

UNDERTAKING J7.1

Undertaking

Supplement Exhibit K7.1 with a calculation of the second line under "Option 2" ("exclude unfunded liability from rate base return").

Response

| (\$millions) | <u>2008</u> (9months) | <u>2009</u> |
|--|--------------------------|-------------|
| Average Unfunded Nuclear Liability | 1231 | 878 |
| Apply Capital Structure Ratio to Liability: | | |
| Debt portion of Liability (based on 0.425) | 523 | 373 |
| Equity portion of Liability (based on 0.575) | <u>708</u> | <u>505</u> |
| | 1231 | 878 |
| Apply appropriate cost for each component of capital structure: | | |
| Deemed Interest @ 5.76% in 2008 / 5.92% in 2009 (Exhibit C1-2-1 Tables 2, 3) | 22.6 | 22.1 |
| Return on Equity @ 10.5% | <u>55.7</u> | <u>53.0</u> |
| Reduction of return on rate base due to exclusion of Unfunded Nuclear Liability from rate base under Option 2 in CIBC Report (L-2-10, Attachment 1) | 78.3 | 75.1 |