

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

Calculation of Revenue Requirement  
Year Ending December 31, 2008  
(\$ Millions)

<b>Line No.</b>	<b>Particulars</b>	<b>2008</b>
	Cost of Service	
1	Operating, maintenance & administrative	\$ 477.7
2	Depreciation & amortization	238.9
3	Capital taxes	11.3
4	Income taxes	38.8
5	Cost of service excluding return (Note 1)	\$ <u>766.9</u>
6	Return on capital	299.9
7	Total revenue requirement	\$ <u><u>1,066.8</u></u>

Note 1: Per Exhibit C2, Tab1, Schedule 1