

HYDRO ONE NETWORKS INC.
DISTIRBUTION
Debt and Equity Summary
Historical Years (2006, 2007 & 2008) and Bridge Year (2009)
As at December 31
(\$ Millions)

Line No.	Particulars	2006	Historical	2008	Bridge
		Amount Outstanding	2007 Amount Outstanding	Amount Outstanding	2009 Amount Outstanding
		Actual	Actual	Actual	Projection
		(a)	(b)	(c)	(d)
1	Long-term debt *	2,091.0	2,075.0	2,185.0	2,365.0
2	Short-term debt	68.0	172.0	144.0	269.1
3	Preference shares	137.0	137.0	137.0	137.0
4	Common equity	1,359.0	1,386.0	1,495.0	1,639.6

* Includes debt payable within one year; excludes variable rate debt, unamortized debt premiums/discount, hedging gains/losses and marks to market.

HYDRO ONE NETWORKS INC.
DISTIRBUTION
Summary of Cost of Capital
Test Years (2010 & 2011)
Utility Capital Structure
Year Ending December 31

Line No.	Particulars	2010				2011			
		(\$M)	%	Cost Rate (%)	Return (\$M)	(\$M)	%	Cost Rate (%)	Return (\$M)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Long-term debt	2,551.7	52.8%	5.72%	145.9	2,857.7	55.5%	5.72%	163.3
2	Notional long-term debt	156.2	3.2%	5.72%	8.9	23.9	0.5%	5.72%	1.4
3	Total long-term debt	<u>2,707.9</u>	<u>56.0%</u>	<u>5.72%</u>	<u>154.8</u>	<u>2,881.6</u>	<u>56.0%</u>	<u>5.72%</u>	<u>164.7</u>
4	Deemed short-term debt	193.4	4.0%	1.19%	2.3	205.8	4.0%	2.76%	5.7
5	Total debt	<u>2,901.4</u>	<u>60.0%</u>	<u>5.42%</u>	<u>157.1</u>	<u>3,087.4</u>	<u>60.0%</u>	<u>5.52%</u>	<u>170.3</u>
6	Common equity	1,934.2	40.0%	8.11%	156.9	2,058.3	40.0%	9.09%	187.1
7	Total rate base	<u>4,835.6</u>	<u>100.0%</u>	<u>6.49%</u>	<u>314.0</u>	<u>5,145.7</u>	<u>100.0%</u>	<u>6.95%</u>	<u>357.4</u>