	0.6	126.2	99.50	6.57%	0.0	126.8	97.5	6.4		
39	15-Jun-17	5.691%	15-Jun-27	126.8	0.6	126.2	99.50	5.76%	0.0	126.8	68.3	3.9		
40	15-Sep-17	4.701%	15-Sep-22	126.8	0.6	126.2	99.50	4.81%	0.0	126.8	39.0	1.9		
41	Subtotal									3589.6	3775.0	3749.4	186.1	
42	Treasury OM&A costs												1.0	
43	Other financing-related fees												1.9	
44	Total									3589.6	3775.0	3749.4	189.1	5.04%

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Test Year (2018)
Year ending December 31

Filed: 2013-12-19
EB-2013-0416
Exhibit B2
Tab 1
Schedule 2
Page 9 of 10

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates (m)	
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/17 (\$Millions)	at 12/31/18 (\$Millions)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1		
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4		
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4		
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7		
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0		
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0		
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6		
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6		
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5		
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4		
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3		
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9		
13	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4		
14	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0		
15	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4		
16	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3		
17	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0		
18	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3		
19	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2		
20	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1		
21	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2		
22	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3		
23	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9		
24	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6		
25	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1		
26	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	0.0	259.6	7.4		
27	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	50.1	50.1	50.1	2.5		
28	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	50.1	50.1	50.1	2.1		
29	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	50.1	50.1	50.1	1.6		
30	15-Mar-15	5.628%	15-Mar-45	93.3	0.5	92.8	99.50	5.66%	93.3	93.3	93.3	5.3		
31	15-Jun-15	4.791%	15-Jun-25	93.3	0.5	92.8	99.50	4.86%	93.3	93.3	93.3	4.5		
32	15-Sep-15	3.801%	15-Sep-20	93.3	0.5	92.8	99.50	3.91%	93.3	93.3	93.3	3.7		
33	15-Mar-16	6.128%	15-Mar-46	147.2	0.7	146.4	99.50	6.17%	147.2	147.2	147.2	9.1		
34	15-Jun-16	5.291%	15-Jun-26	147.2	0.7	146.4	99.50	5.36%	147.2	147.2	147.2	7.9		
35	15-Sep-16	4.301%	15-Sep-21	147.2	0.7	146.4	99.50	4.41%	147.2	147.2	147.2	6.5		
36	15-Mar-17	6.528%	15-Mar-47	126.8	0.6	126.2	99.50	6.57%	126.8	126.8	126.8	8.3		
37	15-Jun-17	5.691%	15-Jun-27	126.8	0.6	126.2	99.50	5.76%	126.8	126.8	126.8	7.3		
38	15-Sep-17	4.701%	15-Sep-22	126.8	0.6	126.2	99.50	4.81%	126.8	126.8	126.8	6.1		
39	15-Mar-18	6.628%	15-Mar-48	167.2	0.9	166.3	99.49	6.67%	0.0	167.2	128.6	8.6		
40	15-Jun-18	5.791%	15-Jun-28	167.2	0.8	166.4	99.50	5.86%	0.0	167.2	90.0	5.3		
41	15-Sep-18	4.801%	15-Sep-23	167.2	0.8	166.4	99.50	4.91%	0.0	167.2	51.4	2.5		
42	Subtotal									3775.0	3939.1	3967.2	202.2	
43	Treasury OM&A costs												1.1	
44	Other financing-related fees												2.0	
45	Total									3775.0	3939.1	3967.2	205.2	5.17%

HYDRO ONE NETWORKS INC.
DISTRIBUTION
Cost of Long-Term Debt Capital
Test Year (2019)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total (\$Millions)	Per \$100 (\$Dollars)		at 12/31/18 (\$Millions)	at 12/31/19 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.08%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
13	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
14	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
15	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
16	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
17	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
18	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
19	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
20	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
21	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
22	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
23	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
24	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
25	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
26	15-Mar-14	4.928%	15-Mar-44	50.1	0.3	49.8	99.50	4.96%	50.1	50.1	50.1	2.5	
27	15-Jun-14	4.091%	15-Jun-24	50.1	0.3	49.8	99.50	4.15%	50.1	50.1	50.1	2.1	
28	15-Sep-14	3.101%	15-Sep-19	50.1	0.3	49.8	99.50	3.21%	50.1	0.0	34.7	1.1	
29	15-Mar-15	5.628%	15-Mar-45	93.3	0.5	92.8	99.50	5.66%	93.3	93.3	93.3	5.3	
30	15-Jun-15	4.791%	15-Jun-25	93.3	0.5	92.8	99.50	4.86%	93.3	93.3	93.3	4.5	
31	15-Sep-15	3.801%	15-Sep-20	93.3	0.5	92.8	99.50	3.91%	93.3	93.3	93.3	3.7	
32	15-Mar-16	6.128%	15-Mar-46	147.2	0.7	146.4	99.50	6.17%	147.2	147.2	147.2	9.1	
33	15-Jun-16	5.291%	15-Jun-26	147.2	0.7	146.4	99.50	5.36%	147.2	147.2	147.2	7.9	
34	15-Sep-16	4.301%	15-Sep-21	147.2	0.7	146.4	99.50	4.41%	147.2	147.2	147.2	6.5	
35	15-Mar-17	6.528%	15-Mar-47	126.8	0.6	126.2	99.50	6.57%	126.8	126.8	126.8	8.3	
36	15-Jun-17	5.691%	15-Jun-27	126.8	0.6	126.2	99.50	5.76%	126.8	126.8	126.8	7.3	
37	15-Sep-17	4.701%	15-Sep-22	126.8	0.6	126.2	99.50	4.81%	126.8	126.8	126.8	6.1	
38	15-Mar-18	6.628%	15-Mar-48	167.2	0.9	166.3	99.49	6.67%	167.2	167.2	167.2	11.1	
39	15-Jun-18	5.791%	15-Jun-28	167.2	0.8	166.4	99.50	5.86%	167.2	167.2	167.2	9.8	
40	15-Sep-18	4.801%	15-Sep-23	167.2	0.8	166.4	99.50	4.91%	167.2	167.2	167.2	8.2	
41	15-Mar-19	6.628%	15-Mar-49	72.8	0.4	72.4	99.50	6.67%	0.0	72.8	56.0	3.7	
42	15-Jun-19	5.791%	15-Jun-29	72.8	0.4	72.4	99.50	5.86%	0.0	72.8	39.2	2.3	
43	15-Sep-19	4.801%	15-Sep-24	72.8	0.4	72.4	99.50	4.91%	0.0	72.8	22.4	1.1	
44		Subtotal							<u>3939.1</u>	<u>4107.4</u>	<u>4041.3</u>	<u>214.1</u>	
45		Treasury OM&A costs										1.1	
46		Other financing-related fees										2.0	
47		Total							<u>3939.1</u>	<u>4107.4</u>	<u>4041.3</u>	<u>217.2</u>	<u>5.37%</u>