

Numbers may not add due to rounding.

Filed: 2010-05-26  
 EB-2010-0008  
 Exhibit C1  
 Tab 1  
 Schedule 1  
 Table 1

Table 1  
 Capitalization and Cost of Capital  
 Summary of Capitalization and Cost of Capital (\$M)  
 Calendar Year Ending December 31, 2012

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>					
1	Short-term Debt	1	189.5	2.9%	4.13%	10.4
2	Existing/Planned Long-Term Debt	2	2,502.8	38.8%	5.50%	137.6
3	Other Long-Term Debt Provision	3	725.2	11.2%	5.87%	42.6
4	<b>Total Debt</b>	4	<b>3,417.5</b>	<b>53.0%</b>	<b>5.58%</b>	<b>190.6</b>
5	<b>Common Equity</b>	4	<b>3,030.6</b>	<b>47.0%</b>	<b>9.85%</b>	<b>298.5</b>
6	<b>Rate Base Financed by Capital Structure</b>	5	<b>6,448.1</b>	<b>81.2%</b>	<b>7.59%</b>	<b>489.1</b>
7	<b>Adjustment for Lesser of UNL or ARC</b>	5, 6	<b>1,490.1</b>	<b>18.8%</b>	<b>5.58%</b>	<b>83.1</b>
8	<b>Rate Base</b>	7	<b>7,938.2</b>	<b>100%</b>	<b>7.21%</b>	<b>572.2</b>

Notes:

- 1 Short Term Financing allocated at: 64.7%  
 Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 Ex. C1-T1-S2 Table 7 (line 43).
- 3 Debt required to balance capital structure with proposed rate base. See Ex. C1-T1-S2 Section 5.0.
- 4 Capital Structure and Return on Equity approved by the OEB in EB-2007-0905 as discussed in Ex. C1-T1-S1.
- 5 The portion of rate base to be financed by the capital structure approved by the Board excludes the lesser of the forecast of the average unfunded liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- 6 Principal from C2-T1-S2 Table 1, line 29. Cost Rate from Ex. C2-T1-S2, Section 4.1.
- 7 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

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 Table 2

Table 2  
 Capitalization and Cost of Capital  
 Summary of Capitalization and Cost of Capital (\$M)  
 Calendar Year Ending December 31, 2011

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>					
1	Short-term Debt	1	189.5	3.0%	2.64%	7.6
2	Existing/Planned Long-Term Debt	2	2,283.1	36.1%	5.53%	126.2
3	Other Long-Term Debt Provision	3	877.7	13.9%	5.87%	51.5
4	<b>Total Debt</b>	4	<b>3,350.3</b>	<b>53.0%</b>	<b>5.53%</b>	<b>185.3</b>
5	<b>Common Equity</b>	4	<b>2,971.1</b>	<b>47.0%</b>	<b>9.85%</b>	<b>292.7</b>
6	<b>Rate Base Financed by Capital Structure</b>	5	<b>6,321.4</b>	<b>80.6%</b>	<b>7.56%</b>	<b>477.9</b>
7	<b>Adjustment for Lesser of UNL or ARC</b>	5, 6	<b>1,523.3</b>	<b>19.4%</b>	<b>5.58%</b>	<b>85.0</b>
8	<b>Rate Base</b>	7	<b>7,844.7</b>	<b>100%</b>	<b>7.18%</b>	<b>562.9</b>

Notes:

- 1 Short Term Financing allocated at: 64.7%  
 Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 Ex. C1-T1-S2 Table 6 (line 39).
- 3 Debt required to balance capital structure with proposed rate base. See Ex. C1-T1-S2 Section 5.0.
- 4 Capital Structure and Return on Equity approved by the OEB in EB-2007-0905 as discussed in Ex. C1-T1-S1.
- 5 The portion of rate base to be financed by the capital structure approved by the Board excludes the lesser of the forecast of the average unfunded liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- 6 Principal from C2-T1-S2 Table 1, line 29. Cost Rate from Ex. C2-T1-S2, Section 4.1.
- 7 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

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 Table 3

Table 3  
 Capitalization and Cost of Capital  
 Summary of Capitalization and Cost of Capital (\$M)  
Calendar Year Ending Dec. 31, 2010

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Capitalization and Return on Capital:</b>					
1	Short-term Debt	1	189.5	3.1%	1.31%	5.1
2	Existing/Planned Long-Term Debt	2	2,134.3	34.6%	5.70%	121.6
3	Other Long-Term Debt Provision	3	947.0	15.4%	5.77%	54.6
4	<b>Total Debt</b>	4	<b>3,270.7</b>	<b>53.0%</b>	<b>5.54%</b>	<b>181.3</b>
5	Common Equity	4, 5	2,900.4	47.0%	2.13%	61.9
6	Rate Base Financed by Capital Structure	6	6,171.2	79.9%	3.94%	243.2
7	Adjustment for Lesser of UNL or ARC	6, 7	1,556.5	20.1%	5.58%	86.9
8	<b>Rate Base</b>	8	<b>7,727.7</b>	<b>100%</b>	<b>4.27%</b>	<b>330.1</b>

Notes:

- 1 Short Term Financing allocated at: 64.7%  
 Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 Ex. C1-T1-S2 Table 5 (line 35).
- 3 Debt required to balance capital structure with proposed rate base. See Ex C1-T1-S2 Section 5.0.
- 4 Capital Structure approved by the OEB in EB-2007-0905 as discussed in Ex. C1-T1-S1. The Return on Equity forecast is detailed in Ex. I1-T1-S1 Table 5.
- 5 Cost of Capital for 2010 is determined in Ex. I1-T1-S1 Table 5.
- 6 The portion of rate base to be financed by the capital structure approved by the Board excludes the lesser of the forecast of the average unfunded liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- 7 Principal from C2-T1-S2 Table 1, line 29. Cost Rate from Ex. C2-T1-S2, Section 4.1.
- 8 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

Table 4  
Capitalization and Cost of Capital  
Summary of Capitalization and Actual Cost of Capital (\$M)  
Calendar Year Ending Dec. 31, 2009

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Actual Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Achieved Capitalization and Return on Capital:</b>					
1	<b>Short-term Debt</b>	1	186.2	3.1%	1.58%	6.6
2	<b>Existing Long-Term Debt</b>	2	2,019.8	33.1%	5.82%	117.5
3	<b>Other Long-Term Debt Provision</b>	3	1,024.6	16.8%	6.76%	69.3
4	<b>Total Debt</b>	4	3,230.6	53.0%	5.99%	193.4
5	<b>Common Equity</b>	4, 5	2,864.9	47.0%	1.10%	31.6
6	<b>Rate Base Financed by Capital Structure</b>	6	6,095.5	84.0%	3.69%	225.0
7	<b>Adjustment for Lesser of UNL or ARC</b>	6, 7	1,159.8	16.0%	5.60%	65.0
8	<b>Rate Base</b>	8	7,255.4	100%	4.00%	290.0

## Notes:

- 1 Short Term Financing allocated at: 64.7%  
Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 Ex. C1-T1-S2 Table 4 (line 31).
- 3 Debt req'd to balance capital structure with proposed rate base. See Ex. C1-T1-S2 Table 4a Note 11 for interest rate calculation.
- 4 Capital Structure approved by the OEB in EB-2007-0905 as discussed in Ex. C1-T1-S1.
- 5 For actual Return on Equity achieved for 2009 see Ex. C1-T1-S1 Table 7.
- 6 The portion of rate base to be financed by the capital structure approved by the Board excludes the lesser of the forecast of the average unfunded liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- 7 From C2-T1-S2 Table 1, line 29.
- 8 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

Table 5  
 Capitalization and Cost of Capital  
 Summary of Capitalization and Actual Cost of Capital (\$M)  
 Calendar Year Ending Dec. 31, 2008

Line No.	Capitalization	Note	Principal (\$M)			Component (%)	Actual Cost Rate (%)	Cost of Capital (\$M)
			Q1 (45% Equity)	Q2-Q4 (47% Equity)	((a) x .25 + (b) x .75) Annualized			
			(a)	(b)	(c)	(d)	(e)	(f)
	<b>Achieved Capitalization and Return on Capital:</b>							
1	<b>Short-term Debt</b>	1	169.6	169.6	169.6	2.7%	4.10%	7.7
2	<b>Existing Long-Term Debt</b>	2	2,052.5	2,052.5	2,052.5	32.2%	5.78%	118.7
3	<b>Other Long-Term Debt Provision</b>	3	1,812.6	985.5	1,192.2	18.7%	5.66%	67.5
4	<b>Total Debt</b>	4	4,034.6	3,207.5	3,414.3	53.6%	5.68%	193.9
5	<b>Common Equity</b>	4, 5	3,301.1	2,844.4	2,958.6	46.4%	-3.11%	(92.0)
6	<b>Rate Base Financed by Capital Structure</b>	6	7,335.7	6,052.0	6,372.9	86.9%	1.60%	102.0
7	<b>Adjustment for Lesser of UNL or ARC</b>	6, 7		1,283.7	962.8	13.1%	5.60%	53.9
8	<b>Rate Base</b>	8	7,335.7	7,335.7	7,335.7	100%	2.13%	155.9

Notes:

- 1 Short Term Financing allocated at: 56.3%  
 Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 Q1 and Q2-Q4 from Ex. C1-T1-S2 Table 3 (line 28).
- 3 Debt req'd to balance capital structure with proposed rate base. See Ex. C1-T1-S2 Table 3a Note 10 for interest rate calculation.
- 4 Q2-Q4 Capital Structure approved by the OEB in EB-2007-0905 as discussed in Ex. C1-T1-S1.
- 5 Col. (f) from Ex. C1-T1-S1 Table 7 line 14 for 2008.
- 6 The portion of rate base to be financed by the capital structure approved by the Board excludes the lesser of the forecast of the average unfunded liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- 7 Col. (b) from C2-T1-S2 Table 1, line 29.
- 8 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

Table 6  
Capitalization and Cost of Capital  
Summary of Capitalization and Actual Cost of Capital (\$M)  
Calendar Year Ending Dec. 31, 2007

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Actual Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	<b>Achieved Capitalization and Return on Capital:</b>					
1	Short-term Debt	1	189.0	2.6%	4.92%	10.0
2	Existing/Planned Long-Term Debt	2	1,855.8	25.0%	5.90%	109.5
3	Other Long-Term Debt Provision	3	2,031.3	27.4%	5.29%	107.5
4	<b>Total Debt</b>	4, 5	4,076.1	55.0%	5.57%	227.0
5	<b>Common Equity</b>	4, 5	3,335.0	45.0%	-6.70%	(223.3)
6	<b>Rate Base</b>	5, 6	7,411.1	100%	0.05%	3.7

## Notes:

- 1 Short Term Financing allocated at: 57.1%  
Short-term Debt Cost includes interest at the cost rate shown plus an allocation of the credit facility cost shown at Ex. C1-T1-S3 Table 2, line 10.
- 2 From EB-2007-0905.
- 3 Debt required to balance capital structure with proposed rate base. See Ex. C1-T1-S2 Table 2a, Note 11 for interest rate calculation.
- 4 Applied the capital structure reflected in the information OPG supplied to the Province for the purposes of establishing the interim payment amounts. Return in \$M from EB-2007-0905 Ex. C1-T2-S1 Table 1.
- 5 The cost of capital for 2007 is calculated using a rate base amount that includes the increase in the Nuclear Liabilities recorded on Dec 31, 2006.  
Earnings reflect the regulatory methodologies reflected in 2007 payment amounts.
- 6 Ex. B1-T1-S1 Table 1 (Regulated Hydroelectric) and Ex. B1-T1-S1 Table 2 (Nuclear).

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Table 7  
 Capitalization and Cost of Capital  
 Actual Return on Equity - Reconciliation to Audited Financial Statements for Prescribed Facilities (\$M)  
 Calendar Years Ending December 31, 2008 and December 31, 2009

Line No.	Description	Note	Regulated Hydroelectric 2008	Nuclear 2008	Total 2008	Regulated Hydroelectric 2009	Nuclear 2009	Total 2009
			(a)	(b)	(c)	(d)	(e)	(f)
1	Accounting EBIT (includes rounding)	1	309.9	(538.4)	(228.5)	326.5	279.6	606.1
<b>Accounting Expenses/Revenues not Included in Regulatory EBIT</b>								
2	Add: Accretion on Nuclear Fixed Asset Removal and Nuclear Waste Management Liabilities	2	0.0	325.9	325.9	0.0	344.8	344.8
3	Deduct: Earnings/(Losses) on Nuclear Fixed Asset Removal and Nuclear Waste Management Funds	2	0.0	(242.1)	(242.1)	0.0	415.5	415.5
<b>Differences Between Accounting and Regulatory Treatment</b>								
<b>(1) HYDROELECTRIC PRODUCTION ABOVE 1900 MW/Hr:</b>								
4	Deduct: Revenue at Market Price Included in Accounting EBIT	3	189.0	0.0	189.0	0.0	0.0	0.0
5	Add: Revenue at Regulated Hydroelectric Payment Amounts	4	125.4	0.0	125.4	0.0	0.0	0.0
<b>(2) HYDROELECTRIC INCENTIVE MECHANISM:</b>								
6	Deduct: Hydroelectric Incentive Revenue	5	3.0	0.0	3.0	21.0	0.0	21.0
<b>(3) CAPITAL TAXES:</b>								
7	Add: Accounting Capital Tax on Regulated Assets	6	11.7	8.5	20.2	10.5	7.3	17.8
8	Deduct: Regulatory Capital Tax on Regulated Assets	7	8.7	7.8	16.5	8.6	7.7	16.3
<b>(4) UNREALIZED EXCHANGE RATE ADJUSTMENTS:</b>								
9	Add: (Gains)/Losses Included in Accounting EBIT	8	0.0	(7.9)	(7.9)	0.0	0.0	0.0
10	Regulatory EBIT (line 1+2-3-4+5-6+7-8+9)		246.3	22.4	268.7	307.4	208.5	515.8
<b>Cost Related to Deemed Debt and UNL/ARC Adjustment</b>								
11	Deduct: Cost of Deemed Debt for Regulated Assets	9	117.7	76.3	193.9	121.7	71.8	193.5
12	Deduct: Cost Related to UNL/ARC Adjustment	9	N/A	53.9	53.9	N/A	65.0	65.0
13	Regulatory EBT (line 10 - line 11 - line 12)	10	128.7	(107.8)	20.8	185.7	71.7	257.3
<b>Determination of Return on Equity</b>								
14	Deduct: Income Taxes on Regulated Assets	11	0.0	0.0	0.0	23.0	45.0	68.0
<b>Systematic Adjustments</b>								
15	Deduct: Transactions in Income and Other Taxes Variance	12	(0.2)	(11.7)	(11.9)	(0.1)	(8.4)	(8.5)
16	Deduct: Transactions in Tax Loss Variance Account	12	20.0	104.7	124.7	26.6	139.6	166.2
17	Total Systematic Adjustments		19.8	93.0	112.8	26.5	131.2	157.7
18	Return on Equity (line 13 - line 14 - line 17)		108.9	(200.8)	(92.0)	136.2	(104.6)	31.6

See Ex. C1-T1-S1 Table 7a for notes

Table 7a  
Capitalization and Actual Cost of Capital  
Actual Return on Equity - Reconciliation to Audited Financial Statements for Prescribed Facilities(\$M)  
Notes to Ex. C1, Tab 1, Sch. 1, Table 7

## Notes:

- 1 Accounting EBIT for 2008 and 2009 as reflected in the audited financial statements for prescribed facilities in Ex. A2-T1-S1 Attachment 3.  
Nuclear EBIT consists of EBIT of the Nuclear Generation and Nuclear Waste Management segments in the audited financial statements for prescribed facilities.
- 2 Accretion on Nuclear Fixed Asset Removal and Nuclear Waste Management Liabilities and Earnings/Losses on Nuclear Fixed Asset Removal and Nuclear Waste Management Funds for 2008 and 2009 as reflected in the Nuclear Waste Management segment in the audited financial statements for prescribed facilities in Ex. A2-T1-S1 Attachment 3. Accretion for 2009 and Fund Earnings/(Losses) for 2008 and 2009 are also presented in Ex. C2-T1-S2 Table 1. Accretion for 2008 presented in Ex. C2-T1-S2 Table 1 differs from the amount per the audited financial statements for prescribed facilities as the amount in the financial statements reflects a reduction for amounts deferred in the Nuclear Liability Deferral Account, Transition during Q1 2008.
- 3 Revenue at Market Price for 2008 as reflected on page 29 in Management's Discussion and Analysis accompanying OPG's 2009 audited consolidated financial statements in Ex. A2-T1-S1 Attachment 2.  
Regulated Hydroelectric production above 1900 MWh/Hr does not receive market prices effective December 1, 2008, as discussed in Ex. E1-T1-S1.
- 4 Revenue at Regulated Hydroelectric Payment Amounts for 2008 is computed as total hourly production over 1900 MWh x \$33.00/MWh for Q1 2008 and \$36.66/MWh for April 1 to November 30, 2008.
- 5 Hydroelectric Incentive Revenue for 2008 and 2009 is earned pursuant to the revised hydroelectric incentive mechanism approved by the OEB in EB-2007-0905 effective December 1, 2008, and is reflected on page 29 in Management's Discussion and Analysis accompanying OPG's 2009 audited consolidated financial statements in Ex. A2-T1-S1 Attachment 2. The hydroelectric incentive mechanism is discussed in Ex. E1-T1-S1.
- 6 Capital Tax included in Accounting EBIT is based on an allocation of accounting capital taxes to prescribed assets determined on a corporate basis.
- 7 Capital Tax for regulatory purposes for OPG's prescribed assets is determined in Ex. F4-T2-S1 Tables 2 and 4.
- 8 OPG recognizes certain unrealized exchange rate gains/losses in Accounting EBIT for derivatives related to some of its future purchase obligations. For regulatory purposes, any such gains/losses are reflected in the cost of actual purchases as they are received.
- 9 Interest cost of deemed debt allocated to Regulated Hydroelectric and Nuclear based on rate base as follows:

Table to Note 9 - Interest Expense Calculation (\$M)		Regulated Hydroelectric			Nuclear		
Line No.	Item	2008		2009	2008		2009
		Q1	Q2 - Q4		Q1	Q2 - Q4	
		(a)	(b)	(c)	(d)	(e)	(f)
1	Interest Rate (from Ex. C1-1-1 Tables 4, 5)	5.68%	5.68%	5.99%	5.68%	5.68%	5.99%
2	Rate Base (from B1-1-1 Tables 1 and 2)	3,871.5	3,871.5	3,834.0	3,464.2	3,464.2	3,421.4
3	ARC / UNL Adjustment (Ex. C2-1-2 Table 1)	N/A	N/A	N/A	0.0	1,283.7	1,159.8
4	Rate base financed by capital structure (line 2 - line 3)	3,871.5	3,871.5	3,834.0	3,464.2	2,180.5	2,261.5
5	Debt Ratio	55%	53%	53%	55%	53%	53%
6	Deemed Debt (line 4 x line 5)	2,129.3	2,051.9	2,032.0	1,905.3	1,155.7	1,198.6
7	Proportion of year	25%	75%	100%	25%	75%	100%
8	Cost of Deemed Debt for Regulated Assets (line 1 x line 6 x line 7)	30.2	87.4	121.7	27.1	49.2	71.8
9		2008 Total >		117.7	2008 Total >		76.3
10	Cost Related to UNL/ARC Adjustment (5.60% line 3 x line 7)	N/A	N/A	N/A	0.0	53.9	65.0

- 10 Regulatory EBT for 2008 and 2009 is used to determine regulatory income taxes in Ex. F4-T2-S1 Table 6.
- 11 Regulatory income taxes for 2008 and 2009 as reflected in Ex. F4-T2-S1 Tables 1 and 3.
- 12 Ex. H1-T1-S1 Tables 1b and 1c.