

Hydro One Networks Inc.
Distribution
Reconciliation of Regulatory Financial Results with Audited Financial Statements
For year ending December 31, 2006

	Total per Exhibit A-9-1, Attachment 3 (a)	Adjustments (b)	Utility Income (c)
Revenue			
Energy Sales	2,740		2,740
Rural Rate Protection	125		125
Other	41		41
	2,906	-	2,906
Costs			
Purchased Power	1,954		1,954
Operations, maintenance and administration (Note 1)	416	(12)	404
Depreciation and amortization	249		249
Capital Taxes (Note 1)		12	12
	2,619	0	2,619
Income before financing charges and provision for payments in lieu of corporate income taxes	287	(0)	287
Financing Charges	115		115
Income before provision for payments in lieu of corporate income taxes	172	(0)	172
Provision for Payments in lieu of corporate income taxes (Note 2)	46	18	64
Net Income	126	(18)	108

Note 1: Capital taxes are included in DX audited OM&A total, whereas in the rate evidence are shown as a separate line item

Note 2: Difference relates to prior year adjustments, such as the 1999-2002 income tax refund for capitalized overhead relating to corporate functions and services reversal (\$14 million), provisions to return, etc.