

IN THE MATTER OF the *Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B)*;

AND IN THE MATTER OF an Application by PowerStream Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009

BOARD STAFF INTERROGATORIES: POWERSTREAM INC.

Supplementary Interrogatories – May 13, 2009

Board Staff Supplementary Interrogatory #1

PSI provided a schedule that was not legible. Please provide an electronic copy of the MS Excel file corresponding to Exhibit E/T1/S2/ pp.1-10 of the application. In addition to a *readable* version of the PDF file.

Response:

Please see attached Schedule Staff Supplementary 1-1. A copy of the MS Excel file has been forwarded to the Board Secretary and the Case Manager. Please also see the response to Staff Supplementary IR-9.

Board Staff Supplementary Interrogatory #2

Board staff IR #53 – Schedule Staff 53- 1. Please provide an electronic copy of the MS Excel file matching the Reg Assets Continuity Schedule at Exh E/T1/S1/pp.6-10, in addition to the PDF file.

Response:

A copy of the MS Excel file has been forwarded to the Board Secretary and the Case Manager.

Board Staff Supplementary Interrogatory #3

Board staff IR #54 – Schedule Staff 57 is missing. Please provide.

Response:

The reference is to Staff IR #57 and not a schedule.

Board Staff Supplementary Interrogatory #4

Board staff IR #58 – Schedule Staff 58 is missing. Please provide.

Response:

There is no Schedule Staff 58.

Board Staff Supplementary Interrogatory #5

Reference: Board staff IR #54

Details: PSI submitted Schedule Staff 54-1, sheets 3 -4 and provided the monthly prescribed rates only for the yr. 2008 and Jan. 1. 2009- Apr. 30, 2009. Response did not provide the following:

- **No interest rates provided for 2005, 2006, 2007 for each deferral acct. requested for disposition. Please provide.**
- **Account 1590 - no interest rates and interest amts. from 2005 to 2009 provided. Please provide.**

Response:

Interest has been calculated monthly on the opening principal balance for each of the deferral accounts requested for disposal at the OEB prescribed rates. For the period up to April 30, 2006 this was at the deemed rate applicable to PowerStream and its predecessor utilities, namely 6.9% per annum for PowerStream, Markham Hydro, Richmond Hill Hydro and Hydro Vaughan, and 7.25% per annum for Aurora Hydro (up to the time it became part of PowerStream). Starting May 1, 2006, interest has been calculated at the prescribed rates posted on the OEB website in accordance with the Board's letter of November 28, 2006, *Approval of Accounting Interest Rates Methodology for Regulatory Accounts Board File No. EB-2006-0117*.

As discussed in PowerStream's response to Staff IR #58 and to Staff Supplementary IR-8 below, interest was calculated on account 2425 up to April 30, 2006 in the 2006 EDR filing but was not recorded. PowerStream proposes to correct this based on the information provided in these IR responses. Please see Staff Supplementary IR-9 for further details.

Interest has been calculated on account 1590 in the same manner, as the other variance and deferral accounts, described above. Interest for 2008 and 2009 can be found on Sheet 4 –Interest on Actual Recoveries at December 31, 2007 in the models filed as Schedule Staff Supplementary 1-1 and Schedule Staff Supplementary 9-1. Interest amounts can be found in the continuity schedule provided in Exhibit E, Tab 1, Schedule 1, pages 6 to 10.

Board Staff Supplementary Interrogatory #6

Reference: Board staff IR #57

- **2008 Audited Financial Statements (AFS) have not been forwarded to the Board. Applicant indicated that these would be available by the end of May 2009. Please provide.**

Response:

Please see attached Schedule Staff Supplementary 6-1.

Board Staff Supplementary Interrogatory #7

Reference: Board staff IR #55

- **Response to IR #55 does not agree with Ex E/T1/S1/P3 – substantially different totals for requested deferral and variance balances (DVA). See table below for discrepancies:**

Item	Total in Exh.E/T1/S1/P3	Total per Table Sch. Staff 55-1 (Manually totaled)	DIFFERENCE
DVA for Requested for Disposition	(\$27,899,049)	(27,537,774)	(325,275)

Response:

There was a clerical error in entering the recoveries for the GS >50 kW class in the model such that the recoveries by class did not cross add. The total of (\$27,899,049) is correct and the revised rate rider calculations are shown in Table Staff Supplementary 7-1 below. See Staff Supplementary IR-9 also.

Table Staff Supplementary 7-1: Regulatory Asset Recovery Rate Rider

Variance and Deferral Account Rate Riders				Recovery Period		
Class	Unit	Quantity	Amount	1 year	2 Years	3 years
Residential	kWh	2,039,498,572	\$(7,737,865)	\$(0.0038)	\$(0.0019)	\$(0.0013)
GS < 50 KW	kWh	796,189,248	\$(3,102,454)	\$(0.0039)	\$(0.0019)	\$(0.0013)
GS > 50 kW	kW	10,197,336	\$(16,701,149)	\$(1.6378)	\$(0.8189)	\$(0.5459)
Large Users	kW	86,879	\$(194,215)	\$(2.2355)	\$(1.1177)	\$(0.7452)
Scattered Load	kWh	8,378,782	\$17,732	\$ 0.0021	\$ 0.0011	\$ 0.0007
Sentinel Lighting	kW	1,243	\$(8,114)	\$(6.5286)	\$(3.2643)	\$(2.1762)
Street Lighting	kW	118,262	\$(172,984)	\$(1.4627)	\$(0.7314)	\$(0.4876)
Total			\$(27,899,048)			

Board Staff Supplementary Interrogatory #8

- **Rate rider volumes not same as load forecast for 2009. Volumes used for calculating proposed rate riders by rate class are different from the load forecast for 2009 in Exhibit C.**
- **Why?**

Response:

PowerStream followed the same method as was used in the Board's 2006 Regulatory Asset Recovery model. In that model balances at December 31, 2004 were approved for disposal using rate riders calculated using 2004 billing data. In the current application, balances at December 31, 2007 are being proposed for disposal using rate riders calculated using 2007 billing data. PowerStream is agreeable to using 2009 forecast volumes if Board Staff thinks this is more appropriate.

Board Staff Supplementary Interrogatory #9

Board staff is uncertain as to what is the correct balance requested for disposition for account 2425 and account 1590 considering that there are differences in the balances reported in the reference materials. What are the correct amounts requested for disposition as of April 30, 2009?

References:

PowerStream’s response to Board staff IR #58, b), Table, Schedule Staff 58 – 3 and Exhibit E/Tab1/Sch1/p3, Table 3, Deferral and Variance Account Balances for Disposal

Response:

In preparing its responses to Board Staff interrogatories, PowerStream staff determined that several adjustments to the balances in accounts 2425 and 1590 were needed, resulting in an increase of \$190,000 in the amount to be refunded to customers. These adjustments are discussed in PowerStream’s response to Staff IR#58 and are summarized in Table Staff Supplementary 9-1 below:

Table Supplementary Staff 9-1: Revisions to Deferral and Variance Account Balances for Disposal

Regulatory Assets Accounts:	As filed	Revised	Change	Note
Principal Dec 31/07	(29,275,439)	(29,211,957)	63,482	1
Interest Dec 31/07	(1,280,763)	(1,098,567)	182,196	2
Interest Jan 1/08 - Apr 30/09	(1,667,766)	(1,365,293)	302,473	3
Total	(32,223,968)	(31,675,817)	548,151	
Recoveries:				
Principal Dec 31/07	(712,435)	(712,435)	-	
Interest Dec 31/07	(1,730,591)	(1,016,716)	713,875	4
Interest thereon for Jan 1/08 - Apr 30/09	(40,586)	(33,297)	7,289	5
Recoveries Principal Jan 1/08 to Apr 30/08	(1,760,644)	(1,760,644)	-	
Interest thereon for Jan 1/08 - Apr 30/09	(80,663)	(63,824)	16,839	6
Total	(4,324,919)	(3,586,916)	738,003	
Balance to be collected (refunded)	(27,899,049)	(28,088,901)	(189,852)	

Notes:

1. Remove account 2405 accrued principal amount due to Hydro One for their regulatory asset recovery
2. Remove account 2405 accrued interest on amount due to Hydro One for their regulatory asset recovery of \$7,067; interest adjustment on account 2425, transfer interest of \$145,427 on approved 2004 amounts to account 1590, correction re duplicated interest of \$29,702.
3. Reduction on accrued interest due to lower actual prescribed rates for July 2008 to April 2009 and lower principal balance at Dec 31/07 after adjustments.
4. Reduced by interest transferred from account 2425 of \$145,427 plus additional interest accrued on approved 2004 balance in account 2425 for the period up to April 30, 2006.
5. Reduction on accrued interest due to lower actual prescribed rates for July 2008 to April 2009.
6. Reduction on accrued interest due to lower actual prescribed rates for July 2008 to April 2009.

The revised model is attached as Schedule Staff Supplementary 9-1 and a copy of the MS Excel model has been forwarded to the Board Secretary and the Case Manager.

Table Staff Supplementary 9-2 shows the rate rider information requested in Staff IR-54 revised to reflect the proposed changes.

Table Staff Supplementary 9-2: Variance and Deferral Account Rate Riders

Class	Unit	Quantity	Amount	Recovery Period		
				1 year	2 Years	3 years
Residential	kWh	2,039,498,572	\$ (7,781,013)	\$(0.0038)	\$(0.0019)	\$(0.0013)
GS < 50 kW	kWh	796,189,248	\$ (3,131,270)	\$(0.0039)	\$(0.0020)	\$(0.0013)
GS > 50 kW	kW	10,197,336	\$(16,775,113)	\$(1.6450)	\$(0.8225)	\$(0.5483)
Large Users	kW	86,879	\$ (236,189)	\$(2.7186)	\$(1.3593)	\$(0.9062)
Scattered Load	kWh	8,378,782	\$ 16,804	\$ 0.0020	\$ 0.0010	\$ 0.0007
Sentinel Lighting	kW	1,243	\$ (8,094)	\$(6.5128)	\$(3.2564)	\$(2.1709)
Street Lighting	kW	118,262	\$ (174,025)	\$(1.4715)	\$(0.7358)	\$(0.4905)
Total			\$(28,088,900)			

Schedule Staff Supplementary 1-1

Sheet 1 - Rate Riders Calculation

NAME OF UTILITY PowerStream Inc.
 NAME OF CONTACT Tom Barrett, Manager, Rate Applications
 E-mail Address Tom.Barrett@PowerStream Inc.
 PHONE NUMBER 905-532-4640

LICENCE NUMBER ED-2004-0520
 DOCID NUMBER
 Date August 15, 2008

Regulatory Asset Accounts:	Decision Ref.#	Amount	ALLOCATOR	GS > 50 Non					Small Scattered Load	Sentinel Lighting	Street Lighting	Total
				Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users			
LV - Account 1550	2.0.34	\$ (377,952)	kWh	\$ (112,819)	\$ (44,043)	\$ (216,475)	\$ -	\$ (1,769)	\$ (463)	\$ (26)	\$ (2,356)	\$ (377,952)
WMSC - Account 1580	2.0.35	\$ (12,079,645)	kWh	\$ (3,605,794)	\$ (1,407,647)	\$ (6,918,718)	\$ -	\$ (56,552)	\$ (14,814)	\$ (829)	\$ (75,291)	\$ (12,079,645)
One-Time WMSC - Account 1582	2.0.35	\$ 410,051	kWh	\$ 122,401	\$ 47,783	\$ 234,860	\$ -	\$ 1,920	\$ 503	\$ 28	\$ 2,556	\$ 410,051
Network - Account 1584	2.0.35	\$ (771,760)	kWh	\$ (230,372)	\$ (89,934)	\$ (442,032)	\$ -	\$ (3,613)	\$ (946)	\$ (53)	\$ (4,810)	\$ (771,760)
Connection - Account 1586	2.0.35	\$ (9,002,536)	kWh	\$ (2,687,272)	\$ (1,049,070)	\$ (5,156,278)	\$ -	\$ (42,146)	\$ (11,040)	\$ (618)	\$ (56,112)	\$ (9,002,536)
Power - Account 1588	2.0.35	\$ (13,895,272)	kWh	\$ (4,147,761)	\$ (1,619,223)	\$ (7,958,634)	\$ -	\$ (65,052)	\$ (17,040)	\$ (954)	\$ (86,607)	\$ (13,895,272)
Subtotal - RSVA		\$ (35,717,114)		\$ (10,661,617)	\$ (4,162,133)	\$ (20,457,279)	\$ -	\$ (167,212)	\$ (43,801)	\$ (2,452)	\$ (222,620)	\$ (35,717,114)
Other Regulatory Assets - Account 1508		\$ 3,531,268	kWh	\$ 1,054,089	\$ 411,500	\$ 2,022,564	\$ -	\$ 16,532	\$ 4,330	\$ 242	\$ 22,010	\$ 3,531,268
Retail Cost Variance Account - Acct 1518		\$ 110,102	# of Customers	\$ 96,703	\$ 10,635	\$ 1,727	\$ -	\$ 0	\$ 961	\$ 69	\$ 6	\$ 110,102
Retail Cost Variance Account (STR) Acct 1548		\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebate Cheques - Acct 1525	5.0.19	\$ -	# cust. w/ Rebate Cheq	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hydro One's Environmental Costs - Acct 1525	5.0.25	\$ -	Dx Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre Market Opening Energy - Acct 1571	3.0.27	\$ -	kWh for Non TOU Cust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Event Losses - Acct 1572		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts - Acct 1574		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits - Acct 2425		\$ (148,224)	kWh	\$ (44,245)	\$ (17,273)	\$ (84,897)	\$ -	\$ (694)	\$ (182)	\$ (10)	\$ (924)	\$ (148,224)
Transition Costs - Acct 1570	7.0.67	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA		\$ 3,493,146		\$ 1,106,547	\$ 404,863	\$ 1,939,394	\$ -	\$ 15,838	\$ 5,110	\$ 301	\$ 21,092	\$ 3,493,146
Total to be Recovered		\$ (32,223,968)		\$ (9,555,069)	\$ (3,757,270)	\$ (18,517,885)	\$ -	\$ (151,374)	\$ (38,691)	\$ (2,151)	\$ (201,528)	\$ (32,223,968)

Recoveries (repayments)	Amount	GS > 50 Non					Small Scattered Load	Sentinel Lighting	Street Lighting	Total		
		Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users					
Actual Recoveries at December 31/07	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)	\$ -	\$ -	\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)	\$ (712,435)	
Interest as of December 31, 2007	\$ (1,730,591)	\$ (1,199,657)	\$ (191,804)	\$ (323,482)	\$ -	\$ -	\$ (23,691)	\$ (10,178)	\$ (188)	\$ 18,409	\$ (1,730,591)	
Interest: January 2008 to April 2009	\$ (40,586)	\$ (4,984)	\$ (7,063)	\$ (30,514)	\$ -	\$ -	\$ 4,939	\$ (2,288)	\$ 307	\$ (983)	\$ (40,586)	
	\$ (2,483,612)	\$ (1,292,136)	\$ (322,852)	\$ (889,627)	\$ -	\$ -	\$ 67,954	\$ (52,624)	\$ 5,507	\$ 166	\$ (2,483,612)	
Recoveries January 2008 to April 2009	\$ (1,760,644)	\$ (501,439)	\$ (317,437)	\$ (887,086)	\$ -	\$ -	\$ (24,037)	\$ (3,627)	\$ 435	\$ (27,453)	\$ (1,760,644)	
Interest: January 2008 to April 2009	\$ (80,663)	\$ (23,629)	\$ (14,527)	\$ (40,023)	\$ -	\$ -	\$ (1,076)	\$ (172)	\$ 20	\$ (1,256)	\$ (80,663)	
	\$ (1,841,307)	\$ (525,068)	\$ (331,964)	\$ (927,109)	\$ -	\$ -	\$ (25,113)	\$ (3,799)	\$ 455	\$ (28,709)	\$ (1,841,307)	
Total Recoveries	\$ (4,324,919)	\$ (1,817,204)	\$ (654,816)	\$ (1,816,736)	\$ -	\$ -	\$ 42,841	\$ (56,423)	\$ 5,962	\$ (28,543)	\$ (4,324,919)	
Balance to be collected or refunded # of years:	2	\$ (27,899,049)	\$ (7,737,865)	\$ (3,102,454)	\$ (16,701,149)	\$ -	\$ -	\$ (194,215)	\$ 17,732	\$ (8,114)	\$ (172,984)	\$ (27,899,048)
Balance to be collected or refunded per year		\$ (13,949,524)	\$ (3,868,932)	\$ (1,551,227)	\$ (8,350,574)	\$ -	\$ -	\$ (97,107)	\$ 8,866	\$ (4,057)	\$ (86,492)	\$ (13,949,524)

Class	GS > 50 Non					Scattered Load	Sentinel Lighting	Street Lighting	
	Residential	GS < 50 KW	TOU	GS > 50 TOU	Large Users	Scattered Load	Sentinel Lighting	Street Lighting	
Billing Determinants	kWh	kWh	kWh	kWh					
Billing Determinants - quantity	2,039,498,572	796,189,248	10,197,336	-	86,879	8,378,782	1,243	118,262	
Regulatory Asset Rate Riders	\$ (0.0019)	\$ (0.0019)	\$ (0.8189)	\$ -	\$ -	\$ (1.1177)	\$ 0.0011	\$ (3.2643)	\$ (0.7314)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream.Inc	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Account Description	Account Number	Principal Amounts as of Dec-31 2007	Interest to Dec31-07	Interest Jan1-08 to Apr30-09	Total Claim
RSVA - Low voltage	1550	\$ (351,929)	\$ (5,973)	\$ (20,050)	\$ (377,952)
RSVA - Wholesale Market Service Charge	1580	\$ (11,351,970)	\$ (80,971)	\$ (646,703)	\$ (12,079,645)
RSVA - One-time Wholesale Market Service	1582	\$ 347,152	\$ 43,123	\$ 19,776	\$ 410,051
RSVA - Retail Transmission Network Charge	1584	\$ (806,981)	\$ 81,190	\$ (45,970)	\$ (771,760)
RSVA - Retail Transmission Connection Charge	1586	\$ (7,654,478)	\$ (911,997)	\$ (436,060)	\$ (9,002,536)
RSVA - Power (excluding Global Adjustment)	1588	\$ (12,626,445)	\$ (549,523)	\$ (719,304)	\$ (13,895,272)
Sub-Totals		\$ (32,444,652)	\$ (1,424,150)	\$ (1,848,311)	\$ (35,717,114)
Other Regulatory Assets	1508	\$ 3,034,470	\$ 323,930	\$ 172,868	\$ 3,531,268
Retail Cost Variance Account - Retail	1518	\$ 100,872	\$ 3,482	\$ 5,748	\$ 110,102
Retail Cost Variance Account - STR	1548	\$ -	\$ -	\$ -	\$ -
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$ -	\$ -	\$ -	\$ -
Qualifying Transition Costs	1570	\$ -	\$ -	\$ -	\$ -
Pre-Market Opening Energy Variances Total	1571	\$ -	\$ -	\$ -	\$ -
Extra-Ordinary Event Losses	1572	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts	1574	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits	2425	\$ 33,871	\$ (184,024)	\$ 1,929	\$ (148,224)
Sub-Totals		\$ 3,169,213	\$ 143,388	\$ 180,545	\$ 3,493,146
Total		\$ (29,275,439)	\$ (1,280,763)	\$ (1,667,766)	\$ (32,223,968)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY **PowerStream Inc.**
 NAME OF CONTACT **Tom Barrett, Manager, Rate Applications**
 E-mail Address **[Tom.Barrett@PowerStream.Inc.](mailto:Tom.Barrett@PowerStream.Inc)**
 PHONE NUMBER **905-532-4640**

LICENCE NUMBER **ED-2004-0520**
 DOCID NUMBER
 Date **August 15, 2008**

2007 Data By Class	kW	kWhs	Cust. Num.'s	Dx Revenue	
RESIDENTIAL CLASS	0	2,039,498,572	204,330	\$ 55,336,474	
GENERAL SERVICE <50 KW CLASS	0	796,189,248	22,472	\$ 16,821,155	
GENERAL SERVICE >50 KW NON TIME OF USE	10,197,336	3,913,345,486	3,649	\$ 36,466,287	
GENERAL SERVICE >50 KW TIME OF USE	0	0		\$ -	
INTERMEDIATE CLASS	0	0	-	\$ -	
LARGE USER CLASS	86,879	31,986,565	1	205,723	
SMALL SCATTERED LOADS	0	8,378,782	2,030	446,592	
SENTINEL LIGHTS	1,243	469,111	145	8,650	
STREET LIGHTING	118,262	42,585,750	13	931,319	
Totals	10,403,720	6,832,453,515	232,640	\$ 110,216,201	

Allocators	kW	kWhs	Cust. Num.'s	Dx Revenue	Cust. #'s w/ Rebate Cheques	kWhs for Non TOU Customers	
RESIDENTIAL CLASS	0.0%	29.9%	87.8%	50.2%		0.00%	1,428,000
GENERAL SERVICE <50 KW CLASS	0.0%	11.7%	9.7%	15.3%		0.00%	426,260
GENERAL SERVICE >50 KW NON TIME OF USE	98.0%	57.3%	1.6%	33.1%		100.00%	166,406
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%	0.0%	0.0%			817,899
INTERMEDIATE CLASS	0.0%	0.0%	0.0%	0.0%			0
LARGE USER CLASS	0.8%	0.5%	0.0%	0.2%			0
SMALL SCATTERED LOADS	0.0%	0.1%	0.9%	0.4%		0.00%	6,685
SENTINEL LIGHTS	0.0%	0.0%	0.1%	0.0%			1,751
STREET LIGHTING	1.1%	0.6%	0.0%	0.8%			98
Totals	100%	100%	100%	100%	0%	100%	8,901

Schedule Staff Supplementary 1-1

SHEET 3 - Interest on Reg. Assets Balance as of Dec. 31, 2007

NAME PowerStream Inc. LICENCE NUMBER ED-2004-0520
 NAME Tom Barrett, Manager, Rate Applications DOCID NUMBER
 E-mail Tom.Barrett@PowerStream Inc. Date August 15, 2008
 PHONE NUMBER 905-532-4640

	Balance as of Dec. 31, 2007	Interest Jan 2008 to Apr 2009
1550 RSVA - Low voltage	\$ (351,929)	\$ (20,050)
1580 RSVA - Wholesale Market Service Charge	(11,351,970)	(646,703)
1582 RSVA - One-time Wholesale Market Service	347,152	19,776
1584 RSVA - Retail Transmission Network Charge	(806,981)	(45,970)
1586 RSVA - Retail Transmission Connection Charge	(7,654,478)	(436,060)
1588 RSVA - Power (excluding Global Adjustment)	(12,626,445)	(719,304)
1508 Other Regulatory Assets	3,034,470	172,868
1518 Retail Cost Variance Account - Retail	100,872	5,748
1548 Retail Cost Variance Account - STR	-	-
1525 Misc. Deferred Debits - incl. Rebate Cheques	-	-
1570 Qualifying Transition Costs	-	-
1571 Pre-Market Opening Energy Variances Total	-	-
1572 Extra-Ordinary Event Losses	-	-
1574 Deferred Rate Impact Amounts	-	-
2425 Other Deferred Credits	33,871	1,929
	(29,275,439)	\$ (1,667,766)

Interest for Jan 2008 - April 2009	Days	Rate	1550	1580	1582	1584	1586	1588	1508	1518	1548	1525	1570	1571	1572	1574	2425	Total
Balance for interest calculation			\$ (351,929)	(11,351,970)	347,152	(806,981)	(7,654,478)	(12,626,445)	3,034,470	100,872	-	-	-	-	-	-	33,871	(29,275,439)
Jan 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	148	(127,801)
Feb 2008	29	5.14%	(1,437)	(46,360)	1,418	(3,296)	(31,260)	(51,564)	12,392	412	-	-	-	-	-	-	138	(119,557)
Mar 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	148	(127,801)
Apr 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	114	(98,173)
May 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Jun 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	114	(98,173)
Jul 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Aug 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Sep 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	114	(98,173)
Oct 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Nov 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	114	(98,173)
Dec 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Jan 2009	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Feb 2009	28	4.08%	(1,101)	(35,530)	1,087	(2,526)	(23,957)	(39,519)	9,497	316	-	-	-	-	-	-	106	(91,627)
Mar 2009	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	117	(101,445)
Apr 2009	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	114	(98,173)
Total			(20,050)	(646,703)	19,776	(45,970)	(436,060)	(719,304)	172,868	5,748	-	-	-	-	-	-	1,929	(1,667,766)
Average rate	486	4.28%																

SHEET 4 - Interest on Actual Recoveries at December 31, 2007

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

	Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Actual Recoveries at Dec 31/07:	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)			\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)

Month	Interest	Days	Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Jan-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Feb-08	5.14%	29	\$ (2,909)	\$ (357)	\$ (506)	\$ (2,187)	\$ -		\$ 354	\$ (164)	\$ 22	\$ (70)
Mar-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Apr-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
May-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jun-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Jul-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Aug-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Sep-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Oct-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Nov-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Dec-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jan-09	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Feb-09	4.08%	28	\$ (2,230)	\$ (274)	\$ (388)	\$ (1,676)	\$ -		\$ 271	\$ (126)	\$ 17	\$ (54)
Mar-09	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Apr-09	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Total Interest			\$ (40,586)	\$ (4,984)	\$ (7,063)	\$ (30,514)	\$ -		\$ 4,939	\$ (2,288)	\$ 307	\$ (983)

2009 \$ (9,556)

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Residential Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (231,773)	\$ (231,773)		5.14%	31
February 2008				\$ (48,340)	\$ (280,112)	\$ (947)	5.14%	29
March 2008				\$ (118,059)	\$ (398,172)	\$ (1,223)	5.14%	31
April 2008				\$ (103,267)	\$ (501,439)	\$ (1,335)	4.08%	30
May 2008				\$ -	\$ (501,439)	\$ (1,738)	4.08%	31
June 2008				\$ -	\$ (501,439)	\$ (1,682)	4.08%	30
July 2008				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
August 2008				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
September 2008				\$ -	\$ (501,439)	\$ (1,649)	4.00%	30
October 2008				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
November 2008				\$ -	\$ (501,439)	\$ (1,649)	4.00%	30
December 2008				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
January 2009				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
February 2009				\$ -	\$ (501,439)	\$ (1,539)	4.00%	28
March 2009				\$ -	\$ (501,439)	\$ (1,704)	4.00%	31
April 2009				\$ -	\$ (501,439)	\$ (1,649)	4.00%	30
				<u>\$ (501,439)</u>		<u>\$ (23,629)</u>		

GS < 50 kW
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (70,857)	\$ (70,857)		5.14%	31
February 2008				\$ (85,954)	\$ (156,811)	\$ (289)	5.14%	29
March 2008				\$ (85,732)	\$ (242,543)	\$ (685)	5.14%	31
April 2008				\$ (74,894)	\$ (317,437)	\$ (813)	4.08%	30
May 2008				\$ -	\$ (317,437)	\$ (1,100)	4.08%	31
June 2008				\$ -	\$ (317,437)	\$ (1,065)	4.08%	30
July 2008				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
August 2008				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
September 2008				\$ -	\$ (317,437)	\$ (1,044)	4.00%	30
October 2008				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
November 2008				\$ -	\$ (317,437)	\$ (1,044)	4.00%	30
December 2008				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
January 2009				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
February 2009				\$ -	\$ (317,437)	\$ (974)	4.00%	28
March 2009				\$ -	\$ (317,437)	\$ (1,078)	4.00%	31
April 2009				\$ -	\$ (317,437)	\$ (1,044)	4.00%	30
				<u>\$ (317,437)</u>		<u>\$ (14,527)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

GS > 50 Non-TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008	5,000			\$ (104,964)	\$ (104,964)		5.14%	31
February 2008	5,000			\$ (319,938)	\$ (424,902)	\$ (429)	5.14%	29
March 2008	5,000			\$ (212,409)	\$ (637,311)	\$ (1,855)	5.14%	31
April 2008	5,000			\$ (249,775)	\$ (887,086)	\$ (2,137)	4.08%	30
May 2008	5,000			\$ -	\$ (887,086)	\$ (3,074)	4.08%	31
June 2008	5,000			\$ -	\$ (887,086)	\$ (2,975)	4.08%	30
July 2008	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
August 2008	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
September 2008	5,000			\$ -	\$ (887,086)	\$ (2,916)	4.00%	30
October 2008	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
November 2008	5,000			\$ -	\$ (887,086)	\$ (2,916)	4.00%	30
December 2008	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
January 2009	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
February 2009	5,000			\$ -	\$ (887,086)	\$ (2,722)	4.00%	28
March 2009	5,000			\$ -	\$ (887,086)	\$ (3,014)	4.00%	31
April 2009	5,000			\$ -	\$ (887,086)	\$ (2,916)	4.00%	30
				<u>\$ (887,086)</u>		<u>\$ (40,023)</u>		

GS > 50 TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008					\$ -	\$ -	5.14%	29
March 2008					\$ -	\$ -	5.14%	31
April 2008					\$ -	\$ -	4.08%	30
May 2008				\$ -	\$ -	\$ -	4.08%	31
June 2008				\$ -	\$ -	\$ -	4.08%	30
July 2008				\$ -	\$ -	\$ -	4.00%	31
August 2008				\$ -	\$ -	\$ -	4.00%	31
September 2008				\$ -	\$ -	\$ -	4.00%	30
October 2008				\$ -	\$ -	\$ -	4.00%	31
November 2008				\$ -	\$ -	\$ -	4.00%	30
December 2008				\$ -	\$ -	\$ -	4.00%	31
January 2009				\$ -	\$ -	\$ -	4.00%	31
February 2009				\$ -	\$ -	\$ -	4.00%	28
March 2009				\$ -	\$ -	\$ -	4.00%	31
April 2009				\$ -	\$ -	\$ -	4.00%	30
				<u>\$ -</u>		<u>\$ -</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Large User Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (11,782)	\$ (11,782)	\$ -	5.14%	29
March 2008				\$ (6,206)	\$ (17,988)	\$ (51)	5.14%	31
April 2008				\$ (6,049)	\$ (24,037)	\$ (60)	4.08%	30
May 2008				\$ -	\$ (24,037)	\$ (83)	4.08%	31
June 2008				\$ -	\$ (24,037)	\$ (81)	4.08%	30
July 2008				\$ -	\$ (24,037)	\$ (82)	4.00%	31
August 2008				\$ -	\$ (24,037)	\$ (82)	4.00%	31
September 2008				\$ -	\$ (24,037)	\$ (79)	4.00%	30
October 2008				\$ -	\$ (24,037)	\$ (82)	4.00%	31
November 2008				\$ -	\$ (24,037)	\$ (79)	4.00%	30
December 2008				\$ -	\$ (24,037)	\$ (82)	4.00%	31
January 2009				\$ -	\$ (24,037)	\$ (82)	4.00%	31
February 2009				\$ -	\$ (24,037)	\$ (74)	4.00%	28
March 2009				\$ -	\$ (24,037)	\$ (82)	4.00%	31
April 2009				\$ -	\$ (24,037)	\$ (79)	4.00%	30
				<u>\$ (24,037)</u>		<u>\$ (1,076)</u>		

Small Scattered Load
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (1,637)	\$ (1,637)		5.14%	31
February 2008				\$ (594)	\$ (2,231)	\$ (7)	5.14%	29
March 2008				\$ (761)	\$ (2,992)	\$ (10)	5.14%	31
April 2008				\$ (635)	\$ (3,627)	\$ (10)	4.08%	30
May 2008				\$ -	\$ (3,627)	\$ (13)	4.08%	31
June 2008				\$ -	\$ (3,627)	\$ (12)	4.08%	30
July 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	31
August 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	31
September 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	30
October 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	31
November 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	30
December 2008				\$ -	\$ (3,627)	\$ (12)	4.00%	31
January 2009				\$ -	\$ (3,627)	\$ (12)	4.00%	31
February 2009				\$ -	\$ (3,627)	\$ (11)	4.00%	28
March 2009				\$ -	\$ (3,627)	\$ (12)	4.00%	31
April 2009				\$ -	\$ (3,627)	\$ (12)	4.00%	30
				<u>\$ (3,627)</u>		<u>\$ (172)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Sentinel Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ 152	\$ 152		5.14%	31
February 2008				\$ 106	\$ 258	\$ 1	5.14%	29
March 2008				\$ 92	\$ 350	\$ 1	5.14%	31
April 2008				\$ 85	\$ 435	\$ 1	4.08%	30
May 2008				\$ -	\$ 435	\$ 2	4.08%	31
June 2008				\$ -	\$ 435	\$ 1	4.08%	30
July 2008				\$ -	\$ 435	\$ 1	4.00%	31
August 2008				\$ -	\$ 435	\$ 1	4.00%	31
September 2008				\$ -	\$ 435	\$ 1	4.00%	30
October 2008				\$ -	\$ 435	\$ 1	4.00%	31
November 2008				\$ -	\$ 435	\$ 1	4.00%	30
December 2008				\$ -	\$ 435	\$ 1	4.00%	31
January 2009				\$ -	\$ 435	\$ 1	4.00%	31
February 2009				\$ -	\$ 435	\$ 1	4.00%	28
March 2009				\$ -	\$ 435	\$ 1	4.00%	31
April 2009				\$ -	\$ 435	\$ 1	4.00%	30
				<u>\$ 435</u>		<u>\$ 20</u>		

Street Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (17,626)	\$ (17,626)	\$ -	5.14%	29
March 2008				\$ (5,346)	\$ (22,971)	\$ (77)	5.14%	31
April 2008				\$ (4,482)	\$ (27,453)	\$ (77)	4.08%	30
May 2008				\$ -	\$ (27,453)	\$ (95)	4.08%	31
June 2008				\$ -	\$ (27,453)	\$ (92)	4.08%	30
July 2008				\$ -	\$ (27,453)	\$ (93)	4.00%	31
August 2008				\$ -	\$ (27,453)	\$ (93)	4.00%	31
September 2008				\$ -	\$ (27,453)	\$ (90)	4.00%	30
October 2008				\$ -	\$ (27,453)	\$ (93)	4.00%	31
November 2008				\$ -	\$ (27,453)	\$ (90)	4.00%	30
December 2008				\$ -	\$ (27,453)	\$ (93)	4.00%	31
January 2009				\$ -	\$ (27,453)	\$ (93)	4.00%	31
February 2009				\$ -	\$ (27,453)	\$ (84)	4.00%	28
March 2009				\$ -	\$ (27,453)	\$ (93)	4.00%	31
April 2009				\$ -	\$ (27,453)	\$ (90)	4.00%	30
				<u>\$ (27,453)</u>		<u>\$ (1,256)</u>		

Financial statements of

PowerStream Inc.

December 31, 2008

PowerStream Inc.

Schedule Staff Supplementary 6-1

December 31, 2008

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Auditors' Report

To the Shareholders of
PowerStream Inc.

We have audited the balance sheet of PowerStream Inc. as at December 31, 2008 and the statements of earnings and comprehensive income and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 3, 2009

PowerStream Inc.

Schedule Staff Supplementary 6-1

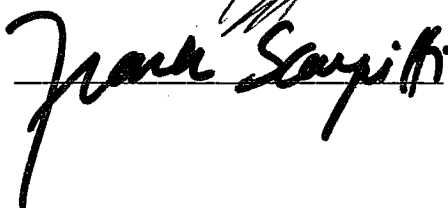
Balance sheet

as at December 31, 2008

(in thousands of dollars)

	2008	2007
	\$	\$
Assets		
Current		
Cash	56,745	23,634
Restricted cash - current portion of customers' deposits (Note 11)	900	1,485
Accounts receivable, net of allowance (Note 17(b)(i))	52,608	50,757
Unbilled revenue	63,126	59,352
Income taxes recoverable	1,865	-
Inventories	2,731	6,148
Prepays and other	1,866	1,206
	179,841	142,582
Property, plant and equipment (Note 5)	445,709	429,392
Restricted cash - non-current portion of customers' deposits (Note 11)	12,169	11,681
Intangibles, net of amortization of \$1,429 (2007 - \$1,428)	1	2
Goodwill	32,988	32,988
	670,708	616,645
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	90,061	96,155
Income taxes payable	-	2,634
Due to related parties (Note 9)	8,335	16,748
Liability for subdivision development	3,316	2,554
	101,712	118,091
Long-term liabilities		
Bank term loan (Note 10(a))	50,000	-
Debentures payable (Note 10(b))	97,462	96,878
Notes payable (Note 10(c))	162,430	156,310
Regulatory liabilities, net (Note 6)	12,742	11,011
Customers' deposits (Note 11)	12,169	11,681
Employee future benefits (Note 12)	8,452	7,241
Liability for subdivision development	2,000	1,590
Other liabilities	5,300	4,691
	350,555	289,402
Shareholders' equity		
Share capital (Note 14)	149,433	149,433
Contributed surplus (Note 14)	14,324	14,324
Retained earnings	54,684	45,395
	218,441	209,152
	670,708	616,645

Approved on behalf of the Board

 Director Director

PowerStream Inc.

Schedule Staff Supplementary 6-1

Statement of earnings and comprehensive income and retained earnings year ended December 31, 2008

(in thousands of dollars)

	2008	2007
	\$	\$
Revenue		
Sale of energy	485,199	489,777
Distribution revenue	114,074	114,580
Other revenue	6,967	10,477
Total revenue	606,240	614,834
Cost of power purchased	485,199	489,777
	121,041	125,057
Operating expenses	48,474	45,947
Earnings before amortization, interest and income taxes	72,567	79,110
Amortization of capital assets and intangibles (net of \$1,524; 2007 - \$1,335 charged to other accounts)	31,383	29,666
Net interest expense (Note 22)	15,952	14,196
Income before income taxes	25,232	35,248
Income tax expense (Note 19)	7,430	14,100
Net earnings and comprehensive income for the year	17,802	21,148
Retained earnings, beginning of year	45,395	28,983
Dividends	(8,513)	(4,736)
Retained earnings, end of year	54,684	45,395

PowerStream Inc.

Schedule Staff Supplementary 6-1

Statement of cash flows year ended December 31, 2008

(in thousands of dollars)

	2008	2007
	\$	\$
Operating activities		
Net earnings for the year	17,802	21,148
Adjustments to determine cash provided by operating activities		
Amortization of property, plant and equipment	32,907	30,779
Accretion of debentures payable	584	545
Amortization of intangibles	1	222
Deferred interest on related party promissory notes	6,120	8,153
Employee future benefits	1,211	919
Increase (decrease) in regulatory liabilities, net	1,731	(3,543)
Gain on disposals of property, plant and equipment	(781)	(4,493)
Net change in non-cash operating working capital (Note 20)	(14,918)	11,822
	44,657	65,552
Financing activities		
Increase in liability for subdivisions development	1,172	2,724
(Decrease) increase in due to related parties	(8,413)	5,997
Increase (decrease) in long-term customers' deposits	488	(976)
Increase in other liabilities	609	2,552
Proceeds from bank term loan	50,000	-
Dividends paid	(8,513)	(4,736)
	35,343	5,561
Investing activities		
Proceeds on disposal of property, plant and equipment	72	9,891
Expenditure on property, plant and equipment, net of contribution of capital construction	(46,961)	(60,798)
	(46,889)	(50,907)
Net increase in cash during the year	33,111	20,206
Cash, beginning of year	23,634	3,428
Cash, end of year	56,745	23,634

Supplementary cash flow information (Note 21)

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

1. Description of the business

PowerStream Inc. (the "Corporation") was incorporated on June 1, 2004, under the Business Corporations Act (Ontario) and is owned by the Corporation of the City of Vaughan, through its wholly owned subsidiary, Vaughan Holdings Inc. and by the Corporation of the Town of Markham, through its wholly owned subsidiary, Markham Enterprises Corporation.

The principal activity of the Corporation is to distribute electricity in the service area of Vaughan, Markham, Richmond Hill and Aurora, in the Province of Ontario, under the license issued by the Ontario Energy Board ("OEB"). The Corporation is regulated under the OEB and adjustments to the distribution rates require OEB approval.

2. Electricity industry regulation

The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Corporation is required to charge its customers for the following amounts (all of which, other than the distribution rate, essentially represent a pass through of amounts payable to third parties):

- (i) Electricity Price and Related Rebates: The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- (ii) Distribution Rate: The distribution rate is designed to recover the costs incurred by the Corporation in delivering electricity to customers, as well as earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.

The volume of electricity consumed by the Corporation's customers during any period is governed by events largely outside the Corporation's control (principally sustained periods of hot or cold weather which increase the consumption of electricity and sustained periods of moderate weather which decrease the consumption of electricity).

- (iii) Retail Transmission Rate: The retail transmission rate represents a pass through of costs charged to the Corporation for the transmission of electricity from generating stations to the Corporation's service area. Retail transmission rates are regulated by the OEB.
- (iv) Wholesale Market Service Charge: The wholesale market service charge represents a pass through of various wholesale market support costs charged by the Independent Electricity System Operator (IESO).

Any differences between the actual cost of electricity, transmission and wholesale market services and the amounts charged to customers are recorded in retail settlement variance accounts ("RSVA amounts"). These RSVA amounts are reviewed by the OEB and periodically rate adjustments are requested and approved by the OEB to "true up" the amounts charged to customers for these services.

Electricity distribution rates as described above are approved by the OEB and allow the Corporation to recover its reasonable costs and the OEB allowed market based rate of return.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

2. Electricity industry regulation (continued)

In 2006 the OEB approved distribution rates for the period May 1, 2006 to April 30, 2007 based on updated values for assets and costs, a deemed debt equity ratio of 60:40 and an allowed return on deemed equity of 9%. The OEB also allowed for recovery over the period May 1, 2006 to April 30, 2008 of regulatory asset and liability balances arising up to December 31, 2004.

In December 2006, the OEB announced the establishment of a multi-year electricity distribution rate-setting plan for distributors for the years 2007 to 2010, to streamline the process for approving distribution rates and charges. The OEB issued guidelines along with an Incentive Regulation Model ("IRM") to be used to calculate 2007 rate adjustments. The guidelines effectively adjusted Base Distribution Rates for inflation less a productivity factor.

On April 12, 2007, the OEB approved an IRM increase of 0.3% in the Corporation's distribution rates for the period May 1, 2007 to April 30, 2008.

On April 17, 2008, the OEB approved an IRM increase of 0.3% in the Corporation's distribution rates for the period May 1, 2008 to April 30, 2009.

The Corporation has filed a cost of service filing for its 2009 distribution rates which includes its updated asset values, costs and a proposed rate increase of approximately 6%. At the time of preparation of these statements, the Corporation involved in the rate hearing process. OEB approval of the 2009 rates and the actual increase allowed is expected by the summer.

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect the distribution rates and other permitted recoveries.

3. Significant accounting policies

The Corporation's financial statements are the representations of management prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and accounting policies provided by its regulator, the OEB, as contained in the Accounting Procedures Handbook for Electric Distribution Utilities, issued under the authority of the Ontario Energy Board Act, 1998.

The financial statements reflect the following significant accounting policies:

(a) Rate setting

The Corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

As the Corporation is regulated by the OEB, the timing of accounting recognition and measurement of assets and liabilities arising from rate regulation may differ from that otherwise expected under Canadian generally accepted accounting principles for non-rate regulated enterprises. Specifically:

- (i) Capital and operating costs incurred in respect of the replacement of existing meters with smart meters have been deferred, and are being recovered along with accrued interest at OEB prescribed rates by temporary rate riders (Note 6).
- (ii) The Corporation provides for amounts in lieu of corporate income taxes using the taxes payable method as permitted by the Canadian Institute of Chartered Accountants ("CICA") for rate regulated entities.
- (iii) The Corporation has deferred post-market opening retail settlement variances in accordance with Article 490 of the OEB Accounting Procedures Handbook (Note 6).

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

3. Significant accounting policies (continued)

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on a basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

(ii) Other revenue

Other revenue related to sales of other services is recognized as services are rendered. Contract revenue is accounted for using the percentage of completion method, whereby revenue is recognized proportionately with the degree of completion of the services under contract. Losses on contracts are fully recognized when they become evident.

(c) Financial instruments

Financial assets and liabilities are initially recorded at fair value. The fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Subsequent measurement depends on how each financial instrument is classified on the balance sheet.

The Corporation has made the following balance sheet classifications in connection with its financial assets and financial liabilities:

- Cash and restricted cash are classified as financial assets "Held-for-Trading" and are measured at fair value.
- Accounts receivable are classified as "Loans and Receivables" and are measured at amortized cost using the effective interest method.
- Other non-current assets are classified as "Held-to-Maturity Investments" and are measured at amortized cost, which, after initial recognition, is considered equivalent to fair value.
- Accounts payable, accrued liabilities, amounts due to related parties, notes payable, bank term loan and debentures payable are classified as "Other Financial Liabilities" and measured at amortized cost using the effective interest method.

(d) Inventories

Inventories, which consists of parts and supplies acquired for internal construction or consumption, is stated at the lower of cost and net realizable value. Cost is determined on a weighted-moving average basis. Any impairment losses taken on inventories are reversed if and when net realizable value subsequently recovers. Major spare parts and standby equipment are recorded as part of property, plant and equipment and amortized once they are put into use.

(e) Property, plant and equipment and amortization

Property, plant and equipment are recorded at cost and include contracted services, materials, labour, engineering costs, interest and overheads. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers and may be refunded by the Corporation based on economic evaluation (discounted cash flow), in accordance with the OEB Distribution System Code. Such contributions, whether in cash or in-kind, are offset against the related asset cost. Contributions in-kind are valued at their fair value at the date of their contribution.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

3. Significant accounting policies (continued)

(e) Property, plant and equipment and amortization (continued)

When identifiable assets, such as buildings, distribution station equipment, equipment and furniture are retired or otherwise disposed of, their original cost and related accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

Amortization of property, plant and equipment is provided for on the straight-line basis over the estimated service life of the assets. Amortization of contributions from developers or customers is amortized at the rates corresponding with the useful lives of the related property, plant and equipment. The estimated service lives of the various assets used in calculating amortization are summarized below:

Buildings	10 to 60 years
Transformer stations	40 years
Transformers and meters	25 to 40 years
Plant and equipment	10 to 30 years
Other	3 to 8 years

Construction in progress comprises property, plant and equipment under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed. An allowance for the outlay of funds employed during the construction period has been applied to the related property, plant and equipment as allowed by the OEB.

(f) Impairment of long-lived assets

The Corporation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the long-lived assets is not recoverable. Any resulting impairment loss is recorded in the period in which the impairment occurs.

(g) Intangibles

Intangibles include corporate restructuring costs related to amalgamation. Intangibles are stated at cost and are amortized on a straight-line basis over three years.

(h) Regulatory assets and liabilities

Regulatory assets represent costs that have been deferred and Retail Settlement Variances (RSVA) amounts that are expected to be recovered through future rates. RSVA amounts are required to be recorded by the OEB and arise from differences in amounts billed to customers and retailers and the cost to the Corporation, for electricity, wholesale market services and transmission services. The Corporation accrues interest on regulatory assets and liabilities as permitted by the OEB.

On April 28, 2006 the Corporation received final approval from the OEB for recovery/repayment of the remaining regulatory asset/liability balances accrued to December 31, 2004 plus interest thereon accrued to April 30, 2006 over two years commencing May 1, 2006. This recovery/repayment ended April 30, 2008.

In its 2009 rate application, the Corporation has filed to repay the net regulatory liability accrued from January 1, 2005 to December 31, 2007 plus interest thereon to April 30, 2009 over two years commencing May 1, 2009.

The 2008 year end regulatory assets and liabilities are comprised principally of deferred Smart Meter costs and retail settlement variances.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

3. Significant accounting policies (continued)

(h) Regulatory assets and liabilities (continued)

As at December 31, 2008, management has provided a "valuation allowance" against regulatory assets comprised principally of pension costs. Management continues to assess the likelihood of recovery of its regulatory assets and believes that it is probable that its regulatory assets, net of the valuation allowance, and liability balances will be factored into the setting of future rates.

(i) Goodwill

Goodwill represents the excess of the purchase price over the fair value assigned to the Corporation's interest of the net identifiable assets acquired on the acquisition, by predecessor corporations of the former Richmond Hill Hydro Inc. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. When the carrying amount of goodwill exceeds the implied fair value of goodwill an impairment loss is recognized in an amount equal to the excess.

(j) Pension and other post-employment benefits

The Corporation accounts for its participation in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

The Corporation actuarially determines the cost of other employment and post-employment benefits offered to employees using the projected benefit method prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at date of hire, and ended at the earliest age the employee could retire and qualify for benefits. Compensated absences and termination benefits that do not vest or accumulate are recognized as an expense when the event occurs. This accounting policy for future employee benefits was applied on the prospective basis. The transitional obligation resulting from this treatment is being amortized over the average remaining service period of employees.

(k) Customer's deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills and fulfillment of construction obligations. Deposits estimated to be refundable to customers within the next fiscal year are classified as a current liability. Interest is paid on customer balances.

(l) Payment in lieu of corporate income taxes

In accordance with Ontario Regulation 162/01 made under the Electricity Act, 1998, the Corporation provides for payments in lieu of corporate income taxes ("PILs") using the taxes payable method. No provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers at that time.

(m) Conservation and demand management

In its 2005 rate filing, as permitted by the OEB, the Corporation committed to spend an amount of \$7,300 (equal to the 3rd tranche of market-based approved rate of return) on conservation and demand management (CDM) initiatives by September 30, 2008. The Corporation has fulfilled its commitment for CDM spending and there is no longer any deferred revenues recorded as part of regulatory liabilities.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

3. Significant accounting policies (continued)

(n) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the financial statement date. Accounts receivable, unbilled revenue, inventories, regulatory assets/liabilities, goodwill, employee future benefits and income taxes payable are reported based on amounts expected to be recovered/refunded and an appropriate allowance has been provided based on managements' best estimate of unrecoverable amounts. Due to the inherent uncertainty involved in making such estimates, actual results could differ from amounts recorded in these financial statements, including changes as a result of future decisions made by the OEB, the Minister of Energy and Infrastructure and the Minister of Finance.

4. Changes in accounting policies

Current changes

(a) Inventories

Effective January 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3031 - Inventories, which replaced the existing Section 3030-Inventory. Under the new Section, inventories are required to be measured at the lower of cost and net realizable value. The new Handbook section also allows impairment losses taken on inventories to be reversed if and when net realizable value subsequently recovers.

In addition this new section requires that major spare parts and standby equipment be reclassified from inventory to property, plant and equipment. The adoption of this new section resulted in certain major spare parts and standby equipment such as Transformers, Meters, Switchgear and SCADA switches which amounted to \$7,620 to be reclassified out of inventories into Property, Plant and Equipment and amortized once they are put into use.

(b) Financial instruments disclosures and presentation

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation which are applicable to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Corporation adopted the new standards for its fiscal year beginning January 1, 2008.

Section 3862 on financial instruments disclosures, requires the disclosure of information about: i) the significance of financial instruments for the Corporation's financial position and performance; and ii) the nature and extent of risks arising from financial instruments to which the Corporation is exposed during the period and at the balance sheet date, and how the Corporation manages those risks. The additional disclosures have been provided in Note 17(b).

Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861, Financial Instruments - Disclosure and Presentation, and, therefore, adoption of this new standard did not have any impact on the financial statements.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

4. Changes in accounting policies (continued)

Current changes (continued)

(c) Capital disclosure

CICA Handbook Section 1535, Capital Disclosures requires disclosure of the Corporation's objectives, policies and processes for managing capital as well as its compliance with any external capital requirements. The standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Accordingly, the Corporation adopted the new standards for its fiscal year beginning January 1, 2008 and the required disclosure is provided in Note 18. The implementation of this standard did not have any impact on the Corporation's results of operations or financial position.

Future accounting changes

(a) Rate-regulated operations

Effective January 1, 2009, the temporary exemption from CICA Section 1100, "Generally Accepted Accounting Principles" which permits the recognition and measurement of assets and liabilities arising from rate regulation, will be withdrawn. In addition, Section 3465 "Income Taxes" was amended to require the recognition of future income tax liabilities and assets. As a result of the changes, the Corporation will be required to recognize future incomes tax liabilities and assets instead of using the taxes payable method, and will record an offsetting adjustment to regulatory assets and liabilities. These changes will be applied prospectively beginning January 1, 2009.

The Corporation is currently evaluating the impact of these changes on its financial statements.

(b) Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

The Corporation is currently evaluating the impact of the adoption of this new Section on its financial statements.

(c) Transition to International Financial Reporting Standards ("IFRS")

The Accounting Standards Board has adopted a new strategic plan that will have GAAP converge with IFRS, effective January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of the amounts reported by the Corporation for its year ended December 31, 2010, and the opening balance sheet as at January 1, 2010. The Corporation is continuing to assess the financial reporting impacts of the adoption of IFRS.

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

5. Property, plant and equipment

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land and land rights	7,309	117	7,192	7,188
Buildings	30,390	892	29,498	4,496
Transformer stations	106,748	31,002	75,746	69,729
Transformers and meters	251,313	124,626	126,687	120,196
Plant and equipment	629,510	311,625	317,885	305,402
Other	34,177	22,509	11,668	10,760
Construction in progress	20,634	-	20,634	39,844
	1,080,081	490,771	589,310	557,615
Capital contributions	180,724	37,123	143,601	128,223
	899,357	453,648	445,709	429,392

Included in property, plant and equipment costs is an amount of \$4,251 (2007 - \$3,456) related to an "allowance for the outlay of funds" employed during the construction period as allowed by the OEB. In the absence of rate regulation, interest expense in the current year would have been higher by \$795 (2007 - \$1,393).

6. Regulatory assets and liabilities

Regulatory assets and liabilities arise as a result of the rate-making process and consist of the following:

	2008	2007
	\$	\$
Regulatory assets		
Deferred Smart Meter costs	19,937	12,869
Deferred cash pension contributions	2,460	2,374
Deferred OEB annual cost assessments	1,019	984
Regulatory assets recovery account	4,139	2,443
	27,555	18,670
Provision for above regulatory assets	(2,059)	(2,059)
Regulatory assets	25,496	16,611
Regulatory liabilities		
Retail settlement variance accounts	(34,877)	(23,848)
Estimated over-recovery of payment in lieu of taxes	(3,592)	(2,787)
	(38,469)	(26,635)
Other regulatory assets (liabilities)	231	(987)
Regulatory liabilities	(38,238)	(27,622)
Net regulatory liabilities	(12,742)	(11,011)

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

6. Regulatory assets and liabilities (continued)

(a) Regulatory assets

(i) Deferred Smart Meter costs

As part of the Ontario Government's Smart Meter initiative to install smart meters throughout Ontario by 2010, the Corporation installed 82,000 Smart Meters in 2007 and 53,000 in 2008. The Corporation has recorded the capital spending, incremental expenses and customer charges incurred in connection with Smart Meters in the deferral accounts established by the OEB.

In its August 8, 2007 Combined Proceeding decision, the OEB reviewed and approved recovery of expenses incurred to April 2007 for the Corporation and a number of other distributors. For costs after this, utilities are to apply for recovery in a cost of service rate application. The Corporation has applied for recovery of expenses and inclusion of capital costs up to December 31, 2007 in its 2009 Cost of Service rate application.

In the absence of this regulatory treatment, property, plant and equipment would be increased by \$15,505 (2007-\$9,779) with related amortization expense of \$885 (2007-\$312). Other operating, maintenance and administrative expenses would be increased by \$1,117 (2007-\$503). Other revenue would be increased by \$3,041 (2007- \$1,531) and interest revenue would be lower by \$410 (2007-\$129).

This regulatory asset balance also includes the net book value less proceeds of stranded meters, replaced by Smart Meters, in the amount of \$6,437 (2007- \$4,466). In the absence of this regulatory treatment, this would have been recorded as a loss on disposal of property, plant and equipment.

(ii) Deferred cash pension contributions account

The OEB has approved the establishment of a regulatory deferral account to record the OMERS pension costs for the period beginning January 1, 2005 up to April 30, 2006.

Under an unregulated business these costs would be expensed under Canadian GAAP. No expenses have been deferred in the current fiscal year. Carrying charges continue to accrue on the deferred balance at the OEB prescribed rates. In the absence of this regulatory treatment, interest revenue would have been lower by \$86 (2007 - \$102).

(iii) Deferred OEB annual cost assessments

The OEB has allowed the Corporation to defer a portion of the OEB annual cost assessments beginning January 1, 2004 and up to April 30, 2006. The Corporation has deferred the above noted costs in accordance with prescribed criteria in the OEB's Accounting Procedures Handbook ("APH").

Under OEB regulations, expenses were allowed to be deferred which would have been expensed under Canadian GAAP for unregulated businesses. No expenses have been deferred in the current fiscal year. Carrying charges continue to accrue on the deferred balance at the OEB prescribed rates. In the absence of this regulatory treatment, interest revenue would have been lower by \$35 (2007 - \$51).

(iv) Regulatory assets recovery account

On May 1, 2006 the Corporation began recovering the 3rd phase of a 4 year regulatory asset recovery plan. These recoveries are based on final balances approved by the OEB reflecting costs to December 31, 2004 and carrying interest accrued to April 30, 2006. In 2007 the approved amounts were netted with the recoveries account in accordance with OEB direction. The billed amounts are recorded in the regulatory assets recovery account and interest is applied at the OEB prescribed interest rate for carrying charges. If regulated rates were not implemented, revenues would be decreased by \$1,761 and interest expense in 2008 would have been \$65 (2007 - \$210) lower.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

6. Regulatory assets and liabilities (continued)

(b) Regulatory liabilities

(i) Retail settlement variance accounts

Retail settlement variances are variances that have occurred since May 1, 2002 when the competitive electricity market was declared open, to December 31, 2008, and have accumulated pursuant to direction from the OEB. Specifically, these amounts include:

- (a) Variances between the amount charged by the Independent Electricity System Operator ("IESO") for the operation of the markets and grid, the purchase of imported power by the IESO to augment Ontario's power supply and charged by the IESO as an uplift charge that is part of the wholesale market service charges, as well as various wholesale market settlement charges and transmission charges, as compared to the amount billed to consumers based on the OEB-approved wholesale market service rate and transmission rates; and
- (b) the differences between the amounts charged by the IESO and billed to consumers for energy costs.

Under OEB regulations, the retail settlement variances are allowed to be deferred which under Canadian GAAP would be recorded as revenue for an unregulated business. Under non regulated reporting, revenues would have been \$9,821 higher in 2008 (2007 - \$18,567) and interest expense would have been lower in 2008 by \$1,208 (2007 - \$1,940).

(ii) PILs variances

Estimated over-recovery of PILs variances are recorded as the differences resulting from the OEB approved PILs methodology (billed recovery) and the PILs proxy/allowance amount as determined. The cumulative amount of this variance, including carrying charges, as of December 31, 2008 is \$3,592 (2007 - \$3,455).

The OEB has undertaken a combined proceeding (EB-2008-0381) to review the balances set up in this account, for a group of utilities (Barrie Hydro Distribution Inc., ENWIN Utilities Ltd. and Halton Hills Hydro Inc.) and determine the amounts to be recovered from or repaid to customers.

The Corporation has followed the SIMPIL models and instructions provided by the OEB in setting up the balances in this account for the period October 2001 to April 30, 2006 and a revised method as directed by the OEB thereafter.

As an outcome of this proceeding, the OEB may revise the rules and guiding principles as well as provide clarification of the previous rules. It is the OEB's stated intention that any changes to the rules and guiding principles as well as any clarifications will apply to other utilities.

This proceeding is in the early stages and the outcome is indeterminable at this time. Any adjustments will be recorded when known.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

6. Regulatory assets and liabilities (continued)

(c) Other regulatory assets (liabilities)

In April 2005 the Corporation received approval to collect its final phase of market adjusted rate of return. These funds were to be collected over the 2005 rate year beginning April 1 2005 and ending April 30, 2006. These funds are to be dedicated to spending on conservation and demand management initiatives over a 4-year period ending in 2008. Consistent with revenue recognition principles and the revenue neutrality of the program, the Corporation has deferred amounts in 2007 in excess of the dedicated conservation and demand spending. The deferred balance as at December 31, 2008 was \$Nil (2007 - \$1,000). A deferred amount of \$1,000 was recorded as revenue in the current period. In 2007 a deferred amount of \$5,478 was recorded as revenue.

(d) Provision for regulatory assets

Management has determined that there is uncertainty concerning the future recovery of OMERS pension costs deferred for 2005 and 2006 based on the guidelines issued by the OEB on February 15, 2005. Based on this uncertainty, a provision against this deferred expense in the amount of \$2,059 (2007 - \$2,059) has been recorded.

Management will continue to assess the likelihood of recovery of its regulatory assets and believes that it is probable that regulatory assets/liabilities will be disposed of through a rate setting process sometime in the future. The Corporation has applied for disposal of most regulatory asset and liability balances as at December 31, 2007 in its 2009 cost of service rate application. In the event that Management determines the recovery for these amounts is no longer probable, these amounts will be expensed in the period for which the determination is made.

7. Credit facilities

The Corporation requested and received an unsecured credit facility with a Canadian chartered bank and the related agreement was executed on December 17, 2008 (replacing the previous agreements), renewable annually. This credit facility agreement provides an extendible 364-day committed revolving credit facility of \$75,000, an uncommitted demand facility of \$25,000 for a specific purpose, an uncommitted Letter of Guarantee facility of \$15,000 and a committed term facility of \$50,000.

As at December 31, 2008, the Corporation had utilized \$12,000 of the Letter of Guarantee facility to provide the IESO with a letter of credit for prudential support. With the opening of Ontario's electricity market to wholesale and retail competition on May 1, 2002 ("Open Access"), the IESO requires all purchasers of electricity in Ontario to provide security to mitigate the risk of their default based on their expected purchases from the IESO administered spot market. The IESO could draw on the letter of credit if the Corporation defaults on its payment.

The 364-day committed revolving credit facility can be drawn upon by direct advances, bearing interest at prime plus 0.25% or Bankers' Acceptances plus a stamping fee of 170 basis points per annum. The uncommitted demand facility bears an interest rate of prime, or Bankers' Acceptance plus a stamping fee of 100 basis points per annum. The Letter of Guarantee facility bears a charge of 50 basis points per annum.

The committed term facility was fully drawn by the Corporation in February 2008 (see Note 10 (a)).

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

8. Accounts payable and accrued liabilities

	2008	2007
	\$	\$
Accounts payable - energy purchased	43,328	42,309
Current portion of customers' deposits	900	1,485
Deferred revenue	-	2,383
Other accounts payable and accrued liabilities (including construction deposits to be refunded within one year in the amount of \$19,607; 2007 - \$22,837)	45,833	49,978
	90,061	96,155

9. Related party balances and transactions

The amount due to the Corporation of the City of Vaughan ("City") and the Corporation of the Town of Markham ("Town") is comprised of amounts payable to the City and Town and their wholly-owned companies established under the provisions of the Ontario Business Corporation Act in order to comply with provisions of provincial legislation enacted to restructure the publicly-owned electricity business in Ontario.

Components of the amounts due to related parties are as follows:

	2008	2007
	\$	\$
The Corporation of the City of Vaughan		
Net balance payable of inter entity transactions, without interest	4,644	10,635
The Corporation of the Town of Markham		
Net balance payable of inter entity transactions, without interest	3,691	6,113
	8,335	16,748

Other significant related party transactions not otherwise disclosed separately in the financial statements, are summarized below:

	2008		2007	
	City of Vaughan	Town of Markham	City of Vaughan	Town of Markham
	\$	\$	\$	\$
Revenue				
Energy and distribution	3,804	4,645	3,688	4,905
Shared services	1,868	1,363	1,537	1,228
Expenses				
Facilities rental	811	60	570	662
Realty taxes	489	144	201	142
Operations	1,482	32	824	207

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

10. Long-term debt

(a) Bank term loan

The bank term loan is a 5 year fixed rate term loan with a Canadian Chartered Bank which bears interest at an annual rate of 5.08%. It is a non-amortizing loan with repayment at the end of the contracted term, February 26, 2013. The financial covenants require a Total Debt to Capitalization Ratio of no greater than 0.60:1, and to maintain an Interest Coverage Ratio of no less than 1.25:1.

Interest expense relating to the bank term loan was \$2,406 (2007 - \$Nil).

(b) Debentures payable

	2008	2007
	\$	\$
6.45% unsecured Debentures due August 15, 2012, interest payable in arrears semi-annually on August 15 and February 15	97,462	96,878

In August 2002, the three predecessor corporations raised gross proceeds of \$100,000 through a private placement offering. These corporations were three of five local distribution companies ("LDC") that participated in the Electricity Distributors Finance Corporation ("EDFIN") 10 Year Debentures Issued (Series 2002-1) that was offered on a private placement. EDFIN is a specific purpose corporation managed by MEARIE Management Inc., for the purpose of providing the LDC's with efficient access to the debt capital markets. Each LDC has executed a debenture which is a direct and unsecured obligation of the LDC. The LDC's obligations are several and not joint, and each LDC is liable for its own obligation and not that of any other LDC.

The Corporation assumed the obligations of the three predecessor corporations pursuant to an assumption agreement dated June 1, 2004.

The debentures are recorded at amortized cost, using the effective interest method. Interest expense relating to debentures payable was \$7,035 (2007 - \$6,995), which included \$584 (2007- \$545) of accretion.

The debentures are subject to the financial covenant that the consolidated funded obligation does not exceed 75% of the total consolidated capitalization of the Corporation.

(c) Notes payable

	2008	2007
	\$	\$
Promissory note issued to the City of Vaughan	78,236	78,236
Deferred interest on promissory note issued to the City of Vaughan	8,743	5,466
Promissory note issued to the Town of Markham	67,866	67,866
Deferred interest on promissory note issued to the Town of Markham	7,585	4,742
	162,430	156,310

On June 1, 2004, an unsecured 20 year term promissory note was issued to the Corporation of the City of Vaughan ("City") in the amount of \$78,236. Interest thereon commenced on June 1, 2004 at an annual rate of 5.58%.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

10. Long-term debt (continued)

(c) Notes payable (continued)

On June 1, 2004 an unsecured 20 year term promissory note was issued to the Corporation of the Town of Markham ("Town") in the amount of \$67,866. Interest thereon commenced on June 1, 2004 at an annual rate of 5.58%.

The two promissory notes are repayable 90 days following demand by the City or the Town, with subordination and conditions. These notes have been classified as long-term as it is not the intent of the City or the Town to demand repayment within the next year.

At the request of the City of Vaughan and the Town of Markham, eight quarters of interest will be deferred commencing October 1, 2006. This deferred interest will be repayable in full on October 31, 2013 and is subject to the same interest rate and conditions as the original note.

Interest of \$4,755 on the note payable to the City of Vaughan and \$4,124 on the note payable to the Town of Markham was charged to interest expense during the year. This includes interest on the related deferred interest balance for the City of Vaughan and the Town of Markham.

11. Customers' deposits

	2008	2007
	\$	\$
Service deposits	13,069	13,166
Less amounts expected to be refunded within one year, included in accounts payable and accrued liabilities (Note 8)	900	1,485
Non-current portion of customers' deposits	12,169	11,681

12. Employee future benefits

The Corporation pays certain health, dental and life insurance benefits under unfunded benefit plans on behalf of its retired employees.

The Corporation measures its accrued benefit obligation for accounting purposes every three years. The latest actuarial valuation was performed as at January 1, 2008.

A reconciliation of the Corporation's accrued benefit obligation to the amounts recorded in the financial statements is as follows:

	2008	2007
	\$	\$
Accrued benefit obligation	12,729	9,839
Unamortized transitional obligation	(553)	(623)
Unamortized net actuarial losses	(3,724)	(1,975)
Accrued benefit liability	8,452	7,241

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

12. Employee future benefits (continued)

Details of the accrued benefit obligation are as follows:

	2008	2007
	\$	\$
Accrued benefit obligation, beginning of the year	9,839	9,269
Current service cost	307	266
Interest cost on obligation	641	472
Benefit payments	(230)	(168)
Actuarial losses	2,172	-
Accrued benefit obligation, end of the year	12,729	9,839

The plan expense for the year is determined as follows:

	2008	2007
	\$	\$
Current service cost	307	266
Interest cost on obligation	641	472
Amortization of transitional obligation	70	159
Amortization of net actuarial losses	423	190
Plan expense	1,441	1,087

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation are as follows:

	%
Discount rate	5.25
Rate of compensation increase	4.00
Medical benefits costs escalation - hospitalization	5.00-10.00
Medical benefits costs escalation - extended health care	5.00-10.00
Dental benefits costs escalation	5.00

Sensitivity analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects for 2008:

	Increase	Decrease
	\$	\$
Total service and interest cost	170	(137)
Accrued benefit obligation	1,929	(1,533)

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

13. Pension

The Corporation participates in the Ontario Municipal Employees Retirement Fund ("OMERS") for its full time employees. OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The Corporation incurred \$2,382 of contribution expense during the year ended December 31, 2008 (2007 - \$2,194).

14. Share capital and contributed surplus

Share capital

The Corporation's authorized share capital is made up of an unlimited number of common shares. The issued share capital is as follows:

	2008	2007
	\$	\$
1035.0877 common shares	149,433	149,433

Of the total 1,035.0877 common shares issued 590 common shares are registered under Vaughan Holdings Inc. (wholly owned by The Corporation of the City of Vaughan) and 445.0877 common shares are registered under Markham Enterprises Corporation (wholly owned by The Corporation of the Town of Markham).

Contributed surplus

Contributed surplus represents the difference between the total of the net assets contributed by The Corporation of the City of Vaughan and Markham Enterprises Corporation and the amount reported as stated capital in the financial statements of PowerStream Inc., upon amalgamation on June 1, 2004.

15. Commitments

(a) Town of Markham

The Corporation retained cashing services from the Town of Markham to facilitate customers paying electricity bills. The total commitment for these services is \$166 for the next two years.

(b) City of Vaughan

The Corporation rents certain outdoor and indoor facilities from the City of Vaughan. A Shared Services Agreement effective January 1, 2008 to December 31, 2010 is currently in place. The Corporation's total commitment with respect to the Shared Services Agreement is \$1,100.

(c) Leases for the operation centres

(i) Cochrane Operation Centre

In November 2007, the Corporation entered into a lease agreement with a third party for an operations centre and warehouse. The lease term is from December 1, 2007 to March 31, 2010. The Corporation also has two 3-month extension terms and if these terms are exercised, the length of the agreement will be 34 months and the terminating date of the agreement is September 30, 2010. The total commitment of the lease from January 2009 to September 2010 is \$910.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

15. Commitments (continued)

(c) *Leases for the operation centres (continued)*

(ii) New Operation Centre

On October 9, 2008, the Corporation entered into a 25 years lease agreement relating to a new operation centre. The lease term will commence upon the completion of the construction of the centre.

The annual basic rent as per the agreement shall be as follows:

<u>Lease year(s)</u>	<u>Annual basic rent</u>
	\$
1-10	2,286
11-20	2,457
21-25	2,621

Contractual commitments

Markham TS#4

In 2007, the Corporation engaged third parties to construct a new 230KV to 28KV Transformer Station in the Markham area - Markham TS#4 to serve the north side of Hwy 407 west of Warden. The commitment for the contract is approximately \$12,750 and as at December 31, 2008, \$8,327 has been spent on engineering design and construction. The Corporation has entered into a purchase and sale agreement for property costing approximately \$1,900 upon which the Markham TS#4 transformer will be located. A deposit in the amount of \$200 relating to this agreement is recorded in "prepaids and other" on the balance sheet.

16. Contingencies

(a) *Legal claims*

The Corporation has been named as a defendant in several actions. No provision has been recorded in the financial statements for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

(b) *Other claims - Late Payment Charges Class Action*

This action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceeding brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defenses which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

16. Contingencies (continued)

(b) Other claims - Late Payment Charges Class Action (continued)

In 2007, Enbridge filed an application to the OEB to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved recovery of the said amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas.

At this time, it is not possible to quantify the effect, if any, on the financial statements.

(c) Ministry of Finance Tax audits

The Ministry of Finance (the "Ministry") is currently conducting PILs audits on the three predecessor utilities, namely Richmond Hill Hydro Inc., Markham Hydro Distribution Inc. and Hydro Vaughan Distribution Inc. for the period January 1, 2004 through to May 31, 2004. The Ministry's review is focused on the treatment of the retail settlement variance accounts (RSVA) for tax purposes.

There has been inconsistent practice of tax treatment of certain regulatory asset/liability accounts among local distribution companies across Ontario.

In accordance with OEB regulations, the Corporation has recorded the variance between amounts charged by the Corporation to its customers (at the OEB prescribed rates) and the costs charged to the Corporation for electricity, market services and transmission services, namely retail settlement variances, as regulatory assets or liabilities on the financial statements. Similar treatment has been followed for tax purposes. The Ministry is questioning this treatment of the RSVA for tax purposes and is suggesting that RSVA liabilities may be considered income for tax purposes.

The Ministry is currently reviewing the treatment of RSVA for tax purposes on a province wide basis. The impact of tax ruling may result in a reassessment of taxes payable which could have an impact on results, financial position and cash flows in the future. The outcome of the Ministry's review is not determinable and as such, no provision has been made in the financial statements.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

17. Financial instruments and risk management

(a) Recognition and measurement

CICA Handbook Section 3855 established the standards for recognizing and measuring financial assets and financial liabilities and the standards for reporting gains and losses in the financial statements. The Corporation's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(c).

The Corporation's carrying value and fair value of financial instruments are as follows:

Description	2008		2007	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Assets				
Cash and restricted cash	69,814	69,814	36,800	36,800
Accounts receivable (net of allowance for doubtful accounts)	52,608	52,608	50,757	50,757
	122,422	122,422	87,557	87,557
Liabilities				
Accounts payable and accrued liabilities	90,061	90,061	96,155	96,155
Due to related parties	8,335	8,335	16,748	16,748
Notes payable	162,430	168,586	156,310	156,310
Debentures payable	97,462	113,571	96,878	105,823
Bank term loan	50,000	55,000	-	-
	408,288	435,553	366,091	375,036

(b) Risk management

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(i) Credit risk

The Corporation's primary source of credit risks to its accounts receivable result from customer's failing to discharge their dues for electricity consumed and billed. The Corporation has approximately 244,700 residential and commercial customers. In order to mitigate such potential credit risks, the Corporation has taken various measures in respect of its Energy customers such as collecting security deposits amounting to \$15,848 in accordance with OEB guidelines, reviewing Dun & Bradstreet (D&B) reports for the top 3000 commercial customers with an outstanding balance of \$5 or more, in-house collection department as well as external collection agencies and a bad debt insurance policy for \$2,000 related to energy receivables. Thus, the Corporation monitors and limits its exposure to such credit risks on an ongoing basis.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

17. Financial instruments and risk management (continued)

(b) Risk management (continued)

(i) Credit risk (continued)

Pursuant to their respective terms, accounts receivable are aged as follows at December 31:

	2008		2007	
	Total	%	Total	%
	\$		\$	
Outstanding	53,802	100	52,657	100
Less than 30 days	40,875	76	36,974	70
30 - 60 days	6,579	12	7,333	14
61 - 90 days	1,032	2	1,506	3
Greater than 91 days	5,316	10	6,844	13
Less: Allowance for doubtful accounts	(1,194)	2	(1,900)	4
	52,608		50,757	

As at December 31, 2008, there was no significant concentration of credit risk with respect to any class of financial assets.

(ii) Interest rate risk

The Corporation limits its exposure to interest rate risk by issuing long term fixed rate debt in the form of debentures, promissory notes and bank loans. It also ensures that all payment obligations are met by adopting proper capital planning.

As part of the Corporations' revolving demand operating credit facility, the Corporation may utilize the line of credit for working capital and/or capital expenditure purposes. Such short term borrowing may expose the Corporation to short term interest rate fluctuations as follows:

Interest rate and fees

	2008	2007
364 Day Revolving Facility		
Prime Based Loans	PR* +0.25% p.a.	PR*-0.50% p.a.
Bankers Acceptances	SF* :1.70% p.a.	SF*:0.20% p.a.
Demand Facility		
Prime Based Loans	PR* +0.00% p.a.	PR*-0.50% p.a.
Bankers Acceptances	SF* :1.00% p.a.	SF*:0.20% p.a.
Letter of Guarantee Facility	0.50% p.a.	0.20% p.a.
Committed Term Facility (Fixed Rate for 5 Years)	5.08%	5.08%

Note:

* PR - Prime Rate, SF - Stamping Fee

Cash balances that are not required for day to day obligations earn an interest of Prime minus 1.7% per annum. These interest rate fluctuations could impact the level of interest income earned by the Corporation.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

17. Financial instruments and risk management (continued)

(b) Risk management (continued)

(iii) Liquidity risk

Liquidity risks are those risks associated with the Corporation's inability to meet obligations associated with financial liabilities such as repayment of principal or interest payments on debts. The Corporation monitors its liquidity risks on a regular basis to ensure there is sufficient cash flow to meet the obligations as they fall due as well as minimize the interest expense. Liquidity risks associated with financial liabilities are as follows:

Financial liabilities

Maturity period	2008		2007	
	Principal	Interest	Principal	Interest
	\$	\$	\$	\$
1-5 years	166,328	38,341	100,000	29,831
6-10 years	-	-	10,208	3,322
Over 10 years	146,102	125,685	146,102	133,837

(iv) Hedging and derivatives risk

The Corporation has not entered into hedging and derivative financial instruments and hence the Corporation is not exposed to risks of this nature. The Corporation does not have commodity price risk.

(v) Foreign exchange risk

The Corporation has minimal exposure to fluctuations in foreign currencies. The Corporation purchases goods and services from the US which are payable in US dollars, however the impact of these transactions to the financial statement are minimal.

In addition to the above, the Corporation maintains appropriate types and levels of insurance with major insurers. With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Coverage is provided to a level of \$20,000 per incident.

18. Capital disclosures

The Corporation's main objectives in the management of capital are to:

- (i) Ensure that there is a smooth access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the distribution business.
- (ii) Ensure compliance with various covenants related to its long-term/short-term loan, promissory notes and debentures.

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

18. Capital disclosures (continued)

- (iii) Consistently maintain a high credit rating for the Corporation.
- (iv) Maintain a split of 60% debt, 40% equity as recommended by the OEB.
- (v) Ensure interest rate fluctuations are mitigated primarily by long term borrowings as well as capital planning.
- (vi) Deliver appropriate financial returns to shareholders.

The Corporation considers Shareholders' equity, long-term debt and certain short-term debt as its Capital. The capital structure as at December 31, 2008 in comparison to December 31, 2007 is as follows:

	2008	2007
	\$	\$
Shareholders' equity		
Share capital	149,433	149,433
Contributed surplus	14,324	14,324
Retained earnings	54,684	45,395
Total	218,441	209,152
Long-term debt (Note 10)		
Bank term loan	50,000	-
Notes payable	162,430	156,310
Debenture payable	97,462	96,878
Total	309,892	253,188
Short-term debt	-	-
Total capital	528,333	462,340

As at December 31, 2008, the Corporation was in compliance with all covenants included in its bank term loan, notes payable and debentures payable. Details relating to debt covenants are disclosed in Note 10.

The Corporation is within the debt and equity requirements of the OEB.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

19. Corporate income taxes

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is provided as follows:

	2008	2007
	\$	\$
Income from operations before PILs	25,232	35,248
Statutory Canadian federal and provincial income tax rates	33.50%	36.12%
Expected tax provision on income at statutory rates	8,453	12,731
Increase (decrease) in income taxes resulting from timing differences:		
Amortization/CCA differences	(1,789)	(435)
Post employment benefits	406	332
Eligible capital expenditures	(216)	(219)
Other reserves	392	596
Other	146	497
Permanent differences	38	(473)
Adjustment of prior year's tax	-	550
Other	-	521
Provision for PILs	7,430	14,100

Future income taxes relating to the regulated businesses have not been recorded in the accounts as they are expected to be recovered through future electricity rate revenues. As at December 31, 2008, future income tax assets of \$40,202 (consisted mostly of non-deductible reserves and the difference between the tax and book bases of property, plant and equipment), based on substantively enacted income tax rates, have not been recorded on the balance sheet.

20. Net change in non-cash operating working capital

	2008	2007
	\$	\$
Accounts receivable	(1,851)	11,044
Unbilled revenue	(3,774)	(6,673)
Income taxes recoverable	(1,865)	-
Inventories	3,417	(741)
Prepaid and other	(660)	(640)
Accounts payable, accrued liabilities and customers' deposits	(7,551)	7,153
Income taxes payable	(2,634)	1,679
	(14,918)	11,822

PowerStream Inc.

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Notes to the financial statements

December 31, 2008

(In thousands of dollars)

21. Supplemental cash flow information

	2008	2007
	\$	\$
Cash paid during the year for:		
Interest	9,448	6,658
Payments in lieu of corporate income taxes	14,125	13,116
Dividends	8,513	4,736

22. Net interest expense

	2008	2007
	\$	\$
Interest expense - notes payable, bank term loan and debentures payable	18,321	15,394
Interest expense - Other	1,058	2,870
Interest income	<u>(3,427)</u>	<u>(4,068)</u>
	<u>15,952</u>	<u>14,196</u>

23. Guarantees

In the normal course of business, the Corporation enters into agreements that meet the definition of a guarantee as follows:

- (a) The Corporation has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Corporation agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Indemnity has been provided to all directors and/or officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Corporation. The maximum amount of any potential future payment cannot be reasonably estimated.
- (c) In the normal course of business, the Corporation has entered into agreements that include indemnities in favor of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Corporation to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

Notes to the financial statements

December 31, 2008

(In thousands of dollars)

23. Guarantees (continued)

- (d) The Corporation entered into a Merger Participation Agreement on October 10, 2008. As part of this agreement, various indemnifications have been provided.

The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Corporation has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

24. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the basis of presentation in the current year's financial statements.

25. Subsequent event

On January 1, 2009, the City of Vaughan through its wholly owned subsidiary Vaughan Holdings Inc.; the Town of Markham through its wholly owned subsidiary, Markham Enterprises Corporation; the City of Barrie, through its wholly owned subsidiary Barrie Hydro Holdings Inc; agreed to amalgamate PowerStream Inc. and Barrie Hydro Distribution Inc. and continue as a corporation amalgamated under the laws of Ontario. The amalgamated corporation retained the PowerStream Inc. corporate name. The amalgamated corporation issued common shares to Vaughan Holdings Inc., Markham Enterprises Corporation and Barrie Hydro Holdings Inc. in exchange for each companies issued and outstanding shares in the Corporation. The number of shares issued to each shareholder is as follows:

	Number of shares
Vaughan Holdings Inc.	45,315
Markham Enterprises Corporation	34,185
Barrie Hydro Holdings Inc.	20,500

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Sheet 1 - Rate Riders Calculation

NAME OF UTILITY PowerStream Inc.
 NAME OF CONTACT Tom Barrett, Manager, Rate Applications
 E-mail Address Tom.Barrett@PowerStream Inc.
 PHONE NUMBER 905-532-4640

LICENCE NUMBER ED-2004-0520
 DOCID NUMBER
 Date August 15, 2008

Regulatory Asset Accounts:	Decision Ref.#	Amount	ALLOCATOR	GS > 50 Non					Small Scattered Load	Sentinel Lighting	Street Lighting	Total
				Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users			
LV - Account 1550	2.0.34	\$ (374,347)	kWh	\$ (111,743)	\$ (43,623)	\$ (214,410)	\$ -	\$ (1,753)	\$ (459)	\$ (26)	\$ (2,333)	\$ (374,347)
WMSC - Account 1580	2.0.35	\$ (11,963,506)	kWh	\$ (3,571,126)	\$ (1,394,113)	\$ (6,852,199)	\$ -	\$ (56,008)	\$ (14,671)	\$ (821)	\$ (74,567)	\$ (11,963,506)
One-Time WMSC - Account 1582	2.0.35	\$ 406,499	kWh	\$ 121,341	\$ 47,370	\$ 232,826	\$ -	\$ 1,903	\$ 498	\$ 28	\$ 2,534	\$ 406,499
Network - Account 1584	2.0.35	\$ (763,506)	kWh	\$ (227,908)	\$ (88,972)	\$ (437,305)	\$ -	\$ (3,574)	\$ (936)	\$ (52)	\$ (4,759)	\$ (763,506)
Connection - Account 1586	2.0.35	\$ (8,924,229)	kWh	\$ (2,663,897)	\$ (1,039,945)	\$ (5,111,427)	\$ -	\$ (41,779)	\$ (10,944)	\$ (613)	\$ (55,623)	\$ (8,924,229)
Power - Account 1588	2.0.35	\$ (13,766,096)	kWh	\$ (4,109,202)	\$ (1,604,170)	\$ (7,884,648)	\$ -	\$ (64,447)	\$ (16,882)	\$ (945)	\$ (85,802)	\$ (13,766,096)
Subtotal - RSVA		\$ (35,385,185)		\$ (10,562,536)	\$ (4,123,453)	\$ (20,267,163)	\$ -	\$ (165,658)	\$ (43,394)	\$ (2,430)	\$ (220,551)	\$ (35,385,185)
Other Regulatory Assets - Account 1508		\$ 3,500,224	kWh	\$ 1,044,823	\$ 407,883	\$ 2,004,783	\$ -	\$ 16,387	\$ 4,292	\$ 240	\$ 21,816	\$ 3,500,224
Retail Cost Variance Account - Acct 1518		\$ 109,069	# of Customers	\$ 95,796	\$ 10,536	\$ 1,711	\$ -	\$ 0	\$ 952	\$ 68	\$ 6	\$ 109,069
Retail Cost Variance Account (STR) Acct 1548		\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebate Cheques - Acct 1525	5.0.19	\$ -	# cust. w/ Rebate Cheq	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hydro One's Environmental Costs - Acct 1525	5.0.25	\$ -	Dx Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre Market Opening Energy - Acct 1571	3.0.27	\$ -	kWh for Non TOU Cust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Event Losses - Acct 1572		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts - Acct 1574		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits - Acct 2425		\$ 100,075	kWh	\$ 29,873	\$ 11,662	\$ 57,319	\$ -	\$ 469	\$ 123	\$ 7	\$ 624	\$ 100,075
Transition Costs - Acct 1570	7.0.67	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA		\$ 3,709,368		\$ 1,170,491	\$ 430,080	\$ 2,063,813	\$ -	\$ 16,855	\$ 5,367	\$ 315	\$ 22,446	\$ 3,709,368
Total to be Recovered		\$ (31,675,817)		\$ (9,392,044)	\$ (3,693,373)	\$ (18,203,351)	\$ -	\$ (148,802)	\$ (38,027)	\$ (2,114)	\$ (198,105)	\$ (31,675,817)

Recoveries (repayments)	Amount	GS > 50 Non					Small Scattered Load	Sentinel Lighting	Street Lighting	Total	
		Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users				
Actual Recoveries at December 31/07	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)	\$ -	\$ -	\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)	\$ (712,435)
Interest as of December 31, 2007	\$ (1,016,716)	\$ (999,175)	\$ (103,395)	\$ 51,052	\$ -	\$ -	\$ 21,512	\$ (9,032)	\$ (112)	\$ 22,433	\$ (1,016,717)
Interest: January 2008 to April 2009	\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -	\$ -	\$ 4,052	\$ (1,877)	\$ 252	\$ (807)	\$ (33,297)
	\$ (1,762,448)	\$ (1,090,759)	\$ (233,175)	\$ (509,613)	\$ -	\$ -	\$ 112,270	\$ (51,067)	\$ 5,528	\$ 4,366	\$ (1,762,449)
Recoveries January 2008 to April 2009	\$ (1,760,644)	\$ (501,439)	\$ (317,437)	\$ (887,086)	\$ -	\$ -	\$ (24,037)	\$ (3,627)	\$ 435	\$ (27,453)	\$ (1,760,644)
Interest: January 2008 to April 2009	\$ (63,824)	\$ (18,833)	\$ (11,491)	\$ (31,538)	\$ -	\$ -	\$ (847)	\$ (137)	\$ 16	\$ (993)	\$ (63,824)
	\$ (1,824,468)	\$ (520,272)	\$ (328,928)	\$ (918,625)	\$ -	\$ -	\$ (24,884)	\$ (3,764)	\$ 451	\$ (28,447)	\$ (1,824,468)
Total Recoveries	\$ (3,586,916)	\$ (1,611,031)	\$ (562,103)	\$ (1,428,238)	\$ -	\$ -	\$ 87,387	\$ (54,831)	\$ 5,979	\$ (24,080)	\$ (3,586,917)
Balance to be collected or refunded # of years:	2	\$ (28,088,900)	\$ (7,781,013)	\$ (3,131,270)	\$ (16,775,113)	\$ -	\$ (236,189)	\$ 16,805	\$ (8,093)	\$ (174,025)	\$ (28,088,899)
Balance to be collected or refunded per year		\$ (14,044,450)	\$ (3,890,507)	\$ (1,565,635)	\$ (8,387,557)	\$ -	\$ (118,095)	\$ 8,402	\$ (4,047)	\$ (87,012)	\$ (14,044,450)

Class	GS > 50 Non					Scattered Load	Sentinel Lighting	Street Lighting
	Residential	GS < 50 KW	TOU	GS > 50 TOU	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Billing Determinants	kWh	kWh	kW	kW				
Billing Determinants - quantity	2,039,498,572	796,189,248	10,197,336	-	86,879	8,378,782	1,243	118,262
Regulatory Asset Rate Riders	\$ (0.0019)	\$ (0.0020)	\$ (0.8225)	\$ -	\$ (1.3593)	\$ 0.0010	\$ (3.2561)	\$ (0.7358)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream.Inc	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Account Description	Account Number	Principal Amounts as of Dec-31 2007	Interest to Dec31-07	Interest Jan1-08 to Apr30-09	Total Claim
RSVA - Low voltage	1550	\$ (351,929)	\$ (5,973)	\$ (16,445)	\$ (374,347)
RSVA - Wholesale Market Service Charge	1580	\$ (11,351,970)	\$ (80,971)	\$ (530,564)	\$ (11,963,506)
RSVA - One-time Wholesale Market Service	1582	\$ 347,152	\$ 43,123	\$ 16,224	\$ 406,499
RSVA - Retail Transmission Network Charge	1584	\$ (806,981)	\$ 81,190	\$ (37,716)	\$ (763,506)
RSVA - Retail Transmission Connection Charge	1586	\$ (7,654,478)	\$ (911,997)	\$ (357,753)	\$ (8,924,229)
RSVA - Power (excluding Global Adjustment)	1588	\$ (12,626,445)	\$ (549,523)	\$ (590,128)	\$ (13,766,096)
Sub-Totals		\$ (32,444,652)	\$ (1,424,150)	\$ (1,516,382)	\$ (35,385,185)
Other Regulatory Assets	1508	\$ 3,034,470	\$ 323,930	\$ 141,824	\$ 3,500,224
Retail Cost Variance Account - Retail	1518	\$ 100,872	\$ 3,482	\$ 4,715	\$ 109,069
Retail Cost Variance Account - STR	1548	\$ -	\$ -	\$ -	\$ -
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$ -	\$ -	\$ -	\$ -
Qualifying Transition Costs	1570	\$ -	\$ -	\$ -	\$ -
Pre-Market Opening Energy Variances Total	1571	\$ -	\$ -	\$ -	\$ -
Extra-Ordinary Event Losses	1572	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts	1574	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits	2425	\$ 97,353	\$ (1,828)	\$ 4,550	\$ 100,075
Sub-Totals		\$ 3,232,695	\$ 325,584	\$ 151,089	\$ 3,709,368
Total		\$ (29,211,957)	\$ (1,098,567)	\$ (1,365,293)	\$ (31,675,817)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY **PowerStream Inc.**
 NAME OF CONTACT **Tom Barrett, Manager, Rate Applications**
 E-mail Address **[Tom.Barrett@PowerStream.Inc.](mailto:Tom.Barrett@PowerStream.Inc)**
 PHONE NUMBER **905-532-4640**

LICENCE NUMBER **ED-2004-0520**
 DOCID NUMBER
 Date **August 15, 2008**

2007 Data By Class	kW	kWhs	Cust. Num.'s	Dx Revenue	
RESIDENTIAL CLASS	0	2,039,498,572	204,330	\$ 55,336,474	
GENERAL SERVICE <50 KW CLASS	0	796,189,248	22,472	\$ 16,821,155	
GENERAL SERVICE >50 KW NON TIME OF USE	10,197,336	3,913,345,486	3,649	\$ 36,466,287	
GENERAL SERVICE >50 KW TIME OF USE	0	0		\$ -	
INTERMEDIATE CLASS	0	0	-	\$ -	
LARGE USER CLASS	86,879	31,986,565	1	205,723	
SMALL SCATTERED LOADS	0	8,378,782	2,030	446,592	
SENTINEL LIGHTS	1,243	469,111	145	8,650	
STREET LIGHTING	118,262	42,585,750	13	931,319	
Totals	10,403,720	6,832,453,515	232,640	\$ 110,216,201	

Allocators	kW	kWhs	Cust. Num.'s	Dx Revenue	Cust. #'s w/ Rebate Cheques	kWhs for Non TOU Customers	
RESIDENTIAL CLASS	0.0%	29.9%	87.8%	50.2%		0.00%	1,428,000
GENERAL SERVICE <50 KW CLASS	0.0%	11.7%	9.7%	15.3%		0.00%	426,260
GENERAL SERVICE >50 KW NON TIME OF USE	98.0%	57.3%	1.6%	33.1%		100.00%	166,406
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%	0.0%	0.0%			817,899
INTERMEDIATE CLASS	0.0%	0.0%	0.0%	0.0%			0
LARGE USER CLASS	0.8%	0.5%	0.0%	0.2%			0
SMALL SCATTERED LOADS	0.0%	0.1%	0.9%	0.4%		0.00%	6,685
SENTINEL LIGHTS	0.0%	0.0%	0.1%	0.0%			1,751
STREET LIGHTING	1.1%	0.6%	0.0%	0.8%			98
Totals	100%	100%	100%	100%	0%	100%	8,901

SHEET 3 - Interest on Reg. Assets Balance as of Dec. 31, 2007

NAME PowerStream Inc. **LICENCE NUMBER** ED-2004-0520
NAME Tom Barrett, Manager, Rate Applications **DOCID NUMBER**
E-mail Tom.Barrett@PowerStream Inc. **Date** August 15, 2008
PHONE NUMBER 905-532-4640

	Balance as of Dec. 31, 2007	Interest Jan 2008 to Apr 2009
1550 RSVA - Low voltage	\$ (351,929)	\$ (16,445)
1580 RSVA - Wholesale Market Service Charge	(11,351,970)	(530,564)
1582 RSVA - One-time Wholesale Market Service	347,152	16,224
1584 RSVA - Retail Transmission Network Charge	(806,981)	(37,716)
1586 RSVA - Retail Transmission Connection Charge	(7,654,478)	(357,753)
1588 RSVA - Power (excluding Global Adjustment)	(12,626,445)	(590,128)
1508 Other Regulatory Assets	3,034,470	141,824
1518 Retail Cost Variance Account - Retail	100,872	4,715
1548 Retail Cost Variance Account - STR	-	-
1525 Misc. Deferred Debits - incl. Rebate Cheques	-	-
1570 Qualifying Transition Costs	-	-
1571 Pre-Market Opening Energy Variances Total	-	-
1572 Extra-Ordinary Event Losses	-	-
1574 Deferred Rate Impact Amounts	-	-
2425 Other Deferred Credits	97,353	4,550
	(29,211,957)	\$ (1,365,293)
	previously filed	\$ (1,667,766)
	change	\$ 302,473

Interest for Jan 2008 - April 2009	Days	Rate	1550	1580	1582	1584	1586	1588	1508	1518	1548	1525	1570	1571	1572	1574	2425	Total
Balance for Interest calculation			\$ (351,929)	(11,351,970)	347,152	(806,981)	(7,654,478)	(12,626,445)	3,034,470	100,872	-	-	-	-	-	-	97,353	(29,211,957)
Jan 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	425	(127,524)
Feb 2008	29	5.14%	(1,437)	(46,360)	1,418	(3,296)	(31,260)	(51,564)	12,392	412	-	-	-	-	-	-	398	(119,297)
Mar 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	425	(127,524)
Apr 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	326	(97,961)
May 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	337	(101,225)
Jun 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	326	(97,961)
Jul 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Aug 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Sep 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(34,766)	8,355	278	-	-	-	-	-	-	268	(80,433)
Oct 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Nov 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(34,766)	8,355	278	-	-	-	-	-	-	268	(80,433)
Dec 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Jan 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(26,273)	6,314	210	-	-	-	-	-	-	203	(60,784)
Feb 2009	28	2.45%	(661)	(21,335)	652	(1,517)	(14,386)	(23,731)	5,703	190	-	-	-	-	-	-	183	(54,902)
Mar 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(26,273)	6,314	210	-	-	-	-	-	-	203	(60,784)
Apr 2009	30	1.00%	(289)	(9,330)	285	(663)	(6,291)	(10,378)	2,494	83	-	-	-	-	-	-	80	(24,009)
Total			(16,445)	(530,564)	16,224	(37,716)	(357,753)	(590,128)	141,824	4,715	-	-	-	-	-	-	4,550	(1,365,293)
Average rate	486	3.51%																

Updated from estimated to actual prescribed rates

SHEET 4 - Interest on Actual Recoveries at December 31, 2007

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

	Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Actual Recoveries at Dec 31/07:	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)			\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)

Month	Interest	Days	Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Jan-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Feb-08	5.14%	29	\$ (2,909)	\$ (357)	\$ (506)	\$ (2,187)	\$ -		\$ 354	\$ (164)	\$ 22	\$ (70)
Mar-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Apr-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
May-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jun-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Jul-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Aug-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Sep-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Oct-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Nov-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Dec-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Jan-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Feb-09	2.45%	28	\$ (1,339)	\$ (164)	\$ (233)	\$ (1,007)	\$ -		\$ 163	\$ (75)	\$ 10	\$ (32)
Mar-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Apr-09	1.00%	30	\$ (586)	\$ (72)	\$ (102)	\$ (440)	\$ -		\$ 71	\$ (33)	\$ 4	\$ (14)
Total Interest			\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -		\$ 4,052	\$ (1,877)	\$ 252	\$ (807)

Updated from estimated to actual prescribed rates

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Residential Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (231,773)	\$ (231,773)		5.14%	31
February 2008				\$ (48,340)	\$ (280,112)	\$ (947)	5.14%	29
March 2008				\$ (118,059)	\$ (398,172)	\$ (1,223)	5.14%	31
April 2008				\$ (103,267)	\$ (501,439)	\$ (1,335)	4.08%	30
May 2008				\$ -	\$ (501,439)	\$ (1,738)	4.08%	31
June 2008				\$ -	\$ (501,439)	\$ (1,682)	4.08%	30
July 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
August 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
September 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
October 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
November 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
December 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
January 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
February 2009				\$ -	\$ (501,439)	\$ (942)	2.45%	28
March 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
April 2009				\$ -	\$ (501,439)	\$ (412)	1.00%	30
				<u>\$ (501,439)</u>		<u>\$ (18,833)</u>		

Updated from estimated to actual prescribed rates

GS < 50 kW
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (70,857)	\$ (70,857)		5.14%	31
February 2008				\$ (85,954)	\$ (156,811)	\$ (289)	5.14%	29
March 2008				\$ (85,732)	\$ (242,543)	\$ (685)	5.14%	31
April 2008				\$ (74,894)	\$ (317,437)	\$ (813)	4.08%	30
May 2008				\$ -	\$ (317,437)	\$ (1,100)	4.08%	31
June 2008				\$ -	\$ (317,437)	\$ (1,065)	4.08%	30
July 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
August 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
September 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
October 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
November 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
December 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
January 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
February 2009				\$ -	\$ (317,437)	\$ (597)	2.45%	28
March 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
April 2009				\$ -	\$ (317,437)	\$ (261)	1.00%	30
				<u>\$ (317,437)</u>		<u>\$ (11,491)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

GS > 50 Non-TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008	5,000			\$ (104,964)	\$ (104,964)		5.14%	31
February 2008	5,000			\$ (319,938)	\$ (424,902)	\$ (429)	5.14%	29
March 2008	5,000			\$ (212,409)	\$ (637,311)	\$ (1,855)	5.14%	31
April 2008	5,000			\$ (249,775)	\$ (887,086)	\$ (2,137)	4.08%	30
May 2008	5,000			\$ -	\$ (887,086)	\$ (3,074)	4.08%	31
June 2008	5,000			\$ -	\$ (887,086)	\$ (2,975)	4.08%	30
July 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
August 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
September 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
October 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
November 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
December 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
January 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
February 2009	5,000			\$ -	\$ (887,086)	\$ (1,667)	2.45%	28
March 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
April 2009	5,000			\$ -	\$ (887,086)	\$ (729)	1.00%	30
				<u>\$ (887,086)</u>		<u>\$ (31,538)</u>		

GS > 50 TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008					\$ -	\$ -	5.14%	29
March 2008					\$ -	\$ -	5.14%	31
April 2008					\$ -	\$ -	4.08%	30
May 2008				\$ -	\$ -	\$ -	4.08%	31
June 2008				\$ -	\$ -	\$ -	4.08%	30
July 2008				\$ -	\$ -	\$ -	3.35%	31
August 2008				\$ -	\$ -	\$ -	3.35%	31
September 2008				\$ -	\$ -	\$ -	3.35%	30
October 2008				\$ -	\$ -	\$ -	3.35%	31
November 2008				\$ -	\$ -	\$ -	3.35%	30
December 2008				\$ -	\$ -	\$ -	3.35%	31
January 2009				\$ -	\$ -	\$ -	2.45%	31
February 2009				\$ -	\$ -	\$ -	2.45%	28
March 2009				\$ -	\$ -	\$ -	2.45%	31
April 2009				\$ -	\$ -	\$ -	1.00%	30
				<u>\$ -</u>		<u>\$ -</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Large User Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (11,782)	\$ (11,782)	\$ -	5.14%	29
March 2008				\$ (6,206)	\$ (17,988)	\$ (51)	5.14%	31
April 2008				\$ (6,049)	\$ (24,037)	\$ (60)	4.08%	30
May 2008				\$ -	\$ (24,037)	\$ (83)	4.08%	31
June 2008				\$ -	\$ (24,037)	\$ (81)	4.08%	30
July 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
August 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
September 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
October 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
November 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
December 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
January 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
February 2009				\$ -	\$ (24,037)	\$ (45)	2.45%	28
March 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
April 2009				\$ -	\$ (24,037)	\$ (20)	1.00%	30
				<u>\$ (24,037)</u>		<u>\$ (847)</u>		

Small Scattered Load
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (1,637)	\$ (1,637)		5.14%	31
February 2008				\$ (594)	\$ (2,231)	\$ (7)	5.14%	29
March 2008				\$ (761)	\$ (2,992)	\$ (10)	5.14%	31
April 2008				\$ (635)	\$ (3,627)	\$ (10)	4.08%	30
May 2008				\$ -	\$ (3,627)	\$ (13)	4.08%	31
June 2008				\$ -	\$ (3,627)	\$ (12)	4.08%	30
July 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
August 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
September 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
October 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
November 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
December 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
January 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
February 2009				\$ -	\$ (3,627)	\$ (7)	2.45%	28
March 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
April 2009				\$ -	\$ (3,627)	\$ (3)	1.00%	30
				<u>\$ (3,627)</u>		<u>\$ (137)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

**Sentinel Lighting Class
January 1, 2008 - April 30, 2009**

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ 152	\$ 152		5.14%	31
February 2008				\$ 106	\$ 258	\$ 1	5.14%	29
March 2008				\$ 92	\$ 350	\$ 1	5.14%	31
April 2008				\$ 85	\$ 435	\$ 1	4.08%	30
May 2008				\$ -	\$ 435	\$ 2	4.08%	31
June 2008				\$ -	\$ 435	\$ 1	4.08%	30
July 2008				\$ -	\$ 435	\$ 1	3.35%	31
August 2008				\$ -	\$ 435	\$ 1	3.35%	31
September 2008				\$ -	\$ 435	\$ 1	3.35%	30
October 2008				\$ -	\$ 435	\$ 1	3.35%	31
November 2008				\$ -	\$ 435	\$ 1	3.35%	30
December 2008				\$ -	\$ 435	\$ 1	3.35%	31
January 2009				\$ -	\$ 435	\$ 1	2.45%	31
February 2009				\$ -	\$ 435	\$ 1	2.45%	28
March 2009				\$ -	\$ 435	\$ 1	2.45%	31
April 2009				\$ -	\$ 435	\$ 0	1.00%	30
				<u>\$ 435</u>		<u>\$ 16</u>		

**Street Lighting Class
January 1, 2008 - April 30, 2009**

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (17,626)	\$ (17,626)	\$ -	5.14%	29
March 2008				\$ (5,346)	\$ (22,971)	\$ (77)	5.14%	31
April 2008				\$ (4,482)	\$ (27,453)	\$ (77)	4.08%	30
May 2008				\$ -	\$ (27,453)	\$ (95)	4.08%	31
June 2008				\$ -	\$ (27,453)	\$ (92)	4.08%	30
July 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
August 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
September 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
October 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
November 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
December 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
January 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
February 2009				\$ -	\$ (27,453)	\$ (52)	2.45%	28
March 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
April 2009				\$ -	\$ (27,453)	\$ (23)	1.00%	30
				<u>\$ (27,453)</u>		<u>\$ (993)</u>		