

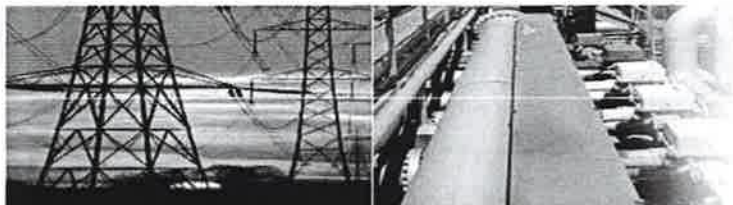
K 2.2



Ontario Energy
Incremental Capital

Incremental Capital Adjustment

Current Revenue Requirement			
Current Revenue Requirement - Total		\$7,928,979	A
Return on Rate Base			
Incremental Capital CAPEX		\$4,427,330	B
Depreciation Expense		\$ 178,839	C
Incremental Capital CAPEX to be included in Rate Base		\$4,248,491	D = B - C
Deemed ShortTerm Debt %	4.0%	E \$ 169,940	G = D * E
Deemed Long Term Debt %	56.0%	F \$2,379,155	H = D * F
Short Term Interest	2.46%	I \$ 4,181	K = G * I
Long Term Interest	5.02%	J \$ 119,387	L = H * J
Return on Rate Base - Interest		\$ 123,548	M = K + L
Deemed Equity %	40.0%	N \$1,699,396	P = D * N
Return on Rate Base -Equity	9.58%	O \$ 162,802	Q = P * O
Return on Rate Base - Total		\$ 286,350	R = M + Q
Amortization Expense			
Amortization Expense - Incremental	C	\$ 178,839	S
Grossed up PIL's			
Regulatory Taxable Income	O	\$ 162,802	T
Add Back Amortization Expense	S	\$ 178,839	U
Deduct CCA		\$ 241,436	V
Incremental Taxable Income		\$ 100,205	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)	23.2%	X	
PIL's Before Gross Up		\$ 23,197	Y = W * X
Incremental Grossed Up PIL's		\$ 30,185	Z = Y / (1 - X)
Ontario Capital Tax			
Incremental Capital CAPEX		\$4,427,330	AA
Less : Available Capital Exemption (if any)		\$ -	AB
Incremental Capital CAPEX subject to OCT		\$4,427,330	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.000%	AD	
Incremental Ontario Capital Tax		\$ -	AE = AC * AD
Incremental Revenue Requirement			
Return on Rate Base - Total	Q	\$ 286,350	AF
Amortization Expense - Total	S	\$ 178,839	AG
Incremental Grossed Up PIL's	Z	\$ 30,185	AH
Incremental Ontario Capital Tax	AE	\$ -	AI
Incremental Revenue Requirement		\$ 495,374	AJ = AF + AG + AH + AI



 Ontario Energy Board
Incremental Capital Workform

Calculation of Incremental Capital Rate Rider - Option B Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential Regular	\$4,865,333	61.33%	\$303,835	126,660,107	0	\$0.0024	
General Service Less Than 50 kW	\$1,047,824	13.21%	\$65,436	49,817,450	0	\$0.0013	
General Service 50 to 999 kW	\$1,363,314	17.19%	\$85,138	122,660,771	395,652		\$0.2152
General Service 1,000 to 4,999 kW	\$412,415	5.20%	\$25,755	69,723,917	148,980		\$0.1729
Unmetered Scattered Load	\$25,067	0.32%	\$1,565	615,829	0	\$0.0025	
Street Lighting	\$218,501	2.75%	\$13,645	2,490,098	8,539		\$1.5980
	<u>\$7,932,454</u> H	<u>100.00%</u>	<u>\$485,374</u> I				

Enter the above rate riders onto "Sheet
 14: Proposed Rate_Riders" in the 2012
 OEB IRM3 Rate Generator as an "Rate
 Rider for Incremental Capital"

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