

**HYDRO ONE NETWORKS INC.
TRANSMISSION**

Calculation of Capital Cost allowance (CCA)
2009 & 2010 Networks Allocation to Transmission
Year Ending December 31
(\$ Millions)

2009 Transmission:

<u>CCA Class</u>	<u>Opening UCC</u>	<u>Net Addition:</u>	<u>UCC pre- 1/2 yr</u>	<u>50% net additions</u>	<u>UCC for CCA</u>	<u>CCA Rate</u>	<u>CCA</u>	<u>Closing UCC</u>
1	2,701.0	2.8	2,703.9	1.4	2,702.4	4%	108.1	2,595.8
2	826.0	-	826.0	-	826.0	6%	49.6	776.4
3	260.4	-	260.4	-	260.4	5%	13.0	247.4
6	22.7	4.1	26.8	2.1	24.7	10%	2.5	24.3
7	0.1	-	-	-	-	15%	-	-
8	21.6	7.1	28.6	3.6	25.1	20%	5.0	23.6
9	3.4	0.4	3.9	0.2	3.6	25%	0.9	3.0
10	80.7	16.8	97.5	8.4	89.1	30%	26.7	70.8
12	32.7	92.4	125.1	46.2	78.9	100%	78.9	46.2
13	0.1	0.2	0.3	0.1	-	NA	-	0.3
17	12.9	7.2	20.1	3.6	16.5	8%	1.3	18.8
35	0.4	-	0.4	-	0.4	7%	0.0	0.4
42	63.3	44.4	107.7	22.2	85.5	12%	10.3	97.4
45	6.9	-	6.9	-	6.9	45%	3.1	3.8
46	8.6	0.6	9.3	0.3	8.9	30%	2.7	6.6
47	768.2	386.9	1,155.1	193.5	961.6	8%	76.9	1,078.2
50	26.3	-	26.3	-	26.3	55%	14.5	11.8
52	-	17.9	17.9	17.9	17.9	100%	17.9	-
TX UCC	4,835.3	580.8	5,416.2	299.4	5,134.2		411.4	5,004.8
TX Cumulative Eligible Capital	68.6	0.7	69.3	-	69.3	7%	4.9	64.4
							Total CCA	416.2
							Less Five Nations	(0.4)
							Total Tx CCA	415.8

2010 Transmission:

<u>CCA Class</u>	<u>Opening UCC</u>	<u>Net Addition:</u>	<u>UCC pre- 1/2 yr</u>	<u>50% net additions</u>	<u>UCC for CCA</u>	<u>CCA Rate</u>	<u>CCA</u>	<u>Closing UCC</u>
1	2,595.8	(2.3)	2,593.5	(1.2)	2,594.6	4%	103.8	2,489.7
2	776.4	0.0	776.5	0.0	776.4	6%	46.6	729.9
3	247.4	0.6	248.0	0.3	247.7	5%	12.4	235.6
6	24.3	32.1	56.4	16.1	40.4	10%	4.0	52.4
8	23.6	19.2	42.8	9.6	33.2	20%	6.6	36.2
9	3.0	-	3.0	-	3.0	25%	0.8	2.3
10	70.8	14.5	85.3	7.2	78.0	30%	23.4	61.9
12	46.2	15.2	61.4	7.6	53.8	100%	53.8	7.6
13	0.3	-	0.3	-	0.3	NA	0.1	0.2
17	18.8	8.8	27.6	4.4	23.2	8%	1.9	25.7
35	0.4	-	0.4	-	0.4	7%	0.0	0.3
42	97.4	7.6	105.0	3.8	101.2	12%	12.1	92.9
45	3.8	0.0	3.8	-	3.8	45%	1.7	2.1
46	6.6	-	6.6	-	6.6	30%	2.0	4.6
47	1,078.2	553.8	1,632.0	276.9	1,355.1	8%	108.4	1,523.6
50	11.8	0.0	11.8	0.0	11.8	55%	6.5	5.3
52	-	61.1	61.1	61.1	61.1	100%	61.1	-
TX UCC	5,004.8	710.6	5,715.4	385.8	5,390.6		445.2	5,270.2
TX Cumulative Eligible Capital	64.4	1.4	65.8	-	65.8	7%	4.6	61.2
							Total CCA	449.8
							Less Five Nations	(0.3)
							Total Tx CCA	449.5

HYDRO ONE NETWORKS INC.
TRANSMISSION
 Calculation of Capital Cost allowance (CCA)
 2011 & 2012 Networks Allocation to Transmission
 Year Ending December 31
 (\$ Millions)

2011 Transmission:

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,489.7	1.6	2,491.3		2,491.3	4%	99.7	2,391.60
2	729.9	-	729.9	-	729.9	6%	43.8	686.10
3	235.6	6.8	242.4	3.7	238.7	5%	11.9	230.40
6	52.4	21.3	73.7	10.6	63.1	10%	6.3	67.40
8	36.2	8.5	44.7	4.3	40.4	20%	8.1	36.60
9	2.3	-0.1	2.2		2.2	25%	0.5	1.60
10	61.9	10.6	72.5	5.0	67.5	30%	20.3	52.30
12	7.6	20.3	27.9	9.8	18.1	100%	18.1	9.80
13	0.2	0.9	1.1	0.4	0.6	NA	0.1	0.90
17	25.7	11.2	36.9	5.6	31.3	8%	2.5	34.40
35	0.3	-	0.3		0.3	7%	-	0.30
42	92.9	3.4	96.3	1.7	94.6	12%	11.4	85.00
45	2.1	-	2.1		2.1	45%	0.9	1.10
46	4.6	-	4.6		4.6	30%	1.4	3.20
47	1,523.6	549.6	2,073.2	270.6	1,802.9	8%	144.2	1,929.20
50	5.3	62.4	67.7	31.2	36.5	55%	20.1	47.60
52	-	0.3	0.3		0.3	100%	0.3	-
TX UCC	5,270.2	696.8	5,967.1	342.9	5,624.4		389.6	5,577.5
TX CEC continuity	61.2	0.3	61.5	-	61.5	0.1	4.3	57.2
							Total CCA	393.9
							Five Nations	(0.3)
							Total Tx CCA	393.6

2012 Transmission:

CCA Class	Opening UCC	Net	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,391.6	0.0	2,391.6	-	2,391.6	4%	95.7	2,296.0
2	686.1	0.0	686.1	-	686.1	6%	41.2	644.9
3	230.4	2.4	232.8	1.2	231.6	5%	11.6	221.2
6	67.4	17.7	85.1	8.9	76.2	10%	7.6	77.5
7	0.0	0.0	0.0	-	0.0	15%	0.0	0.0
8	36.6	7.0	43.6	3.5	40.1	20%	8.0	35.6
9	1.6	0.4	2.0	0.2	1.8	25%	0.5	1.6
10	52.3	37.6	89.9	18.8	71.1	30%	21.3	68.6
12	9.8	18.0	27.8	9.0	18.8	100%	18.8	9.0
13	0.9	2.4	3.3	1.2	2.1	20%	0.4	2.8
17	34.4	8.6	43.0	4.3	38.7	8%	3.1	39.9
35	0.3	0.1	0.4	0.0	0.4	7%	0.0	0.4
42	85.0	5.9	90.9	3.0	87.9	12%	10.5	80.3
45	1.1	0.0	1.1	-	1.1	45%	0.5	0.6
46	3.2	0.8	4.0	0.4	3.6	30%	1.1	2.9
47	1,929.2	1076.5	3,005.7	538.2	2,467.5	8%	197.4	2,808.3
50	47.6	5.4	53.0	2.7	50.3	55%	27.7	25.4
TX UCC	5,577.5	1,182.7	6,760.5	591.4	6,169.1	4.0	445.5	6,315.0
Tx CEC Continuity	57.2	0.0	57.2	0.0	57.2	0.1	4.0	53.2
							Total CCA	449.5
							Five Nations	(0.3)
							Total Tx CCA	449.1