

HYDRO ONE NETWORKS INC.
2006 Distribution Financial Statements reconciled to USofA Trial balance

BALANCE SHEET (December 31, 2006)

Financial Statement item	USofA Account/s	\$millions
ASSETS		
Current assets		
1	Inter-company demand facility 2240	0
2	Accounts receivable 1005, 1100, 1105, 1110, 1130, 1180	585
3	Materials and supplies 1330	23
4	Current - Other 1460, 1525, 1180	4
5	Current Assets	612
Fixed assets in service		
6	Generation Plant 1615, 1620, 1665, 1675, 1680	1
7	Distribution Plant 1565, 1805, 1806, 1808, 1815, 1820, 1830, 1835, 1840, 1845, 1850, 1860, 1875	5,241
8	General Plant 1905, 1908, 1910, 1915, 1920, 1925, 1930 1935, 1940, 1945, 1950, 1955, 1960, 1980, 1985, 1990	624
9	Fixed Assets in Service	5,867
10	Less: accumulated depreciation 2105	2,329
11		3,538
12	Construction in progress 2055	87
13		3,625
Other long-term assets		
14	Regulatory assets 1460, 1465, 1470, 1508, 1518, 1525, 1548, 1550, 1555, 1556, 1570, 1580, 1582, 1584, 1586, 1588, 1590, 1592	245
15	Goodwill 2060	73
16	Deferred debt costs 1425	9
17	Long-term Accounts Receivable & Other Assets 2040	1
18	Other Long-term Assets	328
19	TOTAL ASSETS	4,565
LIABILITIES		
Current liabilities		
20	Inter-company demand facility 2240	68
21	Accounts payable and accrued charges 2205, 2210, 2215, 2220, 2290, 2292, 2294, 2296	394
22	Accrued interest 2268	21
23	Long-term debt payable within one year 2260	105
24	Current Liabilities	588
25	Long-term debt 2530	1,990
Other long-term liabilities		
26	Employee future benefits other than pension 2306	444
27	Environmental liabilities 2320	37
28	Regulatory liabilities-retail settlement variance accounts 1550, 1580, 1582, 1584, 1586, 1588, 1584, 1586, 1592	5
29	Long-term accounts payable & accrued charges 2425	5
30	Other Long Term Liabilities	491
31	TOTAL LIABILITIES	3,069
32	Contingencies and commitments	0
33	Excess of assets over liabilities	1,496
34	TOTAL LIABILITIES and EXCESS OF ASSETS OVER LIABILITIES	4,565

HYDRO ONE NETWORKS INC.
2006 Distribution Financial Statements reconciled to USofA Trial balance

STATEMENT OF OPERATIONS (Year ended December 31, 2006)

Financial Statement item	USofA Account/s	\$ millions
REVENUES		
34 Energy sales	4006, 4020, 4025, 4035, 4050, 4062, 4066, 4068, 4750, 4080	\$ 2,740
35 Rural rate protection	4245	125
36 Other Revenue	4082, 4084, 4210, 4225, 4235, 4390, 4398, 4000	41
37 TOTAL REVENUE		2,906
COSTS		
38 Purchased power	4705, 4710, 4730	1,954
39 Operation, maintenance & administration Operation	4510 4845, 5005, 5010, 5012, 5014, 5015, 5016, 5017, 5020, 5025, 5030, 5035, 5040, 5045, 5050, 5055, 5060, 5065, 5070, 5075, 5085, 5090, 5095	41
40 Maintenance	5105, 5110, 5112, 5114, 5120, 5125, 5130, 5145, 5150, 5160, 5165, 5170, 5172, 5175, 5178, 5185, 5186, 5190, 5192, 5195	196
41 Billing and Collecting	5310, 5315, 5320, 5330, 5335, 5340	104
42 Community Relations	5410, 5420, 5425	1
43 Administrative and General Expenses	4330, 6105, 6225, 6505, 5610, 5615, 5620, 5625, 5630 5640, 5645, 5655, 5665, 5670, 5675, 5680	73
44 Depreciation and amortization	5705, 5715, 5740, 4355	249
45 TOTAL COSTS		2,619
47 Income before financing charges & provision for payments in lieu of corporate income taxes		287
48 Financing charges	6005, 6010, 6035, 6040	115
49 Income before provision for payments in lieu of corporate income taxes		172
50 Provision for payments in lieu of corporate Income taxes	6110	46
51 NET INCOME		\$ 126