

**UNION RATE ZONES**  
 Summary of 2019-2023 Capital Pass-Through Revenue Requirement Recovered from Customers  
 As Proposed vs. Pass-through of Annual Revenue Requirement

Line No.	Particulars (\$000's)	As Proposed				Pass-through of Annual Revenue Requirement				Difference Total (m) = (f) - (i) = sum (g:k)					
		2019 Forecast (a)	2020 Forecast (b)	2021 Forecast (c)	2022 Forecast (d)	2023 Forecast (e)	2019 Forecast (g)	2020 Forecast (h)	2021 Forecast (i)		2022 Forecast (j)	2023 Forecast (k)			
1	Rate Base Investment	8,964	-	-	-	-	8,964	-	-	-	-	-	-	-	
2	Capital Expenditures	1,596,906	1,596,906	1,596,906	1,596,906	1,596,906	1,596,906	1,515,453	1,472,576	1,429,698	-	-	-	-	
	Revenue Requirement Calculation:														
3	Operating Expenses:														
4	Operating and Maintenance Expenses	4,604	4,604	4,604	4,604	4,604	4,604	4,863	4,960	5,060	24,256	24,256	24,256	(1,235)	
5	Depreciation Expense (1)	42,741	42,741	42,741	42,741	42,741	42,741	42,883	42,883	42,883	214,271	214,271	214,271	(567)	
6	Property Taxes	5,675	5,675	5,675	5,675	5,675	5,675	5,819	5,894	5,970	29,104	29,104	29,104	(727)	
	Total Operating Expenses (line 3 + line 4 + line 5)	53,021	53,021	53,021	53,021	53,021	53,021	53,397	53,736	53,913	267,631	267,631	267,631	(2,529)	
7	Required Return:														
8	Interest Expense	35,120	35,120	35,120	35,120	35,120	35,120	33,327	32,384	31,441	166,541	166,541	166,541	9,057	
9	Equity Return	51,337	51,337	51,337	51,337	51,337	51,337	48,719	47,340	45,962	243,456	243,456	243,456	13,231	
	Total Required Return (line 7 + line 8) (2)	86,457	86,457	86,457	86,457	86,457	86,457	82,046	79,724	77,403	409,996	409,996	409,996	22,288	
10	Income Taxes:														
11	Income Taxes - Equity Return (3)	18,516	18,516	18,516	18,516	18,516	18,516	17,571	17,074	16,577	87,807	87,807	87,807	4,772	
12	Income Taxes - Utility Timing Differences (4)	(36,415)	(29,865)	(24,051)	(19,054)	(14,762)	(9,415)	(29,865)	(24,051)	(19,054)	(124,138)	(124,138)	(124,138)	-	
	Total Income Taxes (line 10 + line 11)	(17,899)	(11,350)	(5,536)	(5,539)	(3,764)	(17,899)	(11,797)	(6,480)	(1,980)	1,825	1,825	1,825	4,772	
13	Total Revenue Requirement (line 6 + line 9 + line 12)	121,578	128,128	133,942	138,939	143,241	121,578	125,967	129,130	133,140	641,296	641,296	641,296	24,532	
14	Incremental Project Revenue (5)	4,340	4,340	4,340	4,340	4,340	4,340	6,243	7,069	7,895	30,962	30,962	30,962	(9,260)	
15	Net Revenue Requirement (line 13 - line 14)	117,238	123,787	129,601	134,598	138,901	117,238	120,552	122,887	124,411	125,245	610,334	610,334	610,334	33,791

**Notes:**

- (1) Depreciation expense at 2013 Board-approved depreciation rates.
- (2) The required return assumes a capital structure of 36% common equity at the 2013 Board-approved return of 8.95% and 64% long-term debt. The assumed long-term debt for rates for 2019 are 3.82% for Parkway West and Parkway Growth projects, 3.36% for 2016 Dawn-Parkway Expansion and Burlington to Oakville projects, and 3.29% for 2017 Dawn-Parkway Expansion and Panhandle Reinforcement projects.
- (3) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (4) Taxes related to the utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (5) Incremental project revenue reflected as an increase to Rate M12 and Rate C1 billing units used to set rates during the 2014-2018 IRM term except for the incremental revenue of the Panhandle Reinforcement Project. Incremental project revenue of the Panhandle Reinforcement Project treated as a reduction to the capital pass-through adjustment amount and includes incremental transmission and distribution margin.