

**HYDRO ONE NETWORKS INC.**  
**DISTRIBUTION**

Cost of Service  
 Historical (2004, 2005, 2006), Bridge (2007) and Test (2008) Years  
 Year Ending December 31  
 (\$ Millions)

| <b>Line No.</b> | <b>Particulars</b>                                     | <b>2004</b>  | <b>2005</b>  | <b>2006</b>  | <b>2007</b>  | <b>2008</b>  |
|-----------------|--|--------------|--------------|--------------|--------------|--------------|
|                 |  | (a)          | (b)          | (c)          | (e)          | (f)          |
| 1               | Total Operation, Maintenance & Administrative Expenses | 346.0        | 362.1        | 404.1        | 492.6        | 477.7        |
| 2               | Depreciation & Amortization Expenses                   | 216.0        | 219.2        | 249.5        | 255.1        | 238.9        |
| 3               | Capital Taxes  | 10.0         | 11.0         | 12.0         | 11.0         | 11.3         |
| 4               | Income Taxes   | 43.8         | 56.5         | 64.3         | 50.7         | 38.8         |
| 5               | <b>Total Cost of Service</b>                           | <b>615.8</b> | <b>648.8</b> | <b>729.9</b> | <b>809.4</b> | <b>766.9</b> |