

UNDERTAKING

Undertaking

TO FILE THE RESULTS OF RUNNING THE 2ND GENERATION IRM MODEL ON
THE 2008 RATES USING A 2007 BASE YEAR

Response

The 2008 Revenue Requirement based on 2nd Generation IRM would be \$982.3M plus a
Smart Meter Rate Rider of \$13M. This is calculated as follows:

	M\$
2006 OEB Approved Revenue Requirement	965.2
2007 OEB Approved increase (965.2 X 0.457%)*	<u>4.4</u>
2007 Revenue Requirement under 2 nd Generation IRM derived from OEB approved increase	969.6
2008 Adjustment under 2 nd Generation IRM:	
• GDP IPI of 2.1% less 1% for productivity; net 1.1% increase	10.7
• Change to deemed capital structure of 60% debt and 40% equity	9.0
• Reduction to reflect change in Federal and Ontario income tax rate change	<u>(7.0)</u>
Total	982.3

* (GDP IPI of 1.9%, less 1% efficiency, less .0443% impact of Large Corporation Tax
elimination = 0.457%)