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April 20, 2009

Delivered by Courier and E-mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: North Bay Hydro Distribution Limited
Application to the Ontario Energy Board for RSVA-related Rate Riders
effective July 1, 2009**

We are counsel to North Bay Hydro Distribution Limited (“North Bay Hydro”) in the above-captioned matter. Please find accompanying this letter two copies of North Bay Hydro’s Application for certain riders effective July 1, 2009, together with an electronic version of same.

The Application is being made to address the recovery of the December 31, 2008 balances in North Bay Hydro’s Retail Settlement Variance Accounts (“RSVAs”). The balances in these accounts total \$2,029,825 in favour of North Bay Hydro, and have accrued from the time of the creation of the accounts. This total includes all available credits to North Bay Hydro’s customers in respect of the RSVAs. North Bay Hydro proposes to recover this balance, together with carrying charges of \$17,149 for the period of January 1, 2009 through June 31, 2009, for a total of \$2,046,974, by way of rate riders to be collected on the volumetric portion of customer bills over a three year period commencing with the implementation date of the order being requested in this Application.

The balances in the accounts were recently corrected following a review of Account 1588 (RSVA_{Power}) by OEB Staff and further review by North Bay Hydro, over the course of the past year. Accompanying the form of Application is a Manager’s Summary that explains the background to this Application, together with appendices that include, among other items, copies of the report of North Bay Hydro’s consultant regarding the correction of the RSVAs; and North Bay Hydro’s audited 2008 Financial Statements.

As shown in the Application, the bill impacts of the proposed rate riders on individual customers are minimal. However, the net amount of the RSVA balances – \$2,029,825 together with carrying charges of \$17,149 for the period of January 1, 2009 through June

Vancouver
•
Toronto
•
Ottawa
•
Montréal
•
Calgary



31, 2009 for a total of \$2,046,974 – is significant to North Bay Hydro. It represents approximately 2 years of net income for North Bay Hydro business, or almost three months of distribution revenue.

We ask that copies of all correspondence and orders pertaining to this proceeding be delivered to the following:

Todd Wilcox
Chief Operating Officer
North Bay Hydro Distribution Limited
74 Commerce Crescent
P.O. Box 3240
North Bay, ON P1B 8Y5
Tel: (705) 474-8100
Fax: (705) 474-1188
E-mail: twilcox@northbayhydro.com

and to:

James C. Sidlofsky
Partner
Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4
Tel: (416) 367-6277
Fax: (416) 361-2751
E-mail: jsidlofsky@blgcanada.com

Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky
JCS/dp

Encls.

cc: Todd Wilcox, North Bay Hydro
Cindy Tennant, North Bay Hydro
Bruce Bacon, BLG

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

AND IN THE MATTER OF an Application
by North Bay Hydro Distribution Limited for
an Order or Orders approving or fixing a
proposed schedule of rate riders, effective
July 1, 2009.

EB-2009-_____

**Application to the Ontario Energy Board
by North Bay Hydro Distribution Limited
for RSVA-Related Rate Riders, Effective July 1, 2009
April 20, 2009**

Todd Wilcox
Chief Operating Officer
North Bay Hydro Distribution Limited
74 Commerce Crescent
P.O. Box 3240
North Bay, ON P1B 8Y5
Tel: (705) 474-8100
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NORTH BAY HYDRO DISTRIBUTION LIMITED

**Application to the Ontario Energy Board for RSVA-related Rate Riders,
Effective July 1, 2009**

April 20, 2009

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

AND IN THE MATTER OF an Application by North Bay Hydro
Distribution Limited for an Order or Orders approving or fixing a
proposed schedule of rate riders, effective July 1, 2009.

| | |
|--------------------------------|---|
| Title of Proceeding: | An Application by North Bay Hydro Distribution Limited for an Order or Orders approving or fixing a proposed schedule of rate riders, effective July 1, 2009. |
| Applicant's Name: | North Bay Hydro Distribution Limited (the "Applicant") |
| Applicant's Address: | 74 Commerce Crescent P.O. Box 3240 North Bay, ON P1B 8Y5 |
| Applicant Contact Information: | Todd Wilcox Chief Operating Officer Telephone: (705) 474-8100 Fax: (705) 474-1188 E-mail: twilcox@northbayhydro.com |
| Applicant's Counsel: | James C. Sidlofsky Borden Ladner Gervais LLP Suite 4100 40 King Street West Toronto, ON M5H 3Y4 Telephone: (416) 367-6277 Fax: (416) 361-2448 E-mail: jsidlofsky@blgcanada.com |
| Date: | April 20, 2009 |

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

AND IN THE MATTER OF an Application by North Bay Hydro
Distribution Limited for an Order or Orders approving or fixing a
proposed schedule of rate riders, effective July 1, 2009.

APPLICATION SUMMARY

1. Introduction:

- (a) North Bay Hydro Distribution Limited (referred to as the “Applicant”) hereby applies to the Ontario Energy Board (the “OEB”) pursuant to section 78 of the *Ontario Energy Board Act, 1998* (the “OEB Act”) for approval of certain proposed rate riders, effective July 1, 2009, as set out in Schedule “A” attached to this Application.
- (b) As discussed below and in the Manager’s Summary that accompanies this Application, the Application is made to address the recovery, over a three-year period, of the December 31, 2008 balances in the Applicant’s Retail Settlement Variance Accounts (“RSVAs”). The balances in these accounts total \$2,029,825 in favour of the Applicant, and have accrued from the time of the creation of the accounts. This total includes all available credits to the Applicant’s customers in respect of the RSVAs.
- (c) The balances in the accounts were recently corrected following a review of Account 1588 (RSVA-power) by OEB Staff and further review by the Applicant. The corrected RSVA balances as at December 31, 2008 are as follows:

| Account # | Description | Principal | Carrying Charges | Total |
|--------------|--------------------------|--------------------|-------------------|--------------------|
| 1580 | RSVA _{WMS} | \$(1,327,780) | \$(108,943) | \$(1,436,723) |
| 1582 | RSVA _{One-time} | \$32,697 | \$4,178 | \$36,875 |
| 1584 | RSVA _{NW} | \$(287,167) | \$(43,706) | \$(330,873) |
| 1586 | RSVA _{CN} | \$50,591 | \$(4,0515) | \$10,076 |
| 1588 | RSVA _{Power} | <u>\$3,642,234</u> | <u>\$108,237</u> | <u>\$3,750,471</u> |
| Total | | \$2,110,574 | \$(80,749) | \$2,029,825 |

- (d) The balance is material, and represents the equivalent of approximately two years of net income for the Applicant's distribution business. The Applicant intends to use these monies to fund major capital programs planned for 2009 and 2010.
- (e) The Applicant proposes to recover this balance, together with carrying charges of \$17,149 for the period of January 1, 2009 through June 31, 2009, for a total of \$2,046,974, by way of a rate rider to be collected on the volumetric portion of customer bills over a three year period commencing with the implementation date of the order being requested in this Application.
- (f) The customer bill impacts of this Application are minimal. Proposed riders and average bill impacts on the Applicant's customer classes are as follows:

| Customer Class | Proposed Rider (\$ per kWh or kW) | Bill Impact (\$) | Bill Impact (% of total bill) |
|--|--------------------------------------|---------------------|----------------------------------|
| Residential (1,000 kWh per month) | \$0.0012/kWh | \$1.20 | 1.17% |
| General Service < 50 kW (2,000 kWh per month) | \$0.0012/kWh | \$2.40 | 1.12% |
| General Service 50-2,999 kW (100 kW per month) | \$0.4306/kW | \$43.06 | 1.28% |
| General Service 3,000-4,999 kW (4,000 kW per month) | \$0.6027/kW | \$2,410.80 | 1.68% |

| | | | |
|---|--------------|----------|-------|
| Unmetered Scattered Load (1,000 kWh per month) | \$0.0012/kWh | \$1.20 | 1.05% |
| Sentinel Lighting (1 kW per month) | \$0.4462/kW | \$0.45 | 1.98% |
| Street Lighting (800 kW per month) | \$0.4319/kW | \$345.52 | 1.63% |

2. Proposed Rate Riders:

- (a) The riders proposed in this Application are identified in Schedule “A” attached to this Application.
- (b) The Applicant is proposing no other changes to its OEB-approved distribution rates and charges. The Applicant’s latest OEB distribution rate order, dated March 11, 2009, comes into force on May 1, 2009.
- (c) The Manager’s Summary accompanying this Application sets out the Applicant’s approach to the proposed rate riders.

3. Proposed Effective Date of Rate Order:

- (a) The Applicant requests that the OEB make its order effective July 1, 2009.

4. The Grounds for this Application are as Follows:

- (a) RSVA balances are reported quarterly to the OEB under subsection 78(6.1) of the OEB Act. In March 2008, OEB staff advised the Applicant that the December 31, 2007 balances for Account 1588 (RSVA_{Power}) and the Global Adjustment sub-account were significantly higher than the industry average. OEB Audit staff then proceeded to conduct a review of the balances in this account with the assistance of the Applicant’s staff.
- (b) The composition of the Applicant’s management team had changed in late 2007 and early 2008, and the new management team welcomed this detailed review

process. The team felt that it was absolutely critical to ensure that past and current financial statements were and are accurate and reflect the true state of the Applicant's business, as the use of deferral accounts is unique to the utility sector and by its nature very complex. This review process, which extended over several months due to complexity and differing interpretations of settlement processes, eventually concluded that the Applicant's processes and RSVA balances were incorrect.

- (c) The Applicant's management team and Board of Directors were anxious to validate the RSVA balances in order to propose to the OEB a disposition plan to recover the appropriate costs incurred by the business. The Applicant retained experienced consultants to assist with a comprehensive review and independent third party validation of all regulatory variance accounts.
- (d) E360, one of the Applicant's consultants, rebuilt the variance account values from the bottom up, utilizing source documents including Hydro One and IESO invoices and audited revenues reconciled to the general ledger and OEB prescribed interest rates. During the process of rebuilding the accounts it was determined that the Applicant was using a hybrid version of billed and accrual based accounting from market opening in May 2002 until February 2007. The Applicant then switched to a true accrual method in March of 2007. Since system limitations prevented the Applicant from recreating the May 2002 - February 2007 accounts using a true accrual method, a decision was made to recreate the accounts using the billed method for the period of May 2002 through February 2007, and then the accrual method from March 2007 through December 2008. Since the Applicant had already changed to a true accrual method in fiscal 2007 the recreation of the accounts using the method stated above did not alter the ending balances at December 2008.
- (e) The Applicant's consultant recalculated the Applicant's RSVA balances in accordance with all relevant OEB directions, and the Applicant believes that the

revised values accurately reflect amounts due to and from customers to the end of December 2008.

- (f) The Applicant's consultant's final report validated OEB staff's audit findings and conclusions that the Applicant's processes and balances were not in compliance with the OEB's requirement, set out at paragraph 2.0.23 of its December 9, 2004 Generic Regulatory Assets – Phase II Decision (OEB File Nos. RP-2004-0117/0118/0100/0069/0064), that "The Board therefore will accept either approach. However, whichever approach is chosen by a distributor, the Board expects that the same approach will be followed for all regulatory asset deferral accounts of the distributor, and throughout the life of these accounts."
- (g) Further, the Applicant's consultant determined that the carrying charges related to all regulatory variance accounts were not calculated correctly. As a result of this independent third party validation, the Applicant has reflected the necessary corrections in its 2008 financial statements. These corrections have been audited and accepted by the Applicant's external financial auditors.
- (h) The Applicant's review confirmed that the adjusted net balances in all 5 RSVA's, totaling \$2,029,825 at the end of 2008 represents true costs incurred by the business that were never collected from the customer base. The following table summarizes balances by individual RSVA:

NBHDL RSVA Balances December 31, 2008

| | <u>Principal</u> | <u>Carrying Charges</u> | <u>Total</u> |
|-------------------------------|--------------------|-------------------------|--------------------|
| 1580 Wholesale Market Service | (\$1,327,780) | (\$108,943) | (\$1,436,723) |
| 1582 One-Time | \$32,697 | \$4,178 | \$36,875 |
| 1584 Transmission Network | (\$287,167) | (\$43,706) | (\$330,873) |
| 1586 Transmission Connection | \$50,591 | (\$40,515) | \$10,076 |
| 1588 Power | \$3,642,234 | \$108,237 | \$3,750,471 |
| Total | <u>\$2,110,574</u> | <u>(\$80,749)</u> | <u>\$2,029,825</u> |

- (i) This process has confirmed that significant balances are owed to the Applicant, and the materiality of these balances is driving a request for recovery. The outstanding balance is equivalent to approximately three months of the Applicant's distribution revenue. The Applicant intends to use the monies recovered through the riders proposed in this Application to assist in financing the costs of certain major capital projects discussed in the Manager's Summary accompanying this Application.
- (j) The Applicant recognizes that the OEB's objectives with regard to electricity include protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, and facilitating the maintenance of a financially viable electricity industry. The recovery of these outstanding monies is essential to the overall financial health of the Applicant's business and to the reliability of its distribution system. To mitigate customer impacts arising from this recovery, the Applicant has taken the following steps:
 - (i) The initial focus of the review was on Account 1588 only. The balance owing from this Account (based on the Applicant's consultant's findings with respect to principal and interest) was \$3,750,471. To offset this amount, the Applicant proposes to dispose of all of the major RSVAs at the same time. This reduces the total balance owing to \$2,029,825. This significant reduction in the overall balance reduces the rate impact on customers.
 - (ii) The Applicant is seeking recovery of the December 31, 2008 balance of \$2,029,825 together with carrying charges of \$17,149 for the period of January 1, 2009 through June 30, 2009 for a total of \$2,046,974 over a 3 year period. For an average residential customer using 1,000 kWh of electricity per month, this would result in an increase of 1.18% on the total bill. The Applicant's 2009 Incentive Regulation Mechanism ("IRM") distribution rate adjustment, which will come into effect on May 1, 2009,

will result in a bill increase of 2.21% for an average residential customer. The IRM increase was largely the result of an increase in the smart meter funding adder to comply with provincial government policy, and transmission rate increases arising out of Hydro One Networks Inc.'s recent transmission rate application. The total combined bill impact of the 2009 IRM rate adjustment and the present Application on an average residential customer will be 3.39% in 2009.

- (k) The Applicant acknowledges that on April 17, 2009, the Board issued an Order pursuant to Section 78 of the OEB Act in which it advised that "The Board has considered the balances in the RSVApower account and the RSVApower sub-account Global Adjustment (Account 1588) for all the LDCs listed in Appendix A for the period ending December 31, 2008, and finds that there is no requirement for disposition at this time." The Applicant is on the Board's list in Appendix A to the Order. It appears that practically all of Ontario's rate-regulated electricity distributors are on that list. The Applicant understands that this Order was issued pursuant to the Board's obligations under subsection 78(6.1) of the OEB Act. However, the Applicant notes that the Order does provide for further direction from the Board, and that "This Order does not limit the decision making authority of the Board in the review and potential disposition of any specific LDCs Account 1588 that may currently be under review by the Board or where disposition of the balance of Account 1588 has been ordered." The Applicant submits that its significant Account 1588 balance, the circumstances giving rise to this Application, and its efforts over the past year in cooperation with Board staff to revise its accounting practices and correctly calculate its RSVA balances, warrant the requested rate riders.

5. Relief Sought

- (a) The Applicant applies for an Order or Orders approving the rate riders set out in Schedule "A" to this Application as just and reasonable rates and charges

pursuant to section 78 of the OEB Act, being Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15, effective July 1, 2009, or as soon as possible thereafter.

- (b) The Applicant suggests that this matter may be disposed of by way of a written hearing.

Dated at Toronto, Ontario this 20th day of April, 2009.

All of which is respectfully submitted,

BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky

Counsel to North Bay Hydro Distribution Limited

SCHEDULE "A"

**NORTH BAY HYDRO DISTRIBUTION LIMITED
PROPOSED RSVA-RELATED RATE RIDERS**

| Customer Class | Proposed Rider (\$ per kWh or kW) |
|--------------------------------|--|
| Residential | \$0.0012/kWh |
| General Service < 50 kW | \$0.0012/kWh |
| General Service 50-2,999 kW | \$0.4306/kW |
| General Service 3,000-4,999 kW | \$0.6027/kW |
| Unmetered Scattered Load | \$0.0012/kWh |
| Sentinel Lighting | \$0.4462/kW |
| Street Lighting | \$0.4319/kW |

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

AND IN THE MATTER OF an Application by North Bay Hydro
Distribution Limited for an Order or Orders approving or fixing a
proposed schedule of rate riders, effective July 1, 2009.

**MANAGER'S SUMMARY
APRIL 20, 2009**

Introduction – the nature of the Application:

1. North Bay Hydro Distribution Limited (referred to as the “Applicant”) has applied to the Ontario Energy Board (the “OEB”) pursuant to section 78 of the *Ontario Energy Board Act, 1998* (the “OEB Act”) for approval of certain proposed rate riders, effective July 1, 2009. The Applicant is the licensed and rate-regulated electricity distributor serving approximately 24,000 customers in the City of North Bay.
2. As discussed below, the Application is made to address the recovery of the December 31, 2008 balances in the Applicant’s Retail Settlement Variance Accounts (“RSVAs”). The balances in these accounts total \$2,029,825 in favour of the Applicant, and have accrued from the time of the creation of the accounts. This total includes all available credits to the Applicant’s customers in respect of the RSVAs. The Applicant proposes to recover this balance, together with carrying charges of \$17,149 for the period of January 1, 2009 through June 31, 2009, for a total of \$2,046,974, by way of a rate rider to be collected on the volumetric portion of customer bills over a three year period commencing with the implementation date of the order being requested in this Application. This Manager’s Summary has been prepared in support of this Application.
3. The balances in the accounts were recently corrected following a review of Account 1588 (RSVA_{Power}) by OEB Staff and further review by the Applicant. The corrected RSVA balances as at December 31, 2008 are as follows:

| Account # | Description | Principal | Carrying Charges | Total |
|--------------|--------------------------|--------------------|-------------------|--------------------|
| 1580 | RSVA _{WMS} | \$(1,327,780) | \$(108,943) | \$(1,436,723) |
| 1582 | RSVA _{One-time} | \$32,697 | \$4,178 | \$36,875 |
| 1584 | RSVA _{NW} | \$(287,167) | \$(43,706) | \$(330,873) |
| 1586 | RSVA _{CN} | \$50,591 | \$(4,0515) | \$10,076 |
| 1588 | RSVA _{Power} | <u>\$3,642,234</u> | <u>\$108,237</u> | <u>\$3,750,471</u> |
| Total | | \$2,110,574 | \$(80,749) | \$2,029,825 |

4. Proposed riders and average bill impacts on the Applicant's customer classes are as follows:

| Customer Class | Proposed Rider (\$ per kWh or kW) | Bill Impact (\$) | Bill Impact (% of total bill) |
|--|--------------------------------------|---------------------|----------------------------------|
| Residential (1,000 kWh per month) | \$0.0012/kWh | \$1.20 | 1.17% |
| General Service < 50 kW (2,000 kWh per month) | \$0.0012/kWh | \$2.40 | 1.12% |
| General Service 50-2,999 kW (100 kW per month) | \$0.4306/kW | \$43.06 | 1.28% |
| General Service 3,000- 4,999 kW (4,000 kW per month) | \$0.6027/kW | \$2,410.80 | 1.68% |
| Unmetered Scattered Load (1,000 kWh per month) | \$0.0012/kWh | \$1.20 | 1.05% |
| Sentinel Lighting (1 kW per month) | \$0.4462/kW | \$.45 | 1.98% |
| Street Lighting (800 kW per month) | \$0.4319/kW | \$345.52 | 1.63% |

5. This outstanding balance is significant – it is equivalent to approximately three months of the Applicant's distribution revenue. However, as can be seen in the preceding table, the customer bill impacts of this Application are minimal. The Applicant intends to use the monies recovered through the riders proposed in this Application to assist in financing the costs of certain major capital projects discussed below.

Background

6. The use of deferral accounts is a standard practice with regulated businesses to accumulate costs for future disposition. Specifically in the context of rate-regulated electricity distribution in Ontario, RSVAs track the differences between the cost of power and certain other non-competitive services (such as transmission and the operation of the wholesale electricity markets) collected from distributors' customers and amounts paid by distributors to the Independent Electricity System Operator on account of the commodity and non-competitive services. Upon the opening of the wholesale electricity markets in May 2002, the following RSVAs were created:

| Account Number | Account Description |
|----------------|-------------------------------|
| 1580 | Wholesale Market Service Rate |
| 1582 | One-Time |
| 1584 | Transmission Network |
| 1586 | Transmission Connection |
| 1588 | Power |

7. North Bay Hydro Distribution Limited (NBHDL) began accumulating balances in these accounts according to NBHDL's understanding of Article 490 of the OEB's Accounting Handbook beginning in May 2002.
8. RSVA balances are reported quarterly to the OEB under subsection 78(6.1) of the OEB Act. In March 2008, OEB staff advised the Applicant that the December 31, 2007 balances for Account 1588 (RSVA_{Power}) and the Global Adjustment sub-account were

significantly higher than the industry average. OEB Audit staff then proceeded to conduct a review of the balances in this account with the assistance of the Applicant's staff.

9. The composition of the Applicant's management team had changed in late 2007 and early 2008, and the new management team welcomed this detailed review process. The team felt that it was absolutely critical to ensure that past and current financial statements were and are accurate and reflect the true state of the Applicant's business, as the use of deferral accounts is unique to the utility sector and by its nature very complex. This review process, which extended over several months due to complexity and differing interpretations of settlement processes, eventually concluded that the Applicant's processes and RSVA balances were incorrect.
10. The Applicant's management team and Board of Directors were anxious to validate, disposition and recover the appropriate costs incurred by the business. The Applicant retained experienced consultants to assist with a comprehensive review and independent third party validation of all regulatory variance accounts.
11. E360, one of the Applicant's consultants, rebuilt the variance account values from the bottom up, utilizing source documents including Hydro One and IESO invoices and audited revenues reconciled to the general ledger and OEB prescribed interest rates. During the process of rebuilding the accounts it was determined that the Applicant was using a hybrid version of billed and accrual based accounting from market opening in May 2002 until February 2007. The Applicant then switched to a true accrual method in March of 2007. Since system limitations prevented the Applicant from recreating the May 2002 - February 2007 accounts using a true accrual method, a decision was made to recreate the accounts using the billed method for the period of May 2002 through February 2007, and then the accrual method from March 2007 through December 2008. Since the Applicant had already changed to a true accrual method in fiscal 2007 the recreation of the accounts using the method stated above did not alter the ending balances at December 2008.

12. The Applicant's consultant recalculated the Applicant's RSVA values in accordance with all OEB procedural directions, and the Applicant believes that the revised values accurately reflect amounts due to and from customers to the end of December 2008.
13. The Applicant's consultant's final report validated OEB staff's audit findings and conclusions that the Applicant's processes and balances were not in compliance with the OEB's requirement, set out at paragraph 2.0.23 of its December 9, 2004 Generic Regulatory Assets – Phase II Decision (OEB File Nos. RP-2004-0117/0118/0100/0069/0064), that "The Board therefore will accept either approach. However, whichever approach is chosen by a distributor, the Board expects that the same approach will be followed for all regulatory asset deferral accounts of the distributor, and throughout the life of these accounts."
14. Further, the Applicant's consultant determined that the carrying charges related to all regulatory variance accounts were not calculated correctly. As a result of this independent third party validation, the Applicant has reflected the necessary corrections in its 2008 financial statements. These corrections have been audited and accepted by the Applicant's external financial auditors.
15. The Applicant's review confirmed that the adjusted net balances in all 5 RSVA's, totaling \$2,029,825 at the end of 2008 represents true costs incurred by the business that were never collected from the customer base. The following table summarizes balances by individual RSVA:

NBHDL RSVA Balances December 31, 2008

| | <u>Principal</u> | <u>Carrying Charges</u> | <u>Total</u> |
|-------------------------------|--------------------|-------------------------|--------------------|
| 1580 Wholesale Market Service | (\$1,327,780) | (\$108,943) | (\$1,436,723) |
| 1582 One-Time | \$32,697 | \$4,178 | \$36,875 |
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| 1586 Transmission Connection | \$50,591 | (\$40,515) | \$10,076 |
| 1588 Power | \$3,642,234 | \$108,237 | \$3,750,471 |
| Total | <u>\$2,110,574</u> | <u>(\$80,749)</u> | <u>\$2,029,825</u> |

Chronology of Events: 2008 - 2009

16. For the OEB's assistance, the Applicant has prepared the following chronology of events in 2008-2009, commencing with the change in the Applicant's management team and the initial contact from OEB staff regarding Account 1588.
- (a) March 2008 - New management team in place at NBHDL in March including President, Manager of Finance, Manager of Engineering and Senior Accountant.
 - (b) March 6, 2008 – letter received from the OEB indicating that the Applicant has been selected for review of balances and accounting practices associated with Account 1588 balances. NBHDL balances were noted as “higher than average”. A copy of that letter accompanies this Manager's Summary as Appendix A.
 - (c) March 19, 2008 – the Applicant provides answers to review questions from the March 6, 2008 OEB letter.
 - (d) The Applicant engaged the services of Borden Ladner Gervais LLP and Mason and Associates to understand the history of Account 1588 balances over the 2005-2007 periods.
 - (e) May 2008 – OEB audit staff met with the Applicant's staff to review processes and balances.
 - (f) June 27, 2008 – the Applicant submits a detailed response to the March 6, 2008 OEB letter. This process identified a concern as to whether the Applicant had properly settled RPP customers with the IESO.
 - (g) July 11, 2008 – OEB staff develop a draft response to the Applicant's June 27, 2008 letter, highlighting the RPP settlement issue with the IESO. A copy of this OEB staff letter accompanies this Manager's Summary as Appendix B.

- (h) September 9, 2008 – the Applicant's staff met with IESO staff and confirmed that the settlement process with RPP customers was correct.
- (i) Fall 2008 – OEB regulatory audit staff and the Applicant's staff exchange information and letters on outstanding issues and balances.
- (j) Mid-November 2008 – OEB regulatory audit staff travel to North Bay to review all processes and balances. Final balances were agreed to by both parties.
- (k) December 2, 2008 – OEB regulatory audit staff issue final letter on their findings on December 2, 2008. OEB regulatory audit staff agree on balances and understands the history and rationale behind the balances. OEB regulatory audit staff recommend that the Applicant restructure accounting processes related to Article 490 of the Accounting Handbook. OEB audit staff also recommend a streamlined process to facilitate review and validation of balances be adopted. A copy of the OEB staff letter accompanies this Manager's Summary as Appendix C.
- (l) Early December 2008 – the Applicant engages the services of RDII, now E360, to complete a detailed review of Account 1588 balances and processes dating back to market opening in 2002. This mandate was ultimately expanded to a review of the 5 major relevant RSVAs and all other regulatory variance accounts up to the end of December 2008. E360 built variance account continuity schedules and values from the bottom up utilizing source documents (IESO & Hydro One invoices, audited revenues reconciled to the general ledger and OEB prescribed interest rates).
- (m) December 2008 – March 2009 – E360 completes a detailed and comprehensive review process culminating in its Final Report of March 13, 2009, a copy of which accompanies this Manager's Summary as Appendix D. E360's Report agrees with OEB staff findings that the Applicant inadvertently did not handle charge type 142 of the IESO invoice (Regulated Price Plan Settlement Amount)

according to Article 490 of the Accounting Handbook. This error and other minor corrections resulted in an adjustment of \$137,128 to the RSVA accounts principal balances at the end of December 2008. E360's detailed review process also identified an overstatement in the calculation of carrying charges on the RSVA account balances of \$1,276,089 to the end of 2008. The following table sets out the RSVA balances (and carrying charge balances) for the RSVAs, and compares those to the Applicant's calculations of principal and carrying charge balances.

North Bay Hydro RSVA Balances at December 31, 2008

| | <u>Principal</u> | | | <u>Carrying Charges</u> | | |
|-------------------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|----------------------|
| | <u>E360</u> | <u>NBHD</u> | <u>Variance</u> | <u>E360</u> | <u>NBHD</u> | <u>Variance</u> |
| 1580 Wholesale Market Service | (\$1,327,780) | (\$1,328,043) | \$263 | (\$108,943) | \$5,353 | (\$114,296) |
| 1582 One-Time | \$32,697 | \$32,697 | (\$0) | \$4,178 | \$5,285 | (\$1,107) |
| 1584 Transmission Network | (\$287,167) | (\$292,140) | \$4,973 | (\$43,706) | \$44,082 | (\$87,788) |
| 1586 Transmission Connection | \$50,591 | \$99,843 | (\$49,253) | (\$40,515) | \$43,623 | (\$84,137) |
| 1588 Power | \$3,642,234 | \$3,735,345 | (\$93,110) | \$108,237 | \$1,096,997 | (\$988,760) |
| Total | <u>\$2,110,574</u> | <u>\$2,247,702</u> | <u>(\$137,128)</u> | <u>(\$80,749)</u> | <u>\$1,195,340</u> | <u>(\$1,276,089)</u> |

17. The Applicant's external financial Auditors have audited and accepted the adjustments required to align the Applicant's general ledger to E360's December 2008 values. The audited financial statements, a copy of which accompanies this Manager's Summary as Appendix E, reflect these adjustments. In accordance with the Auditor's request, the Applicant has restated its 2006 and 2007 financial statements for comparative purposes.
18. The Applicant submits that it has acted diligently in attempting to clarify its outstanding RSVA balances and correct its accounting practices with respect to its RSVAs upon being notified in 2008 of potential errors.

Significance of the Balance

19. The Applicant submits that the outstanding balance of \$2,029,825.46 is of great significance to it, and offers the following comments in this regard:

- (a) The RSVA balances represent true costs that were incurred by the Applicant but were inadvertently not passed along to customers for recovery;
 - (b) Using deferral accounts to identify and track costs for recovery at a future period is a standard industry practice;
 - (c) The balance of \$2,029,825.46 (comprised of \$2,110,574 principal less \$80,749 in a credit against carrying charges as shown in the table above) represents approximately 2 years of net income for the Applicant's business;
 - (d) Put another way, the balance is equivalent to almost 3 months of distribution revenue;
 - (e) The balance, if written off would result in the distribution business reporting a significant net income loss; and
 - (f) The balance is material and, as discussed below, recovery of the balance will be used to assist in financing the costs of certain major capital projects planned for 2009 and 2010.
20. The City of North Bay has a very stable population base. Since 2002 the population has only changed by less than 1%. The vast majority of customers that benefitted for years from the Applicant's non-recovery of these costs for several years are still customers of the Applicant, and it is reasonable that the outstanding balance be recovered from the Applicant's customers.

Proposed process for recovery of outstanding balance:

21. This process has confirmed that significant balances are owed to the Applicant, and the materiality of these balances is driving a request for recovery. The outstanding balance is equivalent to approximately three months of the Applicant's distribution revenue, or one half of its typical annual capital budget, although for reasons discussed below, certain major capital projects required this year will significantly increase the Applicant's 2009

capital spending. The Applicant intends to use the monies recovered through the riders proposed in this Application to assist in financing the costs of certain major capital projects discussed below.

22. The Applicant recognizes that the OEB's objectives with respect to electricity include protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, and facilitating the maintenance of a financially viable electricity industry. The recovery of these outstanding monies is essential to the overall financial health of the Applicant's business and to the reliability of its distribution system. To mitigate customer impacts arising from this recovery, the Applicant has taken the following steps:
- (a) The initial focus of the review was on Account 1588 only. The balance owing from this Account (based on the Applicant's consultant's findings with respect to principal and interest) was \$3,750,471. To offset this amount, the Applicant proposes to dispose of all of the major RSVAs at the same time. This reduces the total balance owing to \$2,029,825. This significant reduction in the overall balance reduces the rate impact on customers.
 - (b) The Applicant is seeking recovery of the December 31, 2008 balance of \$2,029,825 together with carrying charges of \$17,149 for the period of January 1, 2009 through June 30, 2009 for a total of \$2,046,974 over a three year period commencing on July 1, 2009, by way of volumetric rate riders for each customer class. A bill impact analysis in respect of the proposed riders is shown in Appendix F to this Manager's Summary. For an average residential customer using 1,000 kWh of electricity per month, this would result in an increase of 1.18% on the total bill. The Applicant's 2009 Incentive Regulation Mechanism ("IRM") distribution rate adjustment, which will come into effect on May 1, 2009, will result in a bill increase of 2.21% for an average residential customer. The IRM increase was largely the result of an increase in the smart meter funding adder to comply with provincial government policy, and transmission rate

increases arising out of Hydro One Networks Inc.'s recent transmission rate application. The total combined bill impact of the 2009 IRM rate adjustment and the present Application on an average residential customer will be 3.39% in 2009. Rider amounts and average bill impacts are shown in the table at paragraph 4, above.

Use of Funds when Recovered

23. The Applicant's new management team has been actively working to develop and implement an asset management plan to guide infrastructure renewal. At this time, however, there is a major project that is of critical importance to the ongoing adequacy, reliability and quality of the Applicant's distribution system, and the Applicant intends to address that project this year and in 2010.
24. The Applicant receives supply from 2 Hydro One Networks Inc. ("Hydro One") transmission stations – Trout Lake TS and North Bay TS. North Bay TS supplies approximately 25% of the Applicant's service area and was placed in service in the 1950's. North Bay TS has a non-standard industry supply voltage. The transformers step down from 115 kv to 22 kv. There is only a very limited number of 22 kv/4.16 kv distribution systems in Ontario, and obtaining distribution equipment for the maintenance of the system is becoming increasingly difficult.
25. Hydro One's Trout Lake TS is industry standard with supply at 230 kv and step down to 44kv. However, there is no ability for the Trout Lake TS to supply customers supplied from the North Bay TS due to the secondary voltage difference. North Bay TS experienced 5 interruptions in 2008 and 25% of the Applicant's customers were out of power for several hours. If North Bay TS suffered a major failure there would be significant costs and extended outages for many customers, including North Bay's downtown business core, before power supply could be restored.
26. Hydro One has confirmed that the transformers at North Bay TS are end of life and will be replaced. Construction activities are scheduled to commence in late 2010 with an in

service target date of early 2011. The transformers will be industry standard stepping voltage from 115 kv to 44 kv. In preparation for the transformer replacements, the Applicant must convert the old 22 kv/4.16 kv distribution system to 44 kv/12.47 kv. This will harmonize distribution and supply voltages across the Applicant's entire system. Conversion costs are estimated as follows:

2009 - \$5.6 Million

2010 - \$4.3 Million

27. These costs are incremental to the Applicant's base annual capital program. Expenditures are typically in the range of \$3-\$4 Million per year for demand-related and basic renewal capital projects. The Applicant intends to use the monies recovered through the riders proposed in this Application to assist in financing the costs of this conversion project.
28. This conversion has significant benefits to the Applicant's customers. Those benefits include the following:
- A significant section of the 22 kv/4.16 kv distribution plant, serving more than 450 customers, has a backlot design. The Applicant has identified significant public and employee safety issues arising out of this situation, including 58 backyard aerial trespasses. This plant will be replaced with an underground design, which will eliminate these safety hazards. This will allow the Applicant easier access to distribution plant and facilitate shorter restoration times during unplanned outages;
 - A new municipal substation will be built to replace a station that is currently situated in a school yard next to a playground frequented by many children. This will remove a critical public safety hazard;
 - The reliability of service to customers served by the North Bay TS will be greatly improved since all substations will be at the same supply and distribution voltage

and can support each other should there be planned or unplanned outages at a particular substation; and

- Line losses will be reduced by the elimination of lower voltages and plant that is at end of life.
29. Overall, service reliability will be enhanced by allowing Trout Lake TS to back up and support customers supplied by the North Bay TS during planned and unplanned outages
30. The recovery of the outstanding RSVA balances will be of great assistance to the Applicant in addressing the cost of this incremental capital work..

Summary

31. As shown above, the bill impacts of the Applicant's proposed rate riders on individual customers are minimal. However, the net amount of the RSVA balances - \$2,029,825 together with carrying charges of \$17,149 for the period of January 1, 2009 through June 31, 2009 for a total of \$2,046,974 – is significant to the Applicant.
32. The Applicant submits that it is reasonable that it be permitted to recover its full outstanding balances for the RSVAs identified in this Application as at December 31, 2008, plus carrying costs for the period of January 1, 2009 through June 31, 2009, in the manner set out in this Application. The Applicant has worked diligently over the past year with OEB staff and its own consultants to review and correct its accounting practices and RSVA balances.
33. In conducting this review, the Applicant determined that a significant amount of charges from the IESO, particularly on account of power purchases, were inadvertently not collected from its customers, and the Applicant believes that it is appropriate to correct this situation. It has proposed an approach – a three year volumetric rate rider – that allows it to recover these monies while avoiding significant impacts on customer bills.

34. All funds collected from the recovery of these balances will be applied to offset the costs of associated with essential upgrades to the distribution system – as discussed above, the work on which these monies will be spent will increase the reliability of the Applicant's distribution system and reduce losses.
35. The Applicant acknowledges that on April 17, 2009, the Board issued an Order pursuant to Section 78 of the OEB Act in which it advised that "The Board has considered the balances in the RSVApower account and the RSVApower sub-account Global Adjustment (Account 1588) for all the LDCs listed in Appendix A for the period ending December 31, 2008, and finds that there is no requirement for disposition at this time." The Applicant is on the Board's list in Appendix A to the Order. It appears that practically all of Ontario's rate-regulated electricity distributors are on that list. The Applicant understands that this Order was issued pursuant to the Board's obligations under subsection 78(6.1) of the OEB Act. However, the Applicant notes that the Order does provide for further direction from the Board, and that "This Order does not limit the decision making authority of the Board in the review and potential disposition of any specific LDCs Account 1588 that may currently be under review by the Board or where disposition of the balance of Account 1588 has been ordered." The Applicant submits that its significant Account 1588 balance, the circumstances giving rise to this Application, and its efforts over the past year in cooperation with Board staff to revise its accounting practices and correctly calculate its RSVA balances, warrant the requested rate riders.
36. In light of the foregoing, the Applicant requests that the OEB issue an Order that would allow the proposed rate adjustment to come into effect as of July 1, 2009.

Appendices:

37. The following Appendices, discussed above, accompany this Manager's Summary:

| | |
|-------------|--|
| Appendix A: | OEB Letter for Review of Account 1588 - March 6, 2008 |
| Appendix B: | OEB Response to review of Account 1588 - July 11, 2008 |
| Appendix C: | OEB Final letter for review of account 1588 - Dec 2, 2008 |
| Appendix D: | E360 Final Report to North Bay Hydro for Retail Settlement Variance |
| Appendix E: | 2008 Audited Financial Statements |
| Appendix F: | Bill Impact Analysis |

APPENDIX A

OEB LETTER FOR REVIEW OF ACCOUNT 1588 MARCH 6, 2008

Ontario Energy
Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie
de l'Ontario
C.P. 2319
27^e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



March 6, 2008

Todd Wilcox
General Manager
North Bay Hydro Distribution
74 Commerce Crescent
North Bay ON, P1B 8G4

Dear Mr. Wilcox,

Re: Review of Account 1588 RSVA Power and Sub-account Global Adjustment

Under section 78(6.1) of the *Ontario Energy Board Act, 1998*, the Board is required to make an order at least every three months that determines whether and how the amounts recorded in the commodity variance or deferral accounts of all electricity distributors should be reflected in rates. Currently, these amounts are recorded in Account 1588 of the Uniform System of Accounts. To date, the Board has not ordered the disposition of Account 1588 as part of this quarterly review process.

By letter dated February 19, 2008, the Board notified all electricity distributors and other interested parties that it intends to launch an initiative to develop a process associated with the quarterly review and disposition of Account 1588, among possible others. Upon completion of this initiative, Board staff anticipates that the Account 1588 balances of certain distributors may be dispositioned through the quarterly review process.

In anticipation of that eventuality, the Board's Regulatory Audit group will review the Account 1588 balances and associated accounting practices of a sample of distributors whose Account 1588 balances appear to be higher than the average. North Bay Hydro Distribution has been selected to be part of that sample.

For purposes of this review, we have prepared the attached questionnaire and request that you complete and return it to Anshula Ohri at Anshula.Ohri@oeb.gov.on.ca by **March 20th 2008**. Once your response has been received, a representative of the Regulatory Audit group may contact you for clarification purposes during the latter part of March, 2008. If necessary, a site visit may be scheduled to conclude the review.

The results of this review will be shared with you in a written report. The results of the review and associated documentation will be provided to other Board staff to assist them in their review and analysis of the Account 1588 balances, and may also be provided to Members of the Board. The results may also ultimately be used as evidence in a proceeding relating to the review and possible disposition of your Account 1588 balances.

We thank you in advance for your anticipated cooperation and contribution to this review. Please do not hesitate to contact Anshula Ohri at 416-440-7659 should you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to read 'Bill Cowan', written in a cursive style.

Bill Cowan, P.Eng., C.A.

Chief Regulatory Auditor

Phone: (416) 440-7648

Bill.Cowan@oeb.gov.on.ca

Attachments: Review Questionnaire - Account 1588 RSVA Power

Review Questionnaire - Account 1588 RSVA Power
March 2008

Distributor Name: North Bay Hydro Distribution

General Questions

1. Please provide a description of how balances are generated in Account 1588 – RSVA Power and Account 1588 – sub account Global Adjustment.
2. Please complete a continuity schedule showing the account *principal balance* and *interest charges* separately since the last time the balance in Account 1588 account was dispositioned (e.g., December 31, 2004 balances dispositioned in 2006 EDR).
3. Please provide a copy of any Ministry of Finance audit reports pertaining to your Form 1598 filings with the Independent Electricity System Operator ("IESO"). Have any of your Form 1598 amounts been in dispute between you and the IESO? If so, please identify the nature of the dispute and whether and how it has affected or may affect the Account 1588 balances for any period covered by the attached continuity schedule.
4. Are there any Ministry of Finance audits pertaining to your Form 1598 filings that have been commenced but have not yet been reported? Please provide a progress report.
5. Please provide a description of actions that you have taken to address any concerns raised by any Ministry of Finance audit of your Form 1598 filings.
6. Please describe any significant adjustments that have been processed in Account 1588 – RSVA Power and Account 1588 – sub account Global Adjustment (e.g., IESO adjustments, audit adjustments, etc.).
7. Have all entries to Account 1588 – RSVA Power and Account 1588 - sub account Global Adjustment been prepared in accordance with all applicable guidance or direction given by the Board¹? If not, please explain all deviations, exceptions or variations used or where subsequent (to year-end) audit adjustments have modified original entries.
8. Was the cash or accrual method used to calculate the balance of Account 1588 – RSVA Power and Account 1588 – sub account Global Adjustment?

¹ Please see the Boards website referring to Reporting and Record Keeping under the *Accounting Procedures Handbook*, letter dated Feb 15, 2005 1508 and 1588 Sub-accounts and Frequently Asked Questions about the Handbook December 2005 Question 15.

9. Was this method used consistently over the life of the Accounts? If not, please explain.
10. Please provide the interest rates used to calculate carrying charges in Account 1588 – RSVA Power and Account 1588 – sub account Global Adjustment for each quarter from January 1, 2005 to present.
11. Has disposition of Account 1588 – RSVA Power and Account 1588 – sub account Global Adjustment been requested in any proceeding?
12. Did you disposition the Q4 2004 starting balance in Account 1588 – RSVA Power in Q2 2006 to account 1590 Recovery of Regulatory Assets²?

Specific Questions

1. Why doesn't the Account 1588 balance in the annual trial balance filing made under section 2.1.7 of the Electricity Reporting and Record Keeping Requirements ("RRR") equal the Q4 balance in the quarterly filing made under section 2.1.1 of the RRR for the period ending December 31, 2005 and December 31, 2006?
2. What caused the large swings in the Account 1588 balance between Q4 2004 – Q1 2005, Q2 2007 – Q3 2007 and Q3 2007 – Q4 2007?

² The requirement to make this entry is set out on page 3 of the following link, which says It should be noted that the new interest rates also apply to account 1590, Recovery of Regulatory Assets, to which the regulatory asset amounts approved by the Board for recovery in rates are to be recorded effective May 1, 2006.
http://www.oeb.gov.on.ca/documents/cases/EB-2006-0117/letter_accountinginterest_281106.pdf

APPENDIX B

OEB RESPONSE TO REVIEW OF ACCOUNT 1588 JULY 11, 2008

**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
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**Commission de l'Énergie
de l'Ontario**
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July 11, 2008

Todd Wilcox
General Manager
North Bay Hydro Distribution
74 Commerce Crescent
North Bay ON, P1B 8G4

Dear Mr. Wilcox,

Re: Review of Account 1588 RSVA Power and Sub-account Global Adjustment

By letter dated February 19, 2008, the Board notified all electricity distributors and other interested parties that it intends to launch an initiative to develop a process associated with the quarterly review and disposition of Account 1588, among possible others. Upon completion of this initiative, Board staff anticipates that the Account 1588 balances of certain distributors may be dispositioned through the quarterly review process.

In anticipation of that eventuality, the Board's Regulatory Audit group reviewed the Account 1588 balances and associated accounting practices of a sample of distributors whose Account 1588 balances appear to be higher than the average. North Bay Hydro Distribution Limited (NBHDL) was selected to be part of that sample. The scope of the audit review was limited to discussion related to the selected regulatory asset account.

The objectives of this limited review were to assess whether accounting policies and procedures are properly and consistently applied; and to determine if balances as reported to the Ontario Energy Board (the Board) appear plausible.

In reviewing the account 1588 for North Bay Hydro Distribution Limited, nothing has come to our attention that causes us to believe that the account, in all material respects, is not in accordance with OEB regulatory accounting requirements, except for the item listed below:

There is a variance between using the weighted average price (WAP) versus the NBHDL hourly energy price (HOEP) to settle commodity costs for RPP customers with the IESO, resulting in an overstatement of the debit balance in account 1588, estimated by the company to be \$434,244.

North Bay Hydro Distribution Limited has plans to correct the above item.

Thank you very much for the assistance provided during the review process.

Yours truly,

Bill Cowan, P.Eng., C.A.
Chief Regulatory Auditor
Phone: (416) 440-7648
Bill.cowan@oeb.gov.on.ca

Cc to Cindy Tennant, Manager Finance, North Bay Hydro Distribution Limited.

APPENDIX C

OEB FINAL LETTER FOR REVIEW OF ACCOUNT 1588 DECEMBER 2, 2008

**Ontario Energy
Board**
P.O. Box 2319
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By Email

December 2, 2008

Todd Wilcox
General Manager
North Bay Hydro Distribution
74 Commerce Crescent
North Bay ON, P1B 8G4

Dear Mr. Wilcox,

**Re: Revision to the letter dated July 11, 2008 on the
Review of Account 1588 RSVA Power and Sub-account Global Adjustment**

Background:

The Board's Regulatory Audit ("Audit") staff undertook a review of account 1588 of North Bay Hydro Distribution Limited ("NBHDL") in May-June 2008. The objectives of this review were to assess whether accounting policies and procedures were properly and consistently applied; and to determine if balances as reported to the Ontario Energy Board ("Board") appear plausible.

The review findings were summarized in "Detailed Description of Accounting Issues" and provided to NBHDL through an email on June 5th, 2008.

Audit found that the transactions related to RPP customers were **not** recorded in account 1588 in accordance with APH Article 490 as NBHDL did not record the net difference between the amounts charged by the IESO and the amounts billed to the customers for the energy cost. Rather, they booked both, the cost of power as well as the billings at the weighted average price (WAP). As a result, account 1588 did not capture the difference between the cost of power and billings related to RPP customers in the account.

In response to the above finding, NBHDL, in a letter dated June 27, 2008, stated that it has put in place the proper processes, procedures and controls to ensure the correct accounting treatment going forward. In the same letter NBHDL also indicated that its use of WAP vs. HOEP in settling commodity costs with the IESO for RPP customers had resulted in an underpayment to the IESO by NBHDL of \$434,244.

In our summary reporting letter dated July 11, 2008, we stated that:

"There is a variance between using the weighted average price (WAP) versus the NBHDL hourly energy price (HOEP) to settle commodity costs for RPP customers with the IESO, resulting in an overstatement of the debit balance in account 1588, estimated by the company to be \$434,244.

North Bay Hydro Distribution has plans to correct the above item."

Subsequent to our July 11, 2008 letter to the utility

Both, NBHDL and Audit have since consulted with the IESO staff, and have determined that the methods used by NBHDL (use of WAP vs. HOEP) to calculate its remittance to IESO are appropriate.

.../2

We therefore replace the statements in our letter dated July 11, 2008 as quoted above in the Background section of this letter with the following:

"While the settlement process with the IESO is correct, we affirm our observations that the utility should book the entries into account 1588 in accordance with APH Article 490. That is to say NBHDL should record in RSVA account 1588, the net difference between the amount charged by the IESO on the settlement invoice for the energy cost and the amount billed to customers for the energy cost.

In addition, all true-ups on the RPP sales volumes resulting in a true-up to the RPP settlement charge settled with the IESO should also be recorded via the RSVA power account, as these entries impact charge type 142 on the IESO's cost of power invoice and as a result also impact account 4705 and RSVA account 1588.

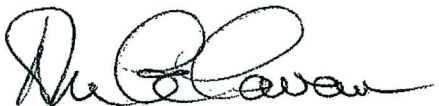
As NBHDL had been recording some entries related to charge type 142 outside of the commodity accounts 4705 and RSVA account 1588, the company needs to decide whether to recalculate and refile with the Board the quarterly and annual reported balances in account 1588 for periods from 2005 onwards. The company estimates the effect of these changes to be approximately \$94,000 as at December 31, 2007.

North Bay Hydro Distribution has plans to correct the above item."

During the course of the review, the Audit staff became aware that about \$2.6 million of the balance in account 1588 was due to amounts arising prior to 2005. These related to the recording of unbilled revenue. We suggested that NBHDL consider whether it wished to apply to the Board for disposition of this balance.

Thank you very much for your further attention to this matter.

Yours truly,



Bill Cowan, P.Eng., C.A.
Chief Regulatory Auditor
Phone: (416) 440-7648
Bill.cowan@oeb.gov.on.ca

cc Cindy Tennant, Manager Finance, North Bay Hydro Distribution Limited.

APPENDIX D

E360 FINAL REPORT TO NORTH BAY HYDRO FOR RETAIL SETTLEMENT VARIANCE

E360 Inc.

Final Report to

North Bay Hydro

for

Retail Settlement Variance

Accounts

*200-295 Wolfe Street
London, Ontario, N6B 2C4
P 519.433.6002
F 519.433.6188*



Overview

E360 Inc. was engaged to perform an independent third party validation of the Retail Settlement Variance Accounts to support North Bay Hydro's disposition application to the OEB.

Methodology

E360 chose to build the variance account values from the bottom up utilizing source documents (IESO & Hydro One invoices, Audited Revenues reconciled to the General Ledger and OEB prescribed interest rates).

Cash vs. Accrual

North Bay converted to a full accrual basis effective Mar. 1, 2007. E360 used the cash basis from Market Opening (May 1, 2002) to Feb. 28, 2007 as detailed unbilled records were not available during this time. Effective Mar. 1, 2007 a full accrual approach was utilized which reflected expenditures related to the month of consumption and earned revenues for the month taking into consideration the difference between the opening and ending monthly unbilled revenue.

May 1, 2006 Approved Regulatory Asset Recovery

E360 validated that the approved principal and interest component of the regulatory asset recoveries were appropriately reversed as per the Accounting Procedures Handbook to the Variance accounts.

Interest Improvement

E360 has utilized the OEB prescribed interest rates from Market Opening for interest improvement purposes. The rates can be found at www.oeb.gov.on.ca.

The prescribed interest rates have been applied to the month previous ending balance as per OEB direction.

E360 has validated that the interest treatment utilized is based on simple interest and does not include any compounding.

IESO Line Item Mapping to USoA Accounts

E360 has validated that the appropriate IESO line items have been charged to the appropriate commodity and non competitive cost expense accounts.

Retail Settlement Variance Account Determination

E360 utilizing the methodology described above has determined the variance account values as set out in the following appendices:

- Appendix A - 1580 RSVA - WMS
- Appendix B - 1582 - RSVA - One-Time
- Appendix C - 1584 - RSVA - Network
- Appendix D - 1586 - RSVA - Connection
- Appendix D - 1588 - RSVA - Power

1588 – RSVA Power – Global Adjustment Sub-Account

E360 developed a simple methodology to assess the principal and interest values recorded in the Global Adjustment subaccount. The E 360 value was within an acceptable tolerance band as compared to the North Bay Hydro recorded General Ledger value. The expense side of the North Bay Hydro value was determined utilizing a more precise methodology which split billed global adjustment consumption between the actual consumption months (costs differ every month). These costs are then compared to actual revenues earned from non RPP customers through application of the varying monthly GA billing factors.

General Ledger Adjustments

North Bay management and their external auditors have adjusted the Dec. 31, 2008 principal and interest balances to align with the values shown in the Appendices. Historically, the Appendix values will not reconcile to pre-2008 financial statement or filed trial balance results due to the change in methodology identified above.

Conclusion

E360 has calculated the Retail Settlement Variance Account values in accordance with all OEB procedural directions and believes that the values accurately reflect the amounts due to / due from customers as of December 31, 2008.

Appendix A
North Bay Hydro – 1580 - RSVA - WMS

| | Cost | Revenue | Recovery | Variance | YTD Variance | Interest | Int. Recovery | YTD Total | Interest Rate |
|---------------|--------------|--------------|----------|-------------|--------------|-----------|---------------|-----------|---------------|
| Jan-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| Feb-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Mar-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Apr-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| May-02 | 0.00 | 3,892.99 | | -3,892.99 | -3,892.99 | 0.00 | | 0.00 | |
| Jun-02 | 166,992.32 | 159,638.54 | | 7,353.78 | 3,460.79 | -23.52 | | -23.52 | |
| Jul-02 | 175,999.79 | 208,758.47 | | -32,758.68 | -29,297.89 | 20.91 | | -2.61 | 7.25% |
| Aug-02 | 506,921.00 | 102,814.60 | | 404,106.40 | 374,808.51 | -177.01 | | -179.62 | |
| Sep-02 | 470,304.08 | 601,702.10 | | -131,398.02 | 243,410.49 | 2,264.47 | | 2,084.85 | |
| Oct-02 | 664,302.01 | 294,077.66 | | 370,224.35 | 613,634.84 | 1,470.61 | | 3,555.45 | 7.25% |
| Nov-02 | 251,978.23 | 243,684.09 | | 8,294.14 | 621,928.98 | 3,707.38 | | 7,262.83 | |
| Dec-02 | 251,501.69 | 256,673.00 | | -5,171.31 | 616,757.67 | 3,757.49 | | 11,020.32 | |
| | 2,487,999.12 | 1,871,241.45 | 0.00 | 616,757.67 | | 11,020.32 | 0.00 | | |
| Jan-03 | 365,450.74 | 253,621.25 | | 111,829.49 | 728,587.16 | 3,726.24 | | 14,746.56 | 7.25% |
| Feb-03 | 406,711.77 | 313,664.20 | | 93,047.57 | 821,634.73 | 4,401.88 | | 19,148.44 | |
| Mar-03 | 364,594.00 | 593,061.99 | | -228,467.99 | 593,166.74 | 4,964.04 | | 24,112.49 | |
| Apr-03 | 350,372.12 | 356,218.36 | | -5,846.24 | 587,320.50 | 3,583.72 | | 27,696.20 | 7.25% |
| May-03 | 300,148.11 | 293,007.39 | | 7,140.72 | 594,461.22 | 3,548.39 | | 31,244.60 | |
| Jun-03 | 263,568.23 | 224,385.55 | | 39,182.68 | 633,643.90 | 3,591.54 | | 34,836.13 | |
| Jul-03 | 258,344.59 | 257,225.20 | | 1,119.39 | 634,763.29 | 3,828.27 | | 38,664.40 | 7.25% |
| Aug-03 | 273,069.91 | 288,380.46 | | -15,310.55 | 619,452.74 | 3,835.03 | | 42,499.43 | |
| Sep-03 | 186,237.08 | 278,409.36 | | -92,172.28 | 527,280.46 | 3,742.53 | | 46,241.95 | |
| Oct-03 | 254,121.05 | 278,409.36 | | -24,288.31 | 502,992.15 | 3,185.65 | | 49,427.61 | 7.25% |
| Nov-03 | 287,412.93 | 215,512.75 | | 71,900.18 | 574,892.33 | 3,038.91 | | 52,466.52 | |
| Dec-03 | 308,117.43 | 344,445.86 | | -36,328.43 | 538,563.90 | 3,473.31 | | 55,939.83 | |
| | 3,618,147.96 | 3,696,341.73 | 0.00 | -78,193.77 | | 44,919.51 | 0.00 | | |

Appendix A
North Bay Hydro – 1580 - RSVA- WMS

| | <i>Cost</i> | <i>Revenue</i> | <i>Recovery</i> | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | <i>Int. Recovery</i> | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|-----------------|-----------------|---------------------|-----------------|----------------------|------------------|----------------------|
| <i>Jan-04</i> | 311,251.61 | 338,384.54 | | -27,132.93 | 511,430.97 | 3,253.82 | | 59,193.65 | 7.25% |
| <i>Feb-04</i> | 413,063.95 | 414,619.25 | | -1,555.30 | 509,875.67 | 3,089.90 | | 62,283.54 | |
| <i>Mar-04</i> | 351,748.56 | 384,175.52 | | -32,426.96 | 477,448.71 | 3,080.50 | | 65,364.04 | |
| <i>Apr-04</i> | 335,425.09 | 325,180.03 | | 10,245.06 | 487,693.77 | 2,884.59 | | 68,248.63 | 7.25% |
| <i>May-04</i> | 290,585.83 | 292,789.28 | | -2,203.45 | 485,490.32 | 2,946.48 | | 71,195.11 | |
| <i>Jun-04</i> | 268,722.32 | 200,832.37 | | 67,889.95 | 553,380.27 | 2,933.17 | | 74,128.28 | |
| <i>Jul-04</i> | 254,600.15 | 254,133.43 | | 466.72 | 553,846.99 | 3,343.34 | | 77,471.62 | 7.25% |
| <i>Aug-04</i> | 272,500.47 | 258,105.11 | | 14,395.36 | 568,242.35 | 3,346.16 | | 80,817.78 | |
| <i>Sep-04</i> | 266,275.87 | 327,702.73 | | -61,426.86 | 506,815.49 | 3,433.13 | | 84,250.91 | |
| <i>Oct-04</i> | 262,048.61 | 264,540.01 | | -2,491.40 | 504,324.09 | 3,062.01 | | 87,312.92 | 7.25% |
| <i>Nov-04</i> | 281,916.38 | 224,716.93 | | 57,199.45 | 561,523.54 | 3,046.96 | | 90,359.88 | |
| <i>Dec-04</i> | 311,887.25 | 315,198.03 | | -3,310.78 | 558,212.76 | 3,392.54 | | 93,752.42 | |
| | 3,620,026.09 | 3,600,377.23 | 0.00 | 19,648.86 | | 37,812.59 | 0.00 | | |
| <i>Jan-05</i> | 388,507.69 | 363,055.66 | | 25,452.03 | 583,664.79 | 3,372.54 | | 97,124.95 | 7.25% |
| <i>Feb-05</i> | 414,711.27 | 421,596.61 | | -6,885.34 | 576,779.45 | 3,526.31 | | 100,651.26 | |
| <i>Mar-05</i> | 340,598.03 | 392,445.44 | | -51,847.41 | 524,932.04 | 3,484.71 | | 104,135.97 | |
| <i>Apr-05</i> | 352,351.56 | 306,834.13 | | 45,517.43 | 570,449.47 | 3,171.46 | | 107,307.44 | 7.25% |
| <i>May-05</i> | 295,249.30 | 337,260.39 | | -42,011.09 | 528,438.38 | 3,446.47 | | 110,753.90 | |
| <i>Jun-05</i> | 220,422.03 | 267,080.95 | | -46,658.92 | 481,779.46 | 3,192.65 | | 113,946.55 | |
| <i>Jul-05</i> | 288,353.10 | 285,964.50 | | 2,388.60 | 484,168.06 | 2,910.75 | | 116,857.30 | 7.25% |
| <i>Aug-05</i> | 407,195.23 | 201,824.36 | | 205,370.87 | 689,538.93 | 2,925.18 | | 119,782.48 | |
| <i>Sep-05</i> | 458,067.01 | 363,163.11 | | 94,903.90 | 784,442.83 | 4,165.96 | | 123,948.45 | |
| <i>Oct-05</i> | 321,920.15 | 255,516.56 | | 66,403.59 | 850,846.42 | 4,739.34 | | 128,687.79 | 7.25% |
| <i>Nov-05</i> | 317,750.87 | 281,582.62 | | 36,168.25 | 887,014.67 | 5,140.53 | | 133,828.32 | |
| <i>Dec-05</i> | 289,415.22 | 323,393.52 | | -33,978.30 | 853,036.37 | 5,359.05 | | 139,187.37 | |
| | 4,094,541.46 | 3,799,717.85 | 0.00 | 294,823.61 | | 45,434.95 | 0.00 | | |

Appendix A
North Bay Hydro – 1580 - RSVA- WMS

| | <i>Cost</i> | <i>Revenue</i> | <i>Recovery</i> | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | <i>Int. Recovery</i> | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|-----------------|-----------------|---------------------|-----------------|----------------------|------------------|----------------------|
| <i>Jan-06</i> | 371,753.86 | 339,050.38 | | 32,703.48 | 885,739.85 | 5,153.76 | | 144,341.13 | 7.25% |
| <i>Feb-06</i> | 293,590.48 | 324,976.52 | | -31,386.04 | 854,353.81 | 5,351.34 | | 149,692.47 | |
| <i>Mar-06</i> | 183,429.45 | 435,670.91 | | -252,241.46 | 602,112.35 | 5,161.72 | | 154,854.19 | |
| <i>Apr-06</i> | 360,632.65 | 312,207.64 | | 48,425.01 | 650,537.36 | 2,077.29 | | 156,931.48 | 4.14% |
| <i>May-06</i> | 254,574.46 | 245,473.11 | 422,073.00 | -412,971.65 | 237,565.71 | 2,244.35 | 194,880.39 | -35,704.55 | |
| <i>Jun-06</i> | 291,899.44 | 306,861.91 | | -14,962.47 | 222,603.24 | 819.60 | | -34,884.95 | |
| <i>Jul-06</i> | 207,368.84 | 284,548.53 | | -77,179.69 | 145,423.55 | 851.46 | | -34,033.50 | 4.59% |
| <i>Aug-06</i> | 234,296.01 | 954,699.91 | | -720,403.90 | -574,980.35 | 556.25 | | -33,477.25 | |
| <i>Sep-06</i> | 234,607.27 | -408,741.04 | | 643,348.31 | 68,367.96 | -2,199.30 | | -35,676.55 | |
| <i>Oct-06</i> | 168,124.27 | 251,778.47 | | -83,654.20 | -15,286.24 | 261.51 | | -35,415.04 | 4.59% |
| <i>Nov-06</i> | 188,157.61 | 279,256.84 | | -91,099.23 | -106,385.47 | -58.47 | | -35,473.51 | |
| <i>Dec-06</i> | 251,044.63 | 316,496.15 | | -65,451.52 | -171,836.99 | -406.92 | | -35,880.44 | |
| | 3,039,478.97 | 3,642,279.33 | 422,073.00 | -1,024,873.36 | | 19,812.59 | 194,880.39 | | |
| <i>Jan-07</i> | 243,978.36 | 311,563.90 | | -67,585.54 | -239,422.53 | -657.28 | | -36,537.71 | 4.59% |
| <i>Feb-07</i> | 368,959.83 | 342,267.59 | | 26,692.24 | -212,730.29 | -915.79 | | -37,453.50 | |
| <i>Mar-07</i> | 592,063.87 | 904,439.10 | | -312,375.23 | -525,105.52 | -813.69 | | -38,267.20 | |
| <i>Apr-07</i> | 170,597.35 | 156,609.85 | | 13,987.50 | -511,118.02 | -2,008.53 | | -40,275.73 | 4.59% |
| <i>May-07</i> | 198,729.09 | 303,458.99 | | -104,729.90 | -615,847.92 | -1,955.03 | | -42,230.75 | |
| <i>Jun-07</i> | 253,047.99 | 274,676.51 | | -21,628.52 | -637,476.44 | -2,355.62 | | -44,586.37 | |
| <i>Jul-07</i> | 202,945.08 | 249,466.29 | | -46,521.21 | -683,997.64 | -2,438.35 | | -47,024.72 | 4.59% |
| <i>Aug-07</i> | 234,521.30 | 287,570.78 | | -53,049.48 | -737,047.12 | -2,616.29 | | -49,641.01 | |
| <i>Sep-07</i> | 213,465.51 | 228,388.08 | | -14,922.57 | -751,969.69 | -2,819.21 | | -52,460.21 | |
| <i>Oct-07</i> | 157,526.18 | 285,125.78 | | -127,599.60 | -879,569.29 | -3,220.94 | | -55,681.15 | 5.14% |
| <i>Nov-07</i> | 227,147.97 | 319,779.41 | | -92,631.44 | -972,200.73 | -3,767.49 | | -59,448.64 | |
| <i>Dec-07</i> | 353,072.87 | 370,587.20 | | -17,514.33 | -989,715.06 | -4,164.26 | | -63,612.90 | |
| | 3,216,055.40 | 4,033,933.48 | 0.00 | -817,878.08 | | -27,732.46 | 0.00 | | |

Appendix A
North Bay Hydro – 1580 - RSVA- WMS

| | <i>Cost</i> | <i>Revenue</i> | <i>Recovery</i> | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | <i>Int. Recovery</i> | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|-----------------|-----------------|---------------------|-----------------|----------------------|------------------|----------------------|
| Jan-08 | 284,343.15 | 342,566.46 | | -58,223.31 | -1,047,938.37 | -4,239.28 | | -67,852.18 | 5.14% |
| Feb-08 | 326,059.69 | 400,688.36 | | -74,628.67 | -1,122,567.04 | -4,488.67 | | -72,340.85 | |
| Mar-08 | 320,743.52 | 326,549.34 | | -5,805.82 | -1,128,372.86 | -4,808.33 | | -77,149.18 | |
| Apr-08 | 259,340.69 | 286,277.20 | | -26,936.51 | -1,155,309.37 | -3,836.47 | | -80,985.65 | 4.08% |
| May-08 | 216,644.65 | 285,099.47 | | -68,454.82 | -1,223,764.19 | -3,928.05 | | -84,913.70 | |
| Jun-08 | 302,894.95 | 174,148.38 | | 128,746.57 | -1,095,017.62 | -4,160.80 | | -89,074.50 | |
| Jul-08 | 275,022.05 | 328,982.71 | | -53,960.66 | -1,148,978.28 | -3,056.92 | | -92,131.42 | 3.35% |
| Aug-08 | 257,373.95 | 283,631.88 | | -26,257.93 | -1,175,236.21 | -3,207.56 | | -95,338.98 | |
| Sep-08 | 233,694.99 | 247,234.40 | | -13,539.41 | -1,188,775.62 | -3,280.87 | | -98,619.85 | |
| Oct-08 | 231,742.94 | 282,388.66 | | -50,645.72 | -1,239,421.34 | -3,318.67 | | -101,938.52 | 3.35% |
| Nov-08 | 273,515.81 | 303,710.31 | | -30,194.50 | -1,269,615.84 | -3,460.05 | | -105,398.57 | |
| Dec-08 | 347,257.48 | 405,422.10 | | -58,164.62 | -1,327,780.46 | -3,544.34 | | -108,942.91 | |
| | 3,328,633.87 | 3,666,699.27 | 0.00 | -338,065.40 | | -45,330.01 | 0.00 | | |
| | | | | | | | | | |

Appendix B
North Bay Hydro – 1582 - RSVA - One-Time

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|-------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| Feb-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Mar-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Apr-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| May-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Jun-02 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Jul-02 | 622.17 | 0.00 | | 622.17 | 622.17 | 0.00 | | 0.00 | 7.25% |
| Aug-02 | 4,474.79 | 0.00 | | 4,474.79 | 5,096.96 | 3.76 | | 3.76 | |
| Sep-02 | 3,949.10 | 0.00 | | 3,949.10 | 9,046.06 | 30.79 | | 34.55 | |
| Oct-02 | 9,771.57 | 0.00 | | 9,771.57 | 18,817.63 | 54.65 | | 89.21 | 7.25% |
| Nov-02 | 6,777.94 | 0.00 | | 6,777.94 | 25,595.57 | 113.69 | | 202.90 | |
| Dec-02 | 1,596.71 | 0.00 | | 1,596.71 | 27,192.28 | 154.64 | | 357.54 | |
| | 27,192.28 | 0.00 | | 27,192.28 | | 357.54 | 0.00 | | |
| Jan-03 | 4,079.35 | 0.00 | | 4,079.35 | 31,271.63 | 164.29 | | 521.82 | 7.25% |
| Feb-03 | 1,910.02 | 0.00 | | 1,910.02 | 33,181.65 | 188.93 | | 710.76 | |
| Mar-03 | 1,494.25 | 0.00 | | 1,494.25 | 34,675.90 | 200.47 | | 911.23 | |
| Apr-03 | 4,445.36 | 0.00 | | 4,445.36 | 39,121.26 | 209.50 | | 1,120.73 | 7.25% |
| May-03 | 1,607.24 | 0.00 | | 1,607.24 | 40,728.50 | 236.36 | | 1,357.09 | |
| Jun-03 | 1,322.33 | 0.00 | | 1,322.33 | 42,050.83 | 246.07 | | 1,603.15 | |
| Jul-03 | 870.80 | 0.00 | | 870.80 | 42,921.63 | 254.06 | | 1,857.21 | 7.25% |
| Aug-03 | 1,097.84 | 0.00 | | 1,097.84 | 44,019.47 | 259.32 | | 2,116.53 | |
| Sep-03 | 75,227.28 | 0.00 | | 75,227.28 | 119,246.75 | 265.95 | | 2,382.48 | |
| Oct-03 | 1,373.92 | 0.00 | | 1,373.92 | 120,620.67 | 720.45 | | 3,102.93 | 7.25% |
| Nov-03 | 249.33 | 0.00 | | 249.33 | 120,870.00 | 728.75 | | 3,831.68 | |
| Dec-03 | 1,699.56 | 0.00 | | 1,699.56 | 122,569.56 | 730.26 | | 4,561.94 | |
| | 95,377.28 | 0.00 | | 95,377.28 | | 4,204.40 | 0.00 | | |

Appendix B
North Bay Hydro – 1582 - RSVA - One-Time

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|-------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-04 | 50,130.91 | 0.00 | | 50,130.91 | 172,700.47 | 740.52 | | 5,302.46 | 7.25% |
| Feb-04 | 22,370.48 | 0.00 | | 22,370.48 | 195,070.95 | 1,043.40 | | 6,345.86 | |
| Mar-04 | 2,410.85 | 0.00 | | 2,410.85 | 197,481.80 | 1,178.55 | | 7,524.41 | |
| Apr-04 | 1,783.26 | 0.00 | | 1,783.26 | 199,265.06 | 1,193.12 | | 8,717.53 | 7.25% |
| May-04 | 1,593.47 | 0.00 | | 1,593.47 | 200,858.53 | 1,203.89 | | 9,921.42 | |
| Jun-04 | 1,045.58 | 0.00 | | 1,045.58 | 201,904.11 | 1,213.52 | | 11,134.94 | |
| Jul-04 | 1,260.29 | 0.00 | | 1,260.29 | 203,164.40 | 1,219.84 | | 12,354.78 | 7.25% |
| Aug-04 | 1,039.77 | 0.00 | | 1,039.77 | 204,204.17 | 1,227.45 | | 13,582.23 | |
| Sep-04 | 2,400.96 | 0.00 | | 2,400.96 | 206,605.13 | 1,233.73 | | 14,815.97 | |
| Oct-04 | 1,068.28 | 0.00 | | 1,068.28 | 207,673.41 | 1,248.24 | | 16,064.21 | 7.25% |
| Nov-04 | 1,110.07 | 0.00 | | 1,110.07 | 208,783.48 | 1,254.69 | | 17,318.90 | |
| Dec-04 | 1,164.52 | 0.00 | | 1,164.52 | 209,948.00 | 1,261.40 | | 18,580.30 | |
| | 87,378.44 | 0.00 | | 87,378.44 | | 14,018.36 | 0.00 | | |
| Jan-05 | 2,372.71 | 0.00 | | 2,372.71 | 212,320.71 | 1,268.44 | | 19,848.74 | 7.25% |
| Feb-05 | 1,817.99 | 0.00 | | 1,817.99 | 214,138.70 | 1,282.77 | | 21,131.51 | |
| Mar-05 | 1,843.24 | 0.00 | | 1,843.24 | 215,981.94 | 1,293.75 | | 22,425.26 | |
| Apr-05 | 1,044.48 | 0.00 | | 1,044.48 | 217,026.42 | 1,304.89 | | 23,730.15 | 7.25% |
| May-05 | 1,788.19 | 0.00 | | 1,788.19 | 218,814.61 | 1,311.20 | | 25,041.35 | |
| Jun-05 | 2,128.54 | 0.00 | | 2,128.54 | 220,943.15 | 1,322.00 | | 26,363.36 | |
| Jul-05 | 1,570.45 | 0.00 | | 1,570.45 | 222,513.60 | 1,334.86 | | 27,698.22 | 7.25% |
| Aug-05 | 1,793.15 | 0.00 | | 1,793.15 | 224,306.75 | 1,344.35 | | 29,042.58 | |
| Sep-05 | 6,631.10 | 0.00 | | 6,631.10 | 230,937.85 | 1,355.19 | | 30,397.76 | |
| Oct-05 | 3,688.21 | 0.00 | | 3,688.21 | 234,626.06 | 1,395.25 | | 31,793.01 | 7.25% |
| Nov-05 | 2,859.19 | 0.00 | | 2,859.19 | 237,485.25 | 1,417.53 | | 33,210.55 | |
| Dec-05 | 2,561.70 | 0.00 | | 2,561.70 | 240,046.95 | 1,434.81 | | 34,645.35 | |
| | 30,098.95 | 0.00 | | 30,098.95 | | 16,065.05 | 0.00 | | |

Appendix B
North Bay Hydro – 1582 - RSVA - One-Time

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total |
|---------------|-------------|----------------|------------|-----------------|---------------------|-----------------|-----------|------------------|
| Jan-06 | 2,601.99 | 0.00 | | 2,601.99 | 242,648.94 | 1,450.28 | | 36,095.64 |
| Feb-06 | 0.00 | 0.00 | | 0.00 | 242,648.94 | 1,466.00 | | 37,561.64 |
| Mar-06 | 0.00 | 0.00 | | 0.00 | 242,648.94 | 1,466.00 | | 39,027.64 |
| Apr-06 | 0.00 | 0.00 | | 0.00 | 242,648.94 | 837.14 | | 39,864.78 |
| May-06 | 0.00 | 0.00 | 212,321.00 | -212,321.00 | 30,327.94 | 837.14 | 40,135.36 | 566.56 |
| Jun-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 104.63 | | 671.19 |
| Jul-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 787.19 |
| Aug-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 903.20 |
| Sep-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,019.20 |
| Oct-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,135.21 |
| Nov-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,251.21 |
| Dec-06 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,367.22 |
| | 2,601.99 | 0.00 | | -209,719.01 | | 6,857.23 | 40,135.36 | |
| Jan-07 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,483.22 |
| Feb-07 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,599.22 |
| Mar-07 | 0.00 | 0.00 | | 0.00 | 30,327.94 | 116.00 | | 1,715.23 |
| Apr-07 | 2,368.90 | 0.00 | | 2,368.90 | 32,696.84 | 116.00 | | 1,831.23 |
| May-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 125.07 | | 1,956.30 |
| Jun-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 125.07 | | 2,081.36 |
| Jul-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 125.07 | | 2,206.43 |
| Aug-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 125.07 | | 2,331.49 |
| Sep-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 125.07 | | 2,456.56 |
| Oct-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 2,596.61 |
| Nov-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 2,736.66 |
| Dec-07 | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 2,876.71 |
| | 2,368.90 | 0.00 | | 2,368.90 | | 1,509.50 | 0.00 | |

Appendix B
North Bay Hydro – 1582 - RSVA - One-Time

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|-------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| <i>Jan-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 3,016.77 | 5.14% |
| <i>Feb-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 3,156.82 | |
| <i>Mar-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 140.05 | | 3,296.87 | |
| <i>Apr-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 111.17 | | 3,408.04 | 4.08% |
| <i>May-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 111.17 | | 3,519.21 | |
| <i>Jun-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 111.17 | | 3,630.38 | |
| <i>Jul-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 3,721.66 | 3.35% |
| <i>Aug-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 3,812.93 | |
| <i>Sep-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 3,904.21 | |
| <i>Oct-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 3,995.49 | 3.35% |
| <i>Nov-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 4,086.77 | |
| <i>Dec-08</i> | 0.00 | 0.00 | | 0.00 | 32,696.84 | 91.28 | | 4,178.05 | |
| | 0.00 | 0.00 | | 0.00 | | 1,301.33 | 0.00 | | |
| | | | | | | | | | |

Appendix C
North Bay Hydro – 1584 - RSVA - Network

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|--------------|--------------|--|-------------|--------------|----------|------|-----------|---------------|
| Jan-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| Feb-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Mar-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Apr-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| May-02 | 0.00 | 3,513.26 | | -3,513.26 | -3,513.26 | 0.00 | | 0.00 | |
| Jun-02 | 207,693.55 | 143,488.11 | | 64,205.44 | 60,692.18 | -21.23 | | -21.23 | |
| Jul-02 | 223,851.23 | 183,710.53 | | 40,140.70 | 100,832.88 | 366.68 | | 345.46 | 7.25% |
| Aug-02 | 236,113.39 | 92,309.21 | | 143,804.18 | 244,637.06 | 609.20 | | 954.65 | |
| Sep-02 | 238,123.95 | 486,821.24 | | -248,697.29 | -4,060.23 | 1,478.02 | | 2,432.67 | |
| Oct-02 | 239,157.67 | 275,557.05 | | -36,399.38 | -40,459.61 | -24.53 | | 2,408.14 | 7.25% |
| Nov-02 | 209,048.94 | 216,691.32 | | -7,642.38 | -48,101.99 | -244.44 | | 2,163.70 | |
| Dec-02 | 274,776.88 | 167,198.00 | | 107,578.88 | 59,476.89 | -290.62 | | 1,873.08 | |
| | 1,628,765.61 | 1,569,288.72 | | 59,476.89 | | 1,873.08 | 0.00 | | |
| Jan-03 | 294,356.68 | 229,426.23 | | 64,930.45 | 124,407.34 | 359.34 | | 2,232.42 | 7.25% |
| Feb-03 | 334,524.45 | 256,786.30 | | 77,738.15 | 202,145.49 | 751.63 | | 2,984.05 | |
| Mar-03 | 311,508.94 | 511,508.96 | | -200,000.02 | 2,145.47 | 1,221.30 | | 4,205.34 | |
| Apr-03 | 301,220.04 | 276,574.45 | | 24,645.59 | 26,791.06 | 12.96 | | 4,218.31 | 7.25% |
| May-03 | 248,828.22 | 244,455.73 | | 4,372.49 | 31,163.55 | 161.86 | | 4,380.17 | |
| Jun-03 | 198,355.27 | 195,805.61 | | 2,549.66 | 33,713.21 | 188.28 | | 4,568.45 | |
| Jul-03 | 233,059.62 | 221,261.14 | | 11,798.48 | 45,511.69 | 203.68 | | 4,772.13 | 7.25% |
| Aug-03 | 217,460.52 | 240,387.55 | | -22,927.03 | 22,584.66 | 274.97 | | 5,047.10 | |
| Sep-03 | 224,490.19 | 229,660.32 | | -5,170.13 | 17,414.53 | 136.45 | | 5,183.55 | |
| Oct-03 | 204,770.77 | 229,660.32 | | -24,889.55 | -7,475.02 | 105.21 | | 5,288.76 | 7.25% |
| Nov-03 | 238,861.22 | 372,749.77 | | -133,888.55 | -141,363.57 | -45.16 | | 5,243.60 | |
| Dec-03 | 261,582.43 | 288,659.47 | | -27,077.04 | -168,440.61 | -854.07 | | 4,389.53 | |
| | 3,069,018.35 | 3,296,935.85 | | -227,917.50 | | 2,516.45 | 0.00 | | |

Appendix C
North Bay Hydro – 1584 - RSVA - Network

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| <i>Jan-04</i> | 281,368.33 | 94,287.35 | | 187,080.98 | 18,640.37 | -1,017.66 | | 3,371.86 | 7.25% |
| <i>Feb-04</i> | 336,593.86 | 337,464.79 | | -870.93 | 17,769.44 | 112.62 | | 3,484.48 | |
| <i>Mar-04</i> | 289,052.83 | 316,072.28 | | -27,019.45 | -9,250.01 | 107.36 | | 3,591.84 | |
| <i>Apr-04</i> | 250,080.48 | 270,269.36 | | -20,188.88 | -29,438.89 | -55.89 | | 3,535.96 | 7.25% |
| <i>May-04</i> | 244,997.40 | 239,331.45 | | 5,665.95 | -23,772.94 | -177.86 | | 3,358.10 | |
| <i>Jun-04</i> | 209,235.40 | 187,960.49 | | 21,274.91 | -2,498.03 | -143.63 | | 3,214.47 | |
| <i>Jul-04</i> | 205,087.47 | 214,823.22 | | -9,735.75 | -12,233.78 | -15.09 | | 3,199.37 | 7.25% |
| <i>Aug-04</i> | 219,801.42 | 214,860.97 | | 4,940.45 | -7,293.33 | -73.91 | | 3,125.46 | |
| <i>Sep-04</i> | 211,943.27 | 258,375.09 | | -46,431.82 | -53,725.15 | -44.06 | | 3,081.40 | |
| <i>Oct-04</i> | 222,028.94 | 221,193.81 | | 835.13 | -52,890.02 | -324.59 | | 2,756.81 | 7.25% |
| <i>Nov-04</i> | 215,066.62 | 189,001.28 | | 26,065.34 | -26,824.68 | -319.54 | | 2,437.27 | |
| <i>Dec-04</i> | 261,420.05 | 257,567.89 | | 3,852.16 | -22,972.52 | -162.07 | | 2,275.20 | |
| | 2,946,676.07 | 2,801,207.98 | | 145,468.09 | | -2,114.33 | 0.00 | | |
| <i>Jan-05</i> | 347,570.00 | 297,365.90 | | 50,204.10 | 27,231.58 | -138.79 | | 2,136.41 | 7.25% |
| <i>Feb-05</i> | 325,990.01 | 348,741.40 | | -22,751.39 | 4,480.19 | 164.52 | | 2,300.93 | |
| <i>Mar-05</i> | 276,648.15 | 322,795.38 | | -46,147.23 | -41,667.04 | 27.07 | | 2,328.00 | |
| <i>Apr-05</i> | 280,046.89 | 254,708.46 | | 25,338.43 | -16,328.61 | -251.74 | | 2,076.26 | 7.25% |
| <i>May-05</i> | 215,466.36 | 275,846.90 | | -60,380.54 | -76,709.15 | -98.65 | | 1,977.61 | |
| <i>Jun-05</i> | 202,538.12 | 228,488.20 | | -25,950.08 | -102,659.23 | -463.45 | | 1,514.16 | |
| <i>Jul-05</i> | 247,224.80 | 242,867.63 | | 4,357.17 | -98,302.06 | -620.23 | | 893.92 | 7.25% |
| <i>Aug-05</i> | 252,754.58 | 180,989.09 | | 71,765.49 | -26,536.57 | -593.91 | | 300.02 | |
| <i>Sep-05</i> | 228,844.83 | 287,385.44 | | -58,540.61 | -85,077.18 | -160.33 | | 139.69 | |
| <i>Oct-05</i> | 232,794.43 | 209,068.70 | | 23,725.73 | -61,351.45 | -514.01 | | -374.32 | 7.25% |
| <i>Nov-05</i> | 219,864.79 | 237,703.04 | | -17,838.25 | -79,189.70 | -370.66 | | -744.98 | |
| <i>Dec-05</i> | 286,006.00 | 272,197.31 | | 13,808.69 | -65,381.01 | -478.44 | | -1,223.42 | |
| | 3,115,748.96 | 3,158,157.45 | | -42,408.49 | | -3,498.62 | 0.00 | | |

Appendix C
North Bay Hydro – 1584 - RSVA - Network

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|-------------|-----------------|---------------------|-----------------|-----------|------------------|----------------------|
| Jan-06 | 300,478.69 | 286,006.92 | | 14,471.77 | -50,909.24 | -395.01 | | -1,618.43 | 7.25% |
| Feb-06 | 300,597.55 | 275,803.55 | | 24,794.00 | -26,115.24 | -307.58 | | -1,926.01 | |
| Mar-06 | 277,357.17 | 358,069.85 | | -80,712.68 | -106,827.92 | -157.78 | | -2,083.79 | |
| Apr-06 | 272,347.72 | 257,077.72 | | 15,270.00 | -91,557.92 | -368.56 | | -2,452.34 | 4.14% |
| May-06 | 221,957.31 | 210,577.29 | -111,499.36 | 122,879.38 | 31,321.46 | -315.87 | 34,312.15 | -37,080.37 | |
| Jun-06 | 238,234.68 | 250,874.55 | | -12,639.87 | 18,681.59 | 108.06 | | -36,972.31 | |
| Jul-06 | 218,692.94 | 232,705.65 | | -14,012.71 | 4,668.88 | 71.46 | | -36,900.85 | 4.59% |
| Aug-06 | 241,811.11 | 206,824.75 | | 34,986.36 | 39,655.24 | 17.86 | | -36,882.99 | |
| Sep-06 | 240,703.32 | 252,689.17 | | -11,985.85 | 27,669.39 | 151.68 | | -36,731.31 | |
| Oct-06 | 200,457.15 | 208,148.71 | | -7,691.56 | 19,977.83 | 105.84 | | -36,625.48 | 4.59% |
| Nov-06 | 222,348.45 | 228,762.41 | | -6,413.96 | 13,563.87 | 76.42 | | -36,549.06 | |
| Dec-06 | 258,217.65 | 264,001.13 | | -5,783.48 | 7,780.39 | 51.88 | | -36,497.18 | |
| | 2,993,203.74 | 3,031,541.70 | | 73,161.40 | | -961.61 | 34,312.15 | | |
| Jan-07 | 292,552.69 | 255,846.37 | | 36,706.32 | 44,486.71 | 29.76 | | -36,467.42 | 4.59% |
| Feb-07 | 308,400.01 | 283,415.66 | | 24,984.35 | 69,471.06 | 170.16 | | -36,297.26 | |
| Mar-07 | 614,975.17 | 733,583.94 | | -118,608.77 | -49,137.71 | 265.73 | | -36,031.53 | |
| Apr-07 | 218,736.55 | 175,065.51 | | 43,671.04 | -5,466.67 | -187.95 | | -36,219.48 | 4.59% |
| May-07 | 224,354.07 | 246,755.99 | | -22,401.92 | -27,868.59 | -20.91 | | -36,240.39 | |
| Jun-07 | 240,715.71 | 226,258.54 | | 14,457.17 | -13,411.42 | -106.60 | | -36,346.99 | |
| Jul-07 | 236,019.17 | 206,109.94 | | 29,909.23 | 16,497.81 | -51.30 | | -36,398.29 | 4.59% |
| Aug-07 | 245,260.97 | 235,120.23 | | 10,140.74 | 26,638.55 | 63.10 | | -36,335.19 | |
| Sep-07 | 238,736.64 | 197,935.50 | | 40,801.14 | 67,439.69 | 101.89 | | -36,233.29 | |
| Oct-07 | 198,827.65 | 225,896.31 | | -27,068.66 | 40,371.03 | 288.87 | | -35,944.43 | 5.14% |
| Nov-07 | 236,827.34 | 252,400.88 | | -15,573.54 | 24,797.49 | 172.92 | | -35,771.50 | |
| Dec-07 | 246,733.78 | 281,345.49 | | -34,611.71 | -9,814.22 | 106.22 | | -35,665.29 | |
| | 3,302,139.75 | 3,319,734.36 | | -17,594.61 | | 831.89 | 0.00 | | |

Appendix C
North Bay Hydro – 1584 - RSVA - Network

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|--------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-08 | 248,837.35 | 287,376.15 | | -38,538.80 | -48,353.02 | -42.04 | | -35,707.33 | 5.14% |
| Feb-08 | 244,656.88 | 331,130.32 | | -86,473.44 | -134,826.46 | -207.11 | | -35,914.44 | |
| Mar-08 | 214,000.87 | 271,937.95 | | -57,937.08 | -192,763.54 | -577.51 | | -36,491.94 | |
| Apr-08 | 197,317.84 | 257,049.89 | | -59,732.05 | -252,495.59 | -655.40 | | -37,147.34 | 4.08% |
| May-08 | 159,780.22 | 193,904.28 | | -34,124.06 | -286,619.65 | -858.48 | | -38,005.82 | |
| Jun-08 | 175,676.20 | 136,307.15 | | 39,369.05 | -247,250.60 | -974.51 | | -38,980.33 | |
| Jul-08 | 173,779.93 | 214,579.80 | | -40,799.87 | -288,050.47 | -690.24 | | -39,670.57 | 3.35% |
| Aug-08 | 172,486.54 | 191,533.41 | | -19,046.87 | -307,097.34 | -804.14 | | -40,474.71 | |
| Sep-08 | 183,730.51 | 169,596.45 | | 14,134.06 | -292,963.28 | -857.31 | | -41,332.03 | |
| Oct-08 | 191,443.27 | 185,596.45 | | 5,846.82 | -287,116.46 | -817.86 | | -42,149.88 | 3.35% |
| Nov-08 | 217,412.23 | 200,578.92 | | 16,833.31 | -270,283.15 | -801.53 | | -42,951.42 | |
| Dec-08 | 243,527.26 | 260,411.18 | | -16,883.92 | -287,167.07 | -754.54 | | -43,705.96 | |
| | 2,422,649.10 | 2,700,001.95 | | -277,352.85 | | -8,040.67 | 0.00 | | |
| | | | | | | | | | |

Appendix D
North Bay Hydro – 1586 - RSVA - Connection

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|--------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| Feb-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Mar-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Apr-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| May-02 | 0.00 | 3,069.79 | | -3,069.79 | -3,069.79 | 0.00 | | 0.00 | |
| Jun-02 | 180,797.03 | 123,338.41 | | 57,458.62 | 54,388.83 | -18.55 | | -18.55 | |
| Jul-02 | 189,931.28 | 158,658.35 | | 31,272.93 | 85,661.76 | 328.60 | | 310.05 | 7.25% |
| Aug-02 | 200,777.84 | 80,471.75 | | 120,306.09 | 205,967.85 | 517.54 | | 827.59 | |
| Sep-02 | 200,540.51 | 425,696.36 | | -225,155.85 | -19,188.00 | 1,244.39 | | 2,071.98 | |
| Oct-02 | 196,685.25 | 238,981.81 | | -42,296.56 | -61,484.56 | -115.93 | | 1,956.05 | 7.25% |
| Nov-02 | 192,376.46 | 187,596.55 | | 4,779.91 | -56,704.65 | -371.47 | | 1,584.58 | |
| Dec-02 | 225,923.96 | 145,827.26 | | 80,096.70 | 23,392.05 | -342.59 | | 1,241.99 | |
| | 1,387,032.33 | 1,363,640.28 | | 23,392.05 | | 1,241.99 | 0.00 | | |
| Jan-03 | 249,892.36 | 199,681.14 | | 50,211.22 | 73,603.27 | 141.33 | | 1,383.32 | 7.25% |
| Feb-03 | 278,649.62 | 222,930.76 | | 55,718.86 | 129,322.13 | 444.69 | | 1,828.01 | |
| Mar-03 | 259,841.05 | 445,068.76 | | -185,227.71 | -55,905.58 | 781.32 | | 2,609.33 | |
| Apr-03 | 253,056.75 | 240,121.98 | | 12,934.77 | -42,970.81 | -337.76 | | 2,271.57 | 7.25% |
| May-03 | 211,897.86 | 212,536.77 | | -638.91 | -43,609.72 | -259.62 | | 2,011.95 | |
| Jun-03 | 172,406.87 | 169,329.91 | | 3,076.96 | -40,532.76 | -263.48 | | 1,748.48 | |
| Jul-03 | 195,671.15 | 192,419.36 | | 3,251.79 | -37,280.97 | -244.89 | | 1,503.59 | 7.25% |
| Aug-03 | 188,931.81 | 211,006.60 | | -22,074.79 | -59,355.76 | -225.24 | | 1,278.35 | |
| Sep-03 | 190,698.29 | 200,680.84 | | -9,982.55 | -69,338.31 | -358.61 | | 919.74 | |
| Oct-03 | 174,270.55 | 200,680.84 | | -26,410.29 | -95,748.60 | -418.92 | | 500.82 | 7.25% |
| Nov-03 | 195,573.83 | 167,790.70 | | 27,783.13 | -67,965.47 | -578.48 | | -77.66 | |
| Dec-03 | 215,533.34 | 251,774.32 | | -36,240.98 | -104,206.45 | -410.62 | | -488.28 | |
| | 2,586,423.48 | 2,714,021.98 | | -127,598.50 | | -1,730.28 | 0.00 | | |
| | | | | | | | | | |

Appendix D
North Bay Hydro – 1586 - RSVA - Connection

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|--------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-04 | 243,563.41 | 240,177.53 | | 3,385.88 | -100,820.57 | -629.58 | | -1,117.86 | 7.25% |
| Feb-04 | 280,114.40 | 293,006.02 | | -12,891.62 | -113,712.19 | -609.12 | | -1,726.99 | |
| Mar-04 | 239,982.72 | 275,340.79 | | -35,358.07 | -149,070.26 | -687.01 | | -2,414.00 | |
| Apr-04 | 217,728.05 | 235,661.29 | | -17,933.24 | -167,003.50 | -900.63 | | -3,314.63 | 7.25% |
| May-04 | 202,036.13 | 208,768.77 | | -6,732.64 | -173,736.14 | -1,008.98 | | -4,323.61 | |
| Jun-04 | 185,390.84 | 162,415.51 | | 22,975.33 | -150,760.81 | -1,049.66 | | -5,373.27 | |
| Jul-04 | 178,541.45 | 187,188.37 | | -8,646.92 | -159,407.73 | -910.85 | | -6,284.11 | 7.25% |
| Aug-04 | 194,330.44 | 187,742.71 | | 6,587.73 | -152,820.00 | -963.09 | | -7,247.20 | |
| Sep-04 | 183,240.24 | 226,299.96 | | -43,059.72 | -195,879.72 | -923.29 | | -8,170.49 | |
| Oct-04 | 185,607.24 | 192,778.18 | | -7,170.94 | -203,050.66 | -1,183.44 | | -9,353.93 | 7.25% |
| Nov-04 | 182,563.00 | 164,754.77 | | 17,808.23 | -185,242.43 | -1,226.76 | | -10,580.69 | |
| Dec-04 | 217,359.40 | 224,584.10 | | -7,224.70 | -192,467.13 | -1,119.17 | | -11,699.87 | |
| | 2,510,457.32 | 2,598,718.00 | | -88,260.68 | | -11,211.58 | 0.00 | | |
| Jan-05 | 285,243.37 | 259,013.21 | | 26,230.16 | -166,236.97 | -1,162.82 | | -12,862.69 | 7.25% |
| Feb-05 | 273,116.72 | 303,816.39 | | -30,699.67 | -196,936.64 | -1,004.35 | | -13,867.04 | |
| Mar-05 | 240,744.12 | 281,224.29 | | -40,480.17 | -237,416.81 | -1,189.83 | | -15,056.86 | |
| Apr-05 | 237,833.41 | 221,161.75 | | 16,671.66 | -220,745.15 | -1,434.39 | | -16,491.26 | 7.25% |
| May-05 | 190,800.71 | 241,235.98 | | -50,435.27 | -271,180.42 | -1,333.67 | | -17,824.92 | |
| Jun-05 | 175,072.35 | 198,959.53 | | -23,887.18 | -295,067.60 | -1,638.38 | | -19,463.31 | |
| Jul-05 | 210,242.43 | 212,387.22 | | -2,144.79 | -297,212.39 | -1,782.70 | | -21,246.01 | 7.25% |
| Aug-05 | 210,101.55 | 156,330.62 | | 53,770.93 | -243,441.46 | -1,795.66 | | -23,041.66 | |
| Sep-05 | 198,035.62 | 251,926.69 | | -53,891.07 | -297,332.53 | -1,470.79 | | -24,512.46 | |
| Oct-05 | 194,185.81 | 182,119.99 | | 12,065.82 | -285,266.71 | -1,796.38 | | -26,308.84 | 7.25% |
| Nov-05 | 185,196.65 | 207,219.10 | | -22,022.45 | -307,289.16 | -1,723.49 | | -28,032.33 | |
| Dec-05 | 234,671.13 | 236,149.55 | | -1,478.42 | -308,767.58 | -1,856.54 | | -29,888.87 | |
| | 2,635,243.87 | 2,751,544.32 | | -116,300.45 | | -18,189.00 | 0.00 | | |

Appendix D
North Bay Hydro – 1586 - RSVA - Connection

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|--------------|----------------|-------------|-----------------|---------------------|-----------------|----------|------------------|----------------------|
| Jan-06 | 255,857.32 | 248,495.60 | | 7,361.72 | -301,405.86 | -1,865.47 | | -31,754.34 | 7.25% |
| Feb-06 | 251,496.69 | 239,068.67 | | 12,428.02 | -288,977.84 | -1,820.99 | | -33,575.33 | |
| Mar-06 | 241,370.75 | 311,568.15 | | -70,197.40 | -359,175.24 | -1,745.91 | | -35,321.24 | |
| Apr-06 | 228,013.56 | 223,408.77 | | 4,604.79 | -354,570.45 | -1,239.15 | | -36,560.39 | 4.14% |
| May-06 | 193,676.99 | 181,677.29 | -260,926.00 | 272,925.70 | -81,644.75 | -1,223.27 | 1,079.76 | -38,863.42 | |
| Jun-06 | 195,875.59 | 208,806.62 | | -12,931.03 | -94,575.78 | -281.67 | | -39,145.09 | |
| Jul-06 | 187,361.08 | 190,096.42 | | -2,735.34 | -97,311.12 | -361.75 | | -39,506.84 | 4.59% |
| Aug-06 | 202,587.45 | 208,308.57 | | -5,721.12 | -103,032.24 | -372.22 | | -39,879.06 | |
| Sep-06 | 204,102.28 | 165,323.46 | | 38,778.82 | -64,253.42 | -394.10 | | -40,273.16 | |
| Oct-06 | 173,012.36 | 169,119.84 | | 3,892.52 | -60,360.90 | -245.77 | | -40,518.93 | 4.59% |
| Nov-06 | 193,055.21 | 184,811.90 | | 8,243.31 | -52,117.59 | -230.88 | | -40,749.81 | |
| Dec-06 | 212,130.76 | 214,226.73 | | -2,095.97 | -54,213.56 | -199.35 | | -40,949.16 | |
| | 2,538,540.04 | 2,544,912.02 | | 254,554.02 | | -9,980.53 | 1,079.76 | | |
| Jan-07 | 264,526.43 | 205,541.90 | | 58,984.53 | 4,770.97 | -207.37 | | -41,156.52 | 4.59% |
| Feb-07 | 229,207.00 | 229,605.27 | | -398.27 | 4,372.70 | 18.25 | | -41,138.27 | |
| Mar-07 | 511,543.53 | 633,389.15 | | -121,845.62 | -117,472.92 | 16.73 | | -41,121.55 | |
| Apr-07 | 192,621.67 | 119,441.02 | | 73,180.65 | -44,292.27 | -449.33 | | -41,570.88 | 4.59% |
| May-07 | 184,288.17 | 199,186.63 | | -14,898.46 | -59,190.73 | -169.42 | | -41,740.30 | |
| Jun-07 | 198,703.58 | 183,645.12 | | 15,058.46 | -44,132.27 | -226.40 | | -41,966.71 | |
| Jul-07 | 193,734.63 | 167,266.89 | | 26,467.74 | -17,664.53 | -168.81 | | -42,135.51 | 4.59% |
| Aug-07 | 205,303.37 | 191,309.71 | | 13,993.66 | -3,670.87 | -67.57 | | -42,203.08 | |
| Sep-07 | 195,343.89 | 160,374.59 | | 34,969.30 | 31,298.43 | -14.04 | | -42,217.12 | |
| Oct-07 | 179,377.04 | 183,490.95 | | -4,113.91 | 27,184.52 | 134.06 | | -42,083.06 | 5.14% |
| Nov-07 | 224,847.92 | 205,934.19 | | 18,913.73 | 46,098.25 | 116.44 | | -41,966.62 | |
| Dec-07 | 233,500.34 | 211,362.42 | | 22,137.92 | 68,236.17 | 197.45 | | -41,769.16 | |
| | 2,812,997.57 | 2,690,547.84 | | 122,449.73 | | -820.01 | 0.00 | | |

Appendix D
North Bay Hydro – 1586 - RSVA - Connection

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|--------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-08 | 241,038.20 | 250,850.87 | | -9,812.67 | 58,423.50 | 292.28 | | -41,476.88 | 5.14% |
| Feb-08 | 236,432.83 | 268,932.56 | | -32,499.73 | 25,923.77 | 250.25 | | -41,226.64 | |
| Mar-08 | 209,912.71 | 219,063.62 | | -9,150.91 | 16,772.86 | 111.04 | | -41,115.60 | |
| Apr-08 | 189,975.33 | 206,146.74 | | -16,171.41 | 601.45 | 57.03 | | -41,058.57 | 4.08% |
| May-08 | 164,859.53 | 171,640.80 | | -6,781.27 | -6,179.82 | 2.04 | | -41,056.52 | |
| Jun-08 | 173,312.45 | 123,725.38 | | 49,587.07 | 43,407.25 | -21.01 | | -41,077.54 | |
| Jul-08 | 176,005.09 | 202,720.82 | | -26,715.73 | 16,691.52 | 121.18 | | -40,956.36 | 3.35% |
| Aug-08 | 175,598.77 | 180,687.55 | | -5,088.78 | 11,602.74 | 46.60 | | -40,909.76 | |
| Sep-08 | 178,767.17 | 159,425.94 | | 19,341.23 | 30,943.97 | 32.39 | | -40,877.37 | |
| Oct-08 | 184,233.29 | 174,698.47 | | 9,534.82 | 40,478.79 | 86.39 | | -40,790.98 | 3.35% |
| Nov-08 | 206,649.57 | 188,600.24 | | 18,049.33 | 58,528.12 | 113.00 | | -40,677.98 | |
| Dec-08 | 236,900.77 | 244,838.20 | | -7,937.43 | 50,590.69 | 163.39 | | -40,514.59 | |
| | 2,373,685.71 | 2,391,331.19 | | -17,645.48 | | 1,254.57 | 0.00 | | |
| | | | | | | | | | |

Appendix E
North Bay Hydro – 1588 - RSVA - Power

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|---------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| Feb-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Mar-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Apr-02 | 0.00 | | | 0.00 | 0.00 | 0.00 | | 0.00 | 7.25% |
| May-02 | 0.00 | 18,636.30 | | -18,636.30 | -18,636.30 | 0.00 | | 0.00 | |
| Jun-02 | 1,359,820.14 | 759,172.53 | | 600,647.61 | 582,011.31 | -112.59 | | -112.59 | |
| Jul-02 | 1,572,635.01 | 1,096,205.09 | | 476,429.92 | 1,058,441.23 | 3,516.32 | | 3,403.72 | 7.25% |
| Aug-02 | 2,849,262.42 | 624,754.26 | | 2,224,508.16 | 3,282,949.39 | 6,394.75 | | 9,798.47 | |
| Sep-02 | 3,148,710.51 | 5,090,643.41 | | -1,941,932.90 | 1,341,016.49 | 19,834.49 | | 29,632.96 | |
| Oct-02 | 3,544,900.28 | 4,646,276.61 | | -1,101,376.33 | 239,640.16 | 8,101.97 | | 37,734.93 | 7.25% |
| Nov-02 | 2,402,430.24 | 2,064,392.57 | | 338,037.67 | 577,677.83 | 1,447.83 | | 39,182.76 | |
| Dec-02 | 2,658,504.27 | 1,715,594.59 | | 942,909.68 | 1,520,587.51 | 3,490.14 | | 42,672.90 | |
| | 17,536,262.87 | 16,015,675.36 | | 1,520,587.51 | | 42,672.90 | 0.00 | | |
| Jan-03 | 2,917,586.60 | 1,940,459.27 | | 977,127.33 | 2,497,714.84 | 9,186.88 | | 51,859.78 | 7.25% |
| Feb-03 | 3,172,554.69 | 3,148,087.40 | | 24,467.29 | 2,522,182.13 | 15,090.36 | | 66,950.14 | |
| Mar-03 | 3,122,034.47 | 4,962,001.54 | | -1,839,967.07 | 682,215.06 | 15,238.18 | | 82,188.32 | |
| Apr-03 | 3,308,911.27 | 3,280,816.35 | | 28,094.92 | 710,309.98 | 4,121.72 | | 86,310.04 | 7.25% |
| May-03 | 2,101,531.95 | 2,316,993.82 | | -215,461.87 | 494,848.11 | 4,291.46 | | 90,601.50 | |
| Jun-03 | 1,870,973.72 | 1,383,956.76 | | 487,016.96 | 981,865.07 | 2,989.71 | | 93,591.20 | |
| Jul-03 | 1,813,247.56 | 1,785,281.08 | | 27,966.48 | 1,009,831.55 | 5,932.10 | | 99,523.30 | 7.25% |
| Aug-03 | 1,895,524.36 | 1,935,707.84 | | -40,183.48 | 969,648.07 | 6,101.07 | | 105,624.37 | |
| Sep-03 | 2,016,976.59 | 2,033,242.41 | | -16,265.82 | 953,382.25 | 5,858.29 | | 111,482.66 | |
| Oct-03 | 1,917,346.60 | 1,998,193.13 | | -80,846.53 | 872,535.72 | 5,760.02 | | 117,242.68 | 7.25% |
| Nov-03 | 2,664,260.84 | 1,463,972.33 | | 1,200,288.51 | 2,072,824.23 | 5,271.57 | | 122,514.25 | |
| Dec-03 | 2,118,607.00 | 2,458,074.72 | | -339,467.72 | 1,733,356.51 | 12,523.31 | | 135,037.56 | |
| | 28,919,555.65 | 28,706,786.65 | | 212,769.00 | | 92,364.66 | 0.00 | | |
| | | | | | | | | | |

Appendix E
North Bay Hydro – 1588 - RSVA - Power

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|---------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-04 | 2,298,070.93 | 2,572,154.23 | | -274,083.30 | 1,459,273.21 | 10,472.36 | | 145,509.92 | 7.25% |
| Feb-04 | 3,942,564.74 | 3,239,383.81 | | 703,180.93 | 2,162,454.14 | 8,816.44 | | 154,326.37 | |
| Mar-04 | 2,630,992.88 | 3,727,489.99 | | -1,096,497.11 | 1,065,957.03 | 13,064.83 | | 167,391.19 | |
| Apr-04 | 2,438,763.32 | 1,588,159.58 | | 850,603.74 | 1,916,560.77 | 6,440.16 | | 173,831.35 | 7.25% |
| May-04 | 2,320,458.94 | 0.00 | | 2,320,458.94 | 4,237,019.71 | 11,579.22 | | 185,410.57 | |
| Jun-04 | 2,203,470.25 | 3,913,969.89 | | -1,710,499.64 | 2,526,520.07 | 25,598.66 | | 211,009.23 | |
| Jul-04 | 2,063,794.86 | 2,027,106.53 | | 36,688.33 | 2,563,208.40 | 15,264.39 | | 226,273.62 | 7.25% |
| Aug-04 | 2,113,732.28 | 2,039,568.01 | | 74,164.27 | 2,637,372.67 | 15,486.05 | | 241,759.67 | |
| Sep-04 | 1,963,794.50 | 2,500,218.00 | | -536,423.50 | 2,100,949.17 | 15,934.13 | | 257,693.80 | |
| Oct-04 | 2,091,709.74 | 2,122,097.63 | | -30,387.89 | 2,070,561.28 | 12,693.23 | | 270,387.04 | 7.25% |
| Nov-04 | 2,183,297.54 | 1,796,864.93 | | 386,432.61 | 2,456,993.89 | 12,509.64 | | 282,896.68 | |
| Dec-04 | 2,556,579.94 | 2,640,256.85 | | -83,676.91 | 2,373,316.98 | 14,844.34 | | 297,741.02 | |
| | 28,807,229.92 | 28,167,269.45 | | 639,960.47 | | 162,703.45 | 0.00 | | |
| Jan-05 | 3,421,462.54 | 3,037,515.66 | | 383,946.88 | 2,757,263.86 | 14,338.79 | | 312,079.81 | 7.25% |
| Feb-05 | 2,454,704.19 | 3,506,596.09 | | -1,051,891.90 | 1,705,371.96 | 16,658.47 | | 328,738.27 | |
| Mar-05 | 3,508,175.00 | 3,441,857.30 | | 66,317.70 | 1,771,689.66 | 10,303.29 | | 339,041.56 | |
| Apr-05 | 3,626,897.47 | 2,483,266.12 | | 1,143,631.35 | 2,915,321.01 | 10,703.96 | | 349,745.52 | 7.25% |
| May-05 | 2,286,737.28 | 3,310,118.17 | | -1,023,380.89 | 1,891,940.12 | 17,613.40 | | 367,358.92 | |
| Jun-05 | 2,445,445.27 | 2,335,676.07 | | 109,769.20 | 2,001,709.32 | 11,430.47 | | 378,789.39 | |
| Jul-05 | 3,102,541.16 | 2,703,595.23 | | 398,945.93 | 2,400,655.25 | 12,093.66 | | 390,883.05 | 7.25% |
| Aug-05 | 2,988,022.43 | 1,977,435.80 | | 1,010,586.63 | 3,411,241.88 | 14,503.96 | | 405,387.01 | |
| Sep-05 | 3,153,700.48 | 3,552,551.26 | | -398,850.78 | 3,012,391.10 | 20,609.59 | | 425,996.60 | |
| Oct-05 | 2,537,080.00 | 2,906,859.82 | | -369,779.82 | 2,642,611.28 | 18,199.86 | | 444,196.46 | 7.25% |
| Nov-05 | 3,237,266.21 | 2,655,098.54 | | 582,167.67 | 3,224,778.95 | 15,965.78 | | 460,162.24 | |
| Dec-05 | 2,659,262.56 | 2,610,858.66 | | 48,403.90 | 3,273,182.85 | 19,483.04 | | 479,645.28 | |
| | 35,421,294.59 | 34,521,428.72 | | 899,865.87 | | 181,904.26 | 0.00 | | |

Appendix E
North Bay Hydro – 1588 - RSVA - Power

| | <i>Cost</i> | <i>Revenue</i> | | <i>Variance</i> | <i>YTD Variance</i> | <i>Interest</i> | | <i>YTD Total</i> | <i>Interest Rate</i> |
|---------------|---------------|----------------|-----------|-----------------|---------------------|-----------------|------------|------------------|----------------------|
| Jan-06 | 3,559,813.78 | 3,537,116.01 | | 22,697.77 | 3,295,880.62 | 19,775.48 | | 499,420.76 | 7.25% |
| Feb-06 | 2,992,913.32 | 2,697,342.03 | | 295,571.29 | 3,591,451.91 | 19,912.61 | | 519,333.37 | |
| Mar-06 | 3,221,115.92 | 3,515,902.85 | | -294,786.93 | 3,296,664.98 | 21,698.36 | | 541,031.72 | |
| Apr-06 | 2,955,136.78 | 2,629,578.10 | | 325,558.68 | 3,622,223.66 | 11,373.49 | | 552,405.22 | 4.14% |
| May-06 | 2,268,064.19 | 2,111,667.97 | 49,986.57 | 106,409.65 | 3,728,633.31 | 12,496.67 | 808,555.04 | -243,653.15 | |
| Jun-06 | 2,294,640.16 | 2,738,484.52 | | -443,844.36 | 3,284,788.95 | 12,863.78 | | -230,789.36 | |
| Jul-06 | 2,543,554.93 | 2,657,441.54 | | -113,886.61 | 3,170,902.34 | 12,564.32 | | -218,225.04 | 4.59% |
| Aug-06 | 2,505,118.19 | 2,534,313.23 | | -29,195.04 | 3,141,707.30 | 12,128.70 | | -206,096.34 | |
| Sep-06 | 2,608,117.05 | 2,712,332.36 | | -104,215.31 | 3,037,491.99 | 12,017.03 | | -194,079.31 | |
| Oct-06 | 2,240,372.43 | 2,008,117.02 | | 232,255.41 | 3,269,747.40 | 11,618.41 | | -182,460.91 | 4.59% |
| Nov-06 | 2,633,720.39 | 2,756,225.45 | | -122,505.06 | 3,147,242.34 | 12,506.78 | | -169,954.12 | |
| Dec-06 | 2,830,866.95 | 3,093,285.60 | | -262,418.65 | 2,884,823.69 | 12,038.20 | | -157,915.92 | |
| | 32,653,434.09 | 32,991,806.68 | | -388,359.16 | | 170,993.84 | 808,555.04 | | |
| Jan-07 | 3,209,343.09 | 2,722,428.06 | | 486,915.03 | 3,371,738.72 | 11,034.45 | | -146,881.47 | 4.59% |
| Feb-07 | 3,287,160.10 | 3,039,932.66 | | 247,227.44 | 3,618,966.16 | 12,896.90 | | -133,984.57 | |
| Mar-07 | 6,689,010.21 | 9,628,460.62 | | -2,939,450.41 | 679,515.75 | 13,842.55 | | -120,142.02 | |
| Apr-07 | 2,616,674.78 | 89,266.54 | | 2,527,408.24 | 3,206,923.99 | 2,599.15 | | -117,542.87 | 4.59% |
| May-07 | 1,943,706.68 | 2,399,864.36 | | -456,157.68 | 2,750,766.31 | 12,266.48 | | -105,276.39 | |
| Jun-07 | 2,858,355.83 | 2,509,159.27 | | 349,196.56 | 3,099,962.87 | 10,521.68 | | -94,754.71 | |
| Jul-07 | 2,296,428.59 | 2,347,138.72 | | -50,710.13 | 3,049,252.74 | 11,857.36 | | -82,897.35 | 4.59% |
| Aug-07 | 2,549,324.54 | 2,916,691.28 | | -367,366.74 | 2,681,886.00 | 11,663.39 | | -71,233.96 | |
| Sep-07 | 2,292,028.96 | 1,887,153.76 | | 404,875.20 | 3,086,761.20 | 10,258.21 | | -60,975.75 | |
| Oct-07 | 2,445,471.27 | 2,566,756.76 | | -121,285.49 | 2,965,475.71 | 13,221.63 | | -47,754.12 | 5.14% |
| Nov-07 | 2,789,435.10 | 2,651,489.40 | | 137,945.70 | 3,103,421.41 | 12,702.12 | | -35,052.00 | |
| Dec-07 | 3,307,220.85 | 3,378,850.31 | | -71,629.46 | 3,031,791.95 | 13,292.99 | | -21,759.01 | |
| | 36,284,160.00 | 36,137,191.74 | | 146,968.26 | | 136,156.91 | 0.00 | | |

Appendix E
North Bay Hydro – 1588 - RSVA - Power

| | Cost | Revenue | | Variance | YTD Variance | Interest | | YTD Total | Interest Rate |
|---------------|---------------|----------------|--|-----------------|---------------------|-----------------|------|------------------|----------------------|
| Jan-08 | 3,196,826.47 | 2,668,948.14 | | 527,878.33 | 3,559,670.28 | 12,986.18 | | -8,772.83 | 5.14% |
| Feb-08 | 3,355,683.60 | 3,776,116.99 | | -420,433.39 | 3,139,236.89 | 15,247.25 | | 6,474.42 | |
| Mar-08 | 3,297,996.86 | 3,442,334.68 | | -144,337.82 | 2,994,899.07 | 13,446.40 | | 19,920.82 | |
| Apr-08 | 2,562,400.59 | 2,417,272.93 | | 145,127.66 | 3,140,026.73 | 10,182.66 | | 30,103.48 | 4.08% |
| May-08 | 2,170,473.33 | 1,595,789.75 | | 574,683.58 | 3,714,710.31 | 10,676.09 | | 40,779.57 | |
| Jun-08 | 2,173,837.93 | 2,650,660.54 | | -476,822.61 | 3,237,887.70 | 12,630.02 | | 53,409.58 | |
| Jul-08 | 2,970,749.64 | 3,302,676.26 | | -331,926.62 | 2,905,961.08 | 9,039.10 | | 62,448.68 | 3.35% |
| Aug-08 | 2,451,417.60 | 2,052,240.09 | | 399,177.51 | 3,305,138.59 | 8,112.47 | | 70,561.16 | |
| Sep-08 | 2,188,366.31 | 2,235,568.90 | | -47,202.59 | 3,257,936.00 | 9,226.85 | | 79,788.00 | |
| Oct-08 | 2,561,534.06 | 2,364,578.86 | | 196,955.20 | 3,454,891.20 | 9,095.07 | | 88,883.08 | 3.35% |
| Nov-08 | 2,844,699.86 | 2,821,850.18 | | 22,849.68 | 3,477,740.88 | 9,644.90 | | 98,527.98 | |
| Dec-08 | 3,788,682.41 | 3,624,189.09 | | 164,493.32 | 3,642,234.20 | 9,708.69 | | 108,236.67 | |
| | 33,562,668.66 | 32,952,226.41 | | 610,442.25 | | 129,995.68 | 0.00 | | |
| | | | | | | | | | |

APPENDIX E

2008 AUDITED FINANCIAL STATEMENTS

**North Bay Hydro
Distribution Limited
Financial Statements
For the year ended December 31, 2008**

North Bay Hydro Distribution Limited
Financial Statements
For the year ended December 31, 2008

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Auditors' Report

To the Shareholder of North Bay Hydro Distribution Limited

We have audited the balance sheet of North Bay Hydro Distribution Limited as at December 31, 2008 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company'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 company 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.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario
March 6, 2009

North Bay Hydro Distribution Limited Balance Sheet

December 31

2008

2007

Assets

Current

| | | |
|--|----------------------|----------------------|
| Cash and cash equivalents (Notes 1 and 2) | \$ 12,212,777 | \$ 12,471,708 |
| Accounts receivable (Note 3) | 5,318,550 | 4,882,214 |
| Unbilled service revenue | 5,702,480 | 5,589,409 |
| Inventory | 762,697 | 790,836 |
| Prepaid expenses | 226,075 | 220,655 |
| | 24,222,579 | 23,954,822 |
| Note receivable from North Bay Hydro Services Inc (Note 4) | 1,332,950 | 1,332,950 |
| Property, plant and equipment (Note 5) | 30,515,241 | 29,235,765 |
| Other assets | 28,511 | 28,511 |
| Regulatory assets (Note 6) | 2,171,824 | 2,620,875 |
| | \$ 58,271,105 | \$ 57,172,923 |

Liabilities and Shareholder's Equity

Current

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities (Note 7) | \$ 7,905,209 | \$ 6,327,043 |
| Payments in lieu of taxes payable | 45,143 | 715,000 |
| Current portion of customer deposits | 72,364 | 89,720 |
| Payable to North Bay Hydro Services Inc | 16,784 | 143,532 |
| | 8,039,500 | 7,275,295 |
| Customer deposits | 693,783 | 927,102 |
| Employee future benefits (Note 8) | 4,264,214 | 4,112,778 |
| Payable to Corporation of the City of North Bay (Note 9) | 19,511,601 | 19,511,601 |
| | 32,509,098 | 31,826,776 |

Contingencies (Note 10)

Shareholder's equity

| | | |
|-------------------------|----------------------|----------------------|
| Share capital (Note 11) | 19,511,601 | 19,511,601 |
| Retained earnings | 6,250,406 | 5,834,547 |
| | 25,762,007 | 25,346,147 |
| | \$ 58,271,105 | \$ 57,172,923 |

On behalf of the Board:

 Director

 Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

North Bay Hydro Distribution Limited

Statement of Operations and Retained Earnings

| For the year ended December 31 | 2008 | 2007 |
|---|-------------------|-------------------|
| Revenue | | |
| Distribution revenue (Note 12) | \$ 9,936,309 | \$ 10,113,228 |
| Other operating revenue (Note 13) | 1,416,753 | 1,601,886 |
| | <u>11,353,062</u> | <u>11,715,114</u> |
| Expenses | | |
| Operations | 1,893,878 | 1,631,042 |
| Finance | 1,640,744 | 1,775,044 |
| Engineering | 239,206 | 666,542 |
| Human resources | 559,052 | 521,953 |
| Administration | 1,247,768 | 968,426 |
| Amortization | 2,322,968 | 2,315,188 |
| | <u>7,903,616</u> | <u>7,878,195</u> |
| Income before items below | 3,449,446 | 3,836,919 |
| Interest expense (Note 13) | 1,199,435 | 1,182,535 |
| Capital tax expense | 96,673 | 120,000 |
| Property tax expense (Note 13) | 78,422 | 80,391 |
| | <u>2,074,916</u> | <u>2,453,993</u> |
| Income before other items and provision for payment in lieu of taxes | 2,074,916 | 2,453,993 |
| Other items | | |
| Charitable donation | (6,000) | (6,000) |
| (Loss) gain on disposal of property, plant and equipment | (9,323) | 2,702 |
| | <u>2,059,593</u> | <u>2,450,695</u> |
| Income before provision for payment in lieu of taxes | 2,059,593 | 2,450,695 |
| Provision for payment in lieu of taxes (Note 17) | 643,734 | 1,090,746 |
| | <u>1,415,859</u> | <u>1,359,949</u> |
| Net income for the year | \$ 1,415,859 | \$ 1,359,949 |
| Retained earnings, beginning of year | \$ 5,834,547 | \$ 6,301,594 |
| Prior period adjustment (Note 20) | - | (1,826,996) |
| | <u>5,834,547</u> | <u>4,474,598</u> |
| Retained earnings, beginning of year - as restated | 5,834,547 | 4,474,598 |
| Net income for the year | 1,415,859 | 1,359,949 |
| Dividends paid during the year | (1,000,000) | - |
| | <u>6,250,406</u> | <u>5,834,547</u> |
| Retained earnings, end of year | \$ 6,250,406 | \$ 5,834,547 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

North Bay Hydro Distribution Limited

Statement of Cash Flows

For the year ended December 31

2008

2007

Cash provided by (used in)

Operating activities

| | | |
|--|------------------|------------------|
| Net income for the year | \$ 1,415,859 | \$ 1,359,949 |
| Items not involving cash | | |
| Amortization of property, plant and equipment (net of amortization of contributions in aid of construction) | 2,322,968 | 2,315,188 |
| Loss (gain) on sale of property, plant and equipment | 9,323 | (2,702) |
| Accrual for employee future benefits | 442,611 | 522,838 |
| | <u>4,190,761</u> | <u>4,195,273</u> |
| Net change in non-cash working capital balances (Note 16) | <u>254,889</u> | <u>336,640</u> |
| | <u>4,445,650</u> | <u>4,531,913</u> |

Investing activities

| | | |
|---|--------------------|--------------------|
| Purchase of property, plant and equipment | (5,078,912) | (2,393,267) |
| Contributions received in aid of construction | 1,454,825 | 1,007,044 |
| Proceeds on sale of property, plant and equipment | 12,306 | 15,321 |
| Increase in other assets | - | (22,150) |
| Decrease (increase) in regulatory assets net of regulatory liabilities | 449,051 | (168,823) |
| | <u>(3,162,730)</u> | <u>(1,561,875)</u> |

Financing activities

| | | |
|---|--------------------|------------------|
| Decrease in customer deposits | (250,676) | (88,073) |
| Principal reduction of employee future benefits liability | (291,175) | (247,705) |
| Dividends paid | (1,000,000) | - |
| | <u>(1,541,851)</u> | <u>(335,778)</u> |

(Decrease) increase in cash and cash equivalents during the year

(258,931) 2,634,260

Cash and cash equivalents, beginning of year

12,471,708 9,837,448

Cash and cash equivalents, end of year

\$ 12,212,777 \$ 12,471,708

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

Nature of Business

The company is incorporated under the laws of Ontario and is licensed by the Ontario Energy Board (the "OEB") as an electricity distributor. The principal business activity of the company is to distribute electricity to the residents of the City of North Bay.

The company is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

Basis of Accounting

The financial statements of North Bay Hydro Distribution Limited have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) and accounting policies provided by its regulator, the OEB, as set forth in the Accounting Procedures Handbook for Electric Distribution Utilities ("AP Handbook"), issued by the Ontario Energy Board under the authority of the Ontario Energy Board Act, 1998.

Due to the regulatory framework, the timing of recognition of revenues and expenses and the measurement of certain assets and liabilities may differ from that otherwise expected under Canadian generally accepted accounting principles (GAAP) for non-rate regulated enterprises. Please refer to accounting policies for Spare Transformers and Meters, Contributions in Aid of Construction, Regulatory Assets and Liabilities and Payments in Lieu of Corporate Income Taxes and Capital Taxes.

The financial statements reflect the significant accounting policies summarized below.

Industry Restructuring and Regulation, Rate Setting

The Ontario government enacted the Energy Competition Act, 1998 to introduce competition to the Ontario Energy Market effective May 1, 2002. Under the terms of this legislation, the Ontario Energy Board regulates the industry participants by issuing licenses for the right to generate, transmit, distribute or retail electricity. These licences require compliance with established market rules.

The company is required to follow regulations as set by the OEB. The OEB approves and sets rates for the transmission and distribution of electricity, ensures distribution companies fulfill their obligations to connect and service consumers and has the authority to provide rate protection for certain consumers.

North Bay Hydro Distribution Limited

Summary of Significant Accounting Policies

December 31, 2008

**Industry Restructuring and
Regulation, Rate Setting**
(continued)

The company is subject to rate regulation on the sale of electricity to its consumers. Rates are set by the OEB on an annual basis for the May 1 to April 30 period. The OEB is responsible for regulating transmission and distribution rates of electricity in the Province of Ontario. The regulation and monitoring of Ontario's Energy Sector is completed by the OEB through the application of codes, rules and guidelines, the licensing of market participants, assisting firms with the management of regulatory requirements, monitoring and enforcing compliance and adjudication.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments with maturities of three months or less. Investments are valued at the lower of cost and net realizable value.

Inventory

Inventory consists of parts, supplies and materials held for future capital expansion or maintenance and is valued at the lower of cost, determined by the weighted average method, and replacement cost.

**Property, Plant
and Equipment**

Property, plant and equipment are stated at cost less accumulated amortization. Costs may include direct material, labour, contracted services, overhead, engineering costs and interest on funds used during construction, that are considered applicable to construction.

Amortization is recorded over the asset's estimated useful life as disclosed in Note 5.

Upon disposal the cost and accumulated amortization of assets disposed of are relieved from the respective accounts and any gain or loss is reflected in operations.

**Contributions in Aid
of Construction**

Contributions in aid of construction are treated as a reduction of capital spending and are amortized at the same rates as the assets to which they relate. Canadian GAAP provides no specific guidelines for the accounting treatment of this type of contribution.

North Bay Hydro Distribution Limited

Summary of Significant Accounting Policies

December 31, 2008

Spare Transformers and Meters

Spare transformers and meters are held to back up plant in service and are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired. According to the criteria prescribed by the OEB in the AP Handbook the spare transformers and meters are treated as property, plant and equipment. Under Canadian GAAP for unregulated businesses the spare transformers and meters would be treated as inventory.

Regulated Assets and Liabilities

The company has adopted the CICA's Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation". Based on OEB regulations, certain costs and variance account balances are recorded as regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory liabilities represent future expenses associated with the collection of certain revenues, earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory assets and liabilities can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesale market administered by the Independent Electricity System Operator (the "IESO") after May 1, 2002.

These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipation of their future recovery or expense in electricity distribution service charges. In the absence of rate regulation, these rate regulated assets and liabilities would be recognized in income in the period to which they relate. See Note 6 for further details.

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

Payment in Lieu of Corporate Income Taxes and Capital Taxes

The company is a Municipal Electricity Utility ("MEU") for purposes of the PIL's regime contained in the Electricity Act, 1998. As a MEU the company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the company is required to make payments in lieu of corporate income taxes each year to Ontario Electricity Financial Corporation ("OEFEC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The company provides for payments in lieu of corporate income taxes and capital taxes related to its regulated business using the taxes payable method as permitted by the CICA and the OEB. Under this method, no provisions are made for future income taxes as a result of temporary differences between the tax bases 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 customers at that time.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills. Customer deposits includes interest credited to customers' deposit accounts, with interest expense recorded to offset this amount. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

Pension Plans

The company accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer, contributory, public sector pension fund, established for employees of municipalities, local boards and school boards in Ontario, as a defined contribution plan. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The company recognizes the expense related to this plan as contributions are made.

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

Post-employment Benefits

Employee future benefits other than pension provided by the company include medical and insurance benefits. These benefit plans provide benefits to certain employees when they are no longer providing active service.

Standards issued by The Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the company to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of post employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on assumptions that reflect management's best estimate. Under this method, the projected post retirement benefit is deemed to be earned on pro rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

The current service cost for the period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period.

Past service costs from plan amendments are amortized on a straight line basis over the average remaining service period of the employees active at the date of the amendment.

The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized into expense on a straight line basis over the average remaining service period of active employees to full eligibility.

Revenue Recognition

Revenue from the sale and distribution of electricity is recognized on an accrual basis. Distribution revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the fiscal year. Actual results could differ from estimates made of customer electricity usage.

Other revenues, which include revenues from pole use rental, collection charges, carrying charges on regulatory assets, investment income and other miscellaneous revenues are recognized at the time services are provided or when the revenues have been earned.

North Bay Hydro Distribution Limited

Summary of Significant Accounting Policies

December 31, 2008

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes as well as the disclosure of contingent assets and liabilities at the financial statement date.

Accounts receivable, unbilled service revenue, regulatory assets, regulatory liabilities and employee future benefits are reported based on amounts expected to be recovered or incurred and reflect an appropriate allowance for unrecoverable amounts based on management's estimates. Amounts recorded for amortization of property, plant and equipment are based on estimates of useful service life.

Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy or the Minister of Finance. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies.

Financial Instruments

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The company's accounting policy for each category is as follows:

Held-for-trading

Financial instruments classified as held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred.

In these financial statements cash and cash equivalents have been classified as held-for-trading.

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

Financial Instruments (continued)

Loans and Receivables

Financial instruments classified as loans and receivables are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

In these financial statements accounts receivable and the note receivable from North Bay Hydro Services have been classified as loans and receivables.

Other Financial Liabilities

Financial instruments classified other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

In these financial statements accounts payable and accrued liabilities, customer deposits, payable to North Bay Hydro Services Inc and payable to the Corporation of the City of North Bay are classified as other financial liabilities.

Changes in Accounting Policies

On January 1, 2008, the company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this new accounting standard did not have an impact on net income for the year ended December 31, 2008.

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

Changes in Accounting Policies (continued)

Financial Instruments - disclosures and presentation

CICA Handbook Section 3862, Financial Instruments - Disclosure, increased the disclosures required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaced existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this new accounting standard did not have an impact on net income for the year ended December 31, 2008.

Inventories

The CICA issued Section 3031, Inventories, which provides guidance on determining cost as well as other recognition, measurement, disclosure and presentation issues related to inventories. The standard includes guidance on the treatment of excess capacities, inventory valuation and writedowns and additional elements to be considered in measuring inventory costs. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

The adoption of this new accounting standard did not have an impact on net income for the year ended December 31, 2008 nor has it resulted in the reclassification of major spare parts to property, plant and equipment on the balance sheet.

The company classifies major spare parts, consisting of meters and transformers, as property, plant and equipment on the balance sheet (Note 5) and depreciates, once items are put in use, under the applicable amortization policy of the company.

North Bay Hydro Distribution Limited Summary of Significant Accounting Policies

December 31, 2008

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

Generally Accepted Accounting Principles

Section 1100 was amended to remove the temporary exemption relating to its application to the recognition and measurement of assets and liabilities arising from rate regulation and a disclosure requirement related to this exemption. The GAAP hierarchy set out in Section 1100 will now apply equally to rate-regulated enterprises and all other entities. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The company is currently assessing the impact of the new standards.

Income Taxes

Section 3465 was amended to recognize future income tax liabilities and assets in accordance with the standard. The amendment also states that, a regulatory asset or liability should be recognized for the amount of future income taxes expected to be included in future approved rates charges to customers and recovered from or returned to future customers. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The company is currently assessing the impact of the new standards.

International Financial Reporting Standards

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the company's financial statements has yet to be determined.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

1. Cash and Cash Equivalents

Cash and cash equivalents includes \$2,393,932 (2007 - \$2,314,567) in short-term investments with maturities of less than 90 days. These amounts are investments in fixed income assets bearing interest at effective rates between 2% and 4% per annum.

The interest rate on the bank account is prime less 1.75%.

2. Investment Subject to Restrictions

As security for the letter of credit provided to the IESO to secure its hydro purchase obligations (see Note 14), the company has provided its financial institution with an assignment in the amount of \$2,000,000 of its short-term investments.

3. Accounts Receivable

| | 2008 | 2007 |
|---------------------------------|---------------------|---------------------|
| Electrical energy | \$ 4,501,389 | \$ 4,243,065 |
| Street lighting | 17,190 | 33,247 |
| Sundry | 1,275,778 | 916,676 |
| Allowance for doubtful accounts | (475,807) | (310,774) |
| | <u>\$ 5,318,550</u> | <u>\$ 4,882,214</u> |

The company's accounts receivables are made up of a large number of small balances from residential customers and commercial customers in a number of different industries.

4. Note Receivable from North Bay Hydro Services Inc

The note receivable from North Bay Hydro Services Inc bears interest at 5% per year, and has no fixed terms of repayment.

The fair value of this amount has not been disclosed due to the fact that the cash flow stream is not determinable.

On December 12, 2008, the directors of North Bay Hydro Distribution Ltd. consented by unanimous vote to the payment of a cash dividend in the amount of \$1,000,000 and the transfer of the promissory note owing from North Bay Hydro Services in the amount of \$1,332,950 to North Bay Hydro Holdings Ltd. At the time of financial statement preparation, this transfer had not yet occurred.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

5. Property, Plant and Equipment

| | | 2008 | | 2007 | |
|--|--------------------------------|----------------------|-----------------------------|---------------|-----------------------------|
| | Estimated useful life (yrs) | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Electrical Distribution Assets | | | | | |
| Land | | \$ 312,176 | \$ - | \$ 311,179 | \$ - |
| Buildings | 30-50 | 769,641 | 266,513 | 767,947 | 253,041 |
| Substation equipment | 25-30 | 7,922,982 | 3,353,281 | 7,690,408 | 3,120,048 |
| Poles, towers and fixtures | 25 | 15,948,604 | 9,294,548 | 14,803,032 | 8,820,673 |
| Overhead conductor and devices | 25 | 12,672,714 | 7,027,043 | 11,893,136 | 6,637,893 |
| Underground conduit and conductor | 25 | 6,372,775 | 3,809,921 | 6,085,936 | 3,582,316 |
| Distribution transformers | 25 | 13,293,536 | 7,663,479 | 12,750,218 | 7,271,976 |
| Overhead and underground services | 25 | 9,999,791 | 4,589,068 | 8,948,078 | 4,247,462 |
| Distribution meters | 25 | 3,528,356 | 2,288,763 | 3,475,738 | 2,186,798 |
| Total electrical distribution assets | | 70,820,575 | 38,292,616 | 66,725,672 | 36,120,207 |
| General Assets | | | | | |
| Land | | 86,551 | - | 86,551 | - |
| Buildings | 30-50 | 1,888,765 | 992,969 | 1,578,728 | 940,508 |
| Office equipment | 10 | 310,686 | 269,340 | 295,747 | 264,413 |
| Computer equipment | 5 | 1,448,725 | 1,301,446 | 1,379,231 | 1,239,947 |
| Transportation equipment | 5-8 | 2,135,325 | 1,441,182 | 1,830,485 | 1,524,085 |
| Small tools and miscellaneous equipment | 10 | 1,262,042 | 1,042,329 | 1,187,336 | 1,008,640 |
| Load management controls | 6 | 622,142 | 569,082 | 622,142 | 569,082 |
| System supervisory equipment | 15 | 1,137,718 | 811,409 | 1,136,105 | 735,613 |
| Total general assets | | 8,891,954 | 6,427,757 | 8,116,325 | 6,282,288 |
| | | 79,712,529 | 44,720,373 | 74,841,997 | 42,402,495 |
| Less: Contributions in aid of construction | 25 | 5,267,808 | 790,893 | 3,815,934 | 612,197 |
| | | \$ 74,444,721 | \$ 43,929,480 | \$ 71,026,063 | \$ 41,790,298 |
| Net book value | | | \$ 30,515,241 | | \$ 29,235,765 |

According to OEB prescribed criteria, included in property, plant and equipment are spare transformers and meters totaling \$462,130 (2007 - \$588,636).

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

6. Regulatory Assets and Liabilities

All amounts deferred as regulatory assets are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators, at which time any resulting change would be reflected in the financial statements. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the company has recorded the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory assets (liabilities) are comprised of:

| | Remaining recovery period (years) | 2008 | 2007 |
|--|---|---------------------|---------------------|
| Wholesale market services (i) | 3 | \$ (1,356,028) | \$ (1,014,617) |
| One time (i) | 3 | 32,697 | 32,697 |
| Network (i) | 3 | (287,167) | (9,814) |
| Connection (i) | 3 | 50,591 | 68,236 |
| Rural rate assistance (i) | 3 | 28,248 | 24,887 |
| Power (i) | 3 | 3,642,234 | 3,031,792 |
| Carrying charges (ii) | 3 | (80,749) | (160,337) |
| | | 2,029,826 | 1,972,844 |
| Carrying charges (ii) | 2-4 | 380,073 | 725,005 |
| Deferred payments in lieu of taxes (iii) | 2-4 | (689,987) | (689,987) |
| Other regulatory assets (iv) | 2-4 | 327,235 | 304,369 |
| Retail cost variances (v) | 2-4 | (60,117) | (51,348) |
| Smart meter initiatives (vi) | 2-4 | (144,928) | (101,127) |
| 2006 storm costs (vii) | 1 | 329,722 | 461,119 |
| | | \$ 2,171,824 | \$ 2,620,875 |

In the absence of rate regulation, these rate regulated assets and liabilities would be recognized in income in the period to which they relate. As a result, the net effect on income would be an increase to net income for the period of \$449,051 (2007 - reduction to net income of \$750,436).

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

6. Regulatory Assets and Liabilities (continued)

i. Post-market opening retail settlement variances

Post-market opening retail settlement variances represent the amounts that have accumulated since Market Opening and are comprised of variances between amounts charged by the Independent Electric Service Organization (IESO) for the operation of the wholesale electricity market and grid, various wholesale market settlement charges and transmission charges and the amounts collected from customers by the company based on the OEB approved wholesale market service rate. Under the OEB's direction, the company has deferred the settlement variances that have occurred since May 1, 2002. Accordingly, the company has deferred these recoveries in accordance with the AP Handbook.

The OEB allows the variances to be deferred which would normally be recorded as revenue for unregulated businesses under Canadian GAAP. In absence of rate regulation, revenues in 2008 would have been higher by \$22,606 (2007 - \$906,316). The deferred balance for unapproved settlement variances continues to be calculated and carrying charges are accumulated in accordance with the OEB's direction. The manner and timing of disposition of the variance has not been determined by the OEB.

ii. Carrying charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specific interest rate as outlined by the OEB. The company did not recognize carrying charge income related to the retail settlement variance accounts for external reporting purposes prior to December 31, 2003. The company applied for and received approval to recover carrying charges earned in 2003 and prior in its 2004, 2005 and 2006 rate applications. The company also intends to seek recovery of carrying charge income earned in 2004, 2005 and 2006 in future rate applications and, as a result, has recorded net carrying charge expenses in the amount of \$265,344 in 2008 (\$173,829 in 2007). In the absence of rate regulation, the net of other revenues and interest expense would have been lower by this amount in the respective years.

iii. Deferred payments in lieu of taxes (PILs)

Deferred payments in lieu of taxes variance account tracks and records the variances that result from the differences between the OEB approved PILs amount and the amount of actual billings that relates to the recovery of PILs. Due to a change in rate regulation in regards to deferred PILs, and as a result of restated regulatory assets (see Note 20, there has been no change in deferred PILs and therefore no affect on net income for 2008 or 2007.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

6. Regulatory Assets and Liabilities (continued)

iv. Other regulatory assets

Other regulatory assets consist of miscellaneous rebate costs, OEB assessment differences and pension contribution amounts. In 2004 the OEB authorized entities to record the variance between the OEB annual cost assessment fees previously captured in 2001 rates and amounts charged in 2004 and subsequent years. Pension contribution amounts consist of cash pension costs associated with the OMERS pension plan for the year. In the absence of rate regulation, net income would have been lower in 2008 by \$22,866 (2007 - \$6,560).

v. Retail cost variances

Retail cost variances were established to record the difference between the amount billed and the incremental costs of providing retail services and to record the difference between the amount billed in relation to a service transaction request and the incremental costs of providing the initial screening and actual processing services for the service transaction request. Under the OEB's direction, the company has deferred the settlement variances that have occurred since May 1, 2002. Accordingly, the company has deferred these recoveries in accordance with the AP Handbook.

The OEB allows the variances to be deferred which would normally be recorded as revenue for unregulated businesses under Canadian GAAP. In absence of rate regulation, revenues in 2008 would have been higher by \$8,769 (2007 - \$93,769). The deferred balance for unapproved settlement variances continues to be calculated in accordance with the OEB's direction. The manner and timing of disposition of the variance has not been determined by the OEB.

vi. Smart Meter Initiatives

During 2006, the OEB adopted recommendations on smart meters with regard to cost recovery during the phase-in period of this equipment. The OEB stated that given the increased need for electricity and the importance of conservation, specific funding for smart meters should be included in 2006 rates by all Ontario electric LDC. Variance accounts were established to track revenues collected with respect to smart meters and associated costs of the initiatives. In the absence of rate regulation, net income would have been higher in 2008 by \$43,801 (2007 - \$44,184).

vii. 2006 Storm Costs

During 2006 the company was affected by a significant storm which disrupted services in the area for approximately one week. The company applied for rate approval to recover costs associated with this disruption and, subsequent to year-end received OEB approval to do so. Accordingly, the company has deferred these costs against which, future revenues will be applied. In the absence of rate regulation, net income would have been higher in 2008 by \$131,397 (2007 - lower by \$461,119).

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

6. Regulatory Assets and Liabilities (continued)

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. Management continually assesses the likelihood of recovery of regulatory assets and realization of regulatory liabilities. If recovery and realization through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

As prescribed by a regulatory article, income tax expense is recovered through customer rates based on the taxes payable method. Therefore, rates do not include the recovery of future income taxes related to temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. The company has not recognized future income taxes, as it is expected that when these amounts become payable, they will be recovered through future rate revenues. Canadian generally accepted accounting principles require the recognition of future income tax assets and future income tax liabilities in the absence of rate regulation.

7. Accounts Payable and Accrued Liabilities

| | 2008 | 2007 |
|-----------------------------|---------------------|---------------------|
| Power | \$ 4,831,578 | \$ 3,830,839 |
| Trade payables and accruals | 2,120,690 | 1,476,126 |
| Customer credit balances | 952,941 | 1,020,078 |
| | \$ 7,905,209 | \$ 6,327,043 |

North Bay Hydro Distribution Limited Notes to Financial Statements

December 31, 2008

8. Employee Future Benefits

The company has a defined benefit life insurance and health care plan covering substantially all unionized employees and most retirees. Information about the company's defined benefit life insurance and health care plan is as follows:

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| Prepaid benefit liability , beginning of year | \$ 4,112,778 | \$ 3,837,645 |
| Expense for the year | 442,611 | 535,438 |
| Benefits paid during the year | <u>(291,175)</u> | <u>(260,305)</u> |
| Prepaid benefit liability , end of year | <u>\$ 4,264,214</u> | <u>\$ 4,112,778</u> |
| Fair value of plan assets | <u>\$ -</u> | <u>\$ -</u> |

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Prepaid benefit liability , end of year | \$ 4,264,214 | \$ 4,112,778 |
| Unamortized net actuarial losses | <u>281,283</u> | <u>1,023,607</u> |
| Projected accrued benefit obligation , end of year | <u>\$ 4,545,497</u> | <u>\$ 5,136,385</u> |

The unamortized net actuarial loss includes past service costs of \$281,283 (2007 - \$177,824).

Included in wages and employee benefits is a net benefit expense as follows:

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Total service cost of the plan for the year | \$ 40,370 | \$ 50,782 |
| Interest on average liabilities | 224,417 | 250,788 |
| Amortization of net actuarial gains/losses | - | 56,045 |
| Amortization of past service costs | <u>177,824</u> | <u>177,823</u> |
| | <u>\$ 442,611</u> | <u>\$ 535,438</u> |

Actual payments during the year were \$291,175 (2007 - \$260,305).

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

8. Employee Future Benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

| | |
|---|---------|
| Expected average remaining service life of active employees | 9 years |
|---|---------|

a. General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.3% per annum (2007 - 2.0%).

b. Interest (Discount) Rate

The obligation at year end, of the present value of future liabilities and the expense for the year ended, were determined using a discount rate of 5.0% (2007 - 5.0%). The discount rate for 2008 reflects the assumed long term yield on high quality bonds as at January 1, 2008 (most recent valuation date). The next valuation is expected to be completed for fiscal 2011.

c. Salary Levels

Future general salary and wage levels were assumed to increase at 3.1% (2007 - 3.1%) based on expected CPI adjusted for productivity, merit and promotion as at January 1, 2008.

d. Medical Costs

Medical costs were assumed to increase 10% in 2008, 9.0% in 2009, 8.0% in 2010, 7.0% in 2011, 6.0% in 2012 and 5.0% thereafter.

e. Dental Costs

Dental costs were assumed to increase at 5.0% annually.

9. Payable to Corporation of the City of North Bay

The balance payable to the Corporation of the City of North Bay bears interest at 5% per year, and is payable upon twelve month's written notice.

The fair value of this amount has not been disclosed due to the fact that the cash flow stream is not determinable.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

10. Contingent Liabilities

a. Griffith et al. v. Toronto Hydro-Electric Commission et al.

A class action suit, brought under the Class Proceedings Act, 1992, claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro-Electric Commission on November 18, 1998. The action was initiated against Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payments on overdue utility bills at any time after April 1981.

The claim is that the payment penalties of 5% on overdue accounts is illegal under Section 347(1)(b) of the Criminal Code.

The action has not yet been certified as either a plaintiff or defendant class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the company.

b. The company belongs to the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2008, the company has not been made aware of any assessments for losses.

11. Share Capital

Authorized:

Unlimited Common shares

The issued share capital is as follows:

| | 2008 | 2007 |
|---------------------|----------------------|----------------------|
| 1,001 Common shares | <u>\$ 19,511,601</u> | <u>\$ 19,511,601</u> |

North Bay Hydro Distribution Limited Notes to Financial Statements

December 31, 2008

12. Distribution Revenue

| | 2008 | 2007 |
|---|---------------------|----------------------|
| Customer billings for electricity and distribution service charges | \$ 55,638,826 | \$ 60,899,314 |
| Less: Pass through charges billed by the company for: | | |
| Electricity charges | (32,952,226) | (36,137,193) |
| Network and connection | (3,666,699) | (6,010,282) |
| Wholesale market service charges | (5,091,333) | (4,033,933) |
| Debt retirement charges | (3,613,870) | (3,900,024) |
| Less: Regulatory asset recovery | (303,308) | (622,844) |
| Less: Smart meter rider recovery | (75,081) | (81,810) |
| | \$ 9,936,309 | \$ 10,113,228 |

13. Related Party Transactions

The Corporation of the City of North Bay (the "City") is the 100% owner of North Bay Hydro Holdings Inc. which is the parent company of North Bay Hydro Distribution Limited and North Bay Hydro Services Inc.

The company provides electricity and services to the City. A summary of the amounts charged by the company to the City is as follows:

| | 2008 | 2007 |
|--------------------------|--------------|--------------|
| Electrical energy | \$ 1,739,831 | \$ 1,891,518 |
| Street light energy | 318,967 | 373,048 |
| Construction activity | 356,492 | 436,177 |
| Street light maintenance | 99,485 | 150,781 |

At December 31, 2008, accounts payable and accrued liabilities include \$11,348 due to the City (2007 - \$74,061) and accounts receivable include \$339,045 due from the City (2007 - \$548,523). The company purchased goods and services from the City totaling \$169,623 in 2008 (2007 - \$162,416).

Electrical energy is sold to the City at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. Streetlight maintenance services are provided at rates determined in relation to other service providers. Other construction services are provided at cost.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

13. Related Party Transactions (continued)

During the year, the company paid municipal taxes to the City in the amount of \$78,422 (2007 - \$80,391).

The company is also indebted to the City for a \$19,511,601 (2007 - \$19,511,601) promissory note (see Note 9). Included in interest expense for the year is interest paid on this promissory note in the amount of \$975,580 (2007 - \$975,580).

The company provides administrative and other services to an affiliated company, North Bay Hydro Services Inc ("Services"). Administrative fees charged for 2008 were \$64,572 (2007 - \$56,667) and other contracted services, consisting mainly of sub contracted employees, charged for 2008 were \$80,631 (2007 - \$48,484). In 2008 the company paid annual fibre rental of \$25,315 (2007 - \$25,315). Pursuant to the OEB's decision and order with respect to joint use pole attachment rates the company charges North Bay Hydro Services Inc joint use pole rental in the amount of \$22.35 per attachment which amounted to \$22,395 (2007 - \$20,920).

The company also has a promissory note receivable from Services in the amount of \$1,332,950 (2007 - \$1,332,950) (see Note 4). Interest charged on this note and included in other income in 2008 amounted to \$66,648 (2007 - \$66,648).

The above transactions are in the normal course of operations and are measured at exchange amounts.

14. Credit Facility / Letters of Credit

The company has an authorized line of credit under a credit facility agreement with a Canadian chartered bank. The maximum draw permitted under this agreement is \$1,000,000. At year end the company had drawn \$NIL (2007 - \$NIL) under this facility.

The company has a \$2.5 million letter of credit with its bank provided to the IESO to secure the company's hydro purchase obligations (see Note 2). The company has provided its financial institution with an assignment in the amount of \$2,000,000 of its investments as security for this obligation (see Note 2). The fair value of these investments approximates their carrying value given the short-term maturity of these investments.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

15. Pension Agreements

The company makes contributions to the OMERS, which is a multi-employer pension plan, on behalf of all full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 380,000 active and retired members and approximately 910 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2008. The results of this valuation disclosed total actuarial liabilities of \$50,080 million in respect of benefits accrued for service with actuarial assets at that date of \$49,801 million indicating an actuarial deficit of \$279 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the company does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2008 was \$193,023 (2007 - \$185,865).

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

16. Net Change in Non-cash Working Capital Balances

The net change in non-cash working capital balances consists of:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Accounts receivable | \$ (436,336) | \$ 310,005 |
| Unbilled revenue | (113,071) | (1,174,168) |
| Inventory | 28,139 | (6,287) |
| Prepaid expenses | (5,420) | (88,931) |
| Accounts payable and accrued liabilities | 1,578,182 | 199,524 |
| Payments in lieu of taxes | (669,857) | 1,005,000 |
| Payable to North Bay Hydro Services Inc | (126,748) | 91,497 |
| | <u>\$ 254,889</u> | <u>\$ 336,640</u> |

Supplementary cash flow information consists of the following:

| | <u>2008</u> | <u>2007</u> |
|------------------------------------|--------------|--------------|
| Cash paid during the year for: | | |
| Interest | \$ 1,199,435 | \$ 1,019,729 |
| Payments in lieu of taxes | \$ 1,585,359 | \$ 705,000 |
| Cash received during the year for: | | |
| Interest | \$ 495,630 | \$ 503,090 |
| Payments in lieu of taxes | \$ 177,708 | \$ 513,256 |

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

17. Payments in Lieu of Corporate Income Taxes, Capital Taxes, and Future Income Taxes

a. Expense

The company's provision for PILs is calculated as follows:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|---------------------|
| Income before provision for income taxes | \$ 2,059,593 | \$ 2,450,694 |
| Regulatory assets added (deducted) for tax purposes | 354,809 | (28,850) |
| Net change in reserves | 151,436 | 275,133 |
| Capital cost allowance (greater than) less than amortization expense | (110,837) | (43,147) |
| Other items | 8,637 | - |
| Loss (gain) on disposal of assets | 9,323 | (2,702) |
| Income for tax purposes | 2,472,961 | 2,651,128 |
| Statutory Canadian federal and provincial tax rate | 33.50 % | 36.12 % |
| Provision for PILs | 828,442 | 957,587 |
| Corporate minimum tax and other | - | 133,159 |
| Prior year over provision | (184,708) | - |
| Total provision | <u>\$ 643,734</u> | <u>\$ 1,090,746</u> |

b. Future Taxes

Future income taxes have not been recognized in these financial statements. Section 3465 of the CICA Handbook does not require rate regulated enterprises to recognize future income taxes if future income taxes are expected to be included in the approved rate charged to customers in the future and are expected to be recovered from future customers.

Significant components of the company's future taxes are as follows:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|----------------------|----------------------|
| Employee future benefits | \$ 4,264,214 | \$ 4,112,778 |
| Regulatory assets | (2,171,824) | (2,620,875) |
| Property, plant and equipment | 15,069,957 | 15,170,117 |
| Net future income tax asset | <u>\$ 17,162,347</u> | <u>\$ 16,662,020</u> |

The company has not recognized the benefit of the above noted deductible temporary differences in its financial statements which is consistent with OEB accounting guidelines and Canadian generally accepted accounting principles for rate regulated entities.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

18. Financial Instruments

a. Fair Values

The company's financial instruments are comprised of cash and cash equivalents, accounts receivable, note receivable from North Bay Hydro Services Inc, accounts payable and accrued liabilities, customer deposits, payable to North Bay Hydro Services Inc and payable to the Corporation of the City of North Bay.

Cash and cash equivalents is reported at fair value on the balance sheet. Accounts receivable, accounts payable and accrued liabilities and customer deposits are reported at amortized cost which approximates fair value due to their short-term nature.

The fair value of the note receivable from North Bay Hydro Services Inc, payable to North Bay Hydro Services Inc and payable to the Corporation of the City of North Bay have not been determined as disclosed in Notes 4 and 9.

b. Risks arising from Financial Instruments

Credit Risk

The company's cash and cash equivalents are all held at a single major financial institution and the company is therefore exposed to credit risk from this concentration of cash and cash equivalents. The company also maintains cash and cash equivalents with it's financial institution in excess of federally insured limits and is therefore exposed to the credit risk from this concentration of cash and cash equivalents.

The company's accounts receivables are made up of a large number of small balances from residential customers and commercial customers in a number of different industries. The company is exposed to credit risk as a result of its accounts receivable through the possibility of customer default on these accounts. The company monitors its exposure to and attempts to limit this credit risk exposure on a continuous basis.

In accordance with directions provided by the OEB, the company collects deposits from its customers and as at December 31, 2008 held customer deposits in the amount of \$766,147 (2007 - \$1,016,822).

The company provides for its credit risk through the use of an allowance whereby customer accounts greater than 90 days in age are provided for. Any change in this provision from one year to the next and any future recoveries of accounts that had previously been allowed for are recognized in the statement of operations.

North Bay Hydro Distribution Limited Notes to Financial Statements

December 31, 2008

18. Financial Instruments (continued)

The credit risk associated with accounts receivable is as follows:

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| Total accounts receivable | \$ 5,794,357 | \$ 5,192,988 |
| Less: allowance for doubtful accounts | (475,807) | (310,774) |
| Accounts receivable, net | <u>\$ 5,318,550</u> | <u>\$ 4,882,214</u> |
| Aged as follows: | | |
| Less than 29 days | \$ 4,874,615 | \$ 4,229,202 |
| 30 to 89 days | 317,047 | 214,703 |
| 90 days and older | 602,695 | 749,083 |
| Less: allowance for doubtful accounts | (475,807) | (310,774) |
| Accounts receivable, net | <u>\$ 5,318,550</u> | <u>\$ 4,882,214</u> |

The company's maximum credit risk exposure is equal to the carrying value of its financial assets.

Interest Rate Risk

The company manages its investments, as included in cash and cash equivalents, based on its cash flow needs and with a view to optimizing its interest income. The company has invested excess cash balances in Canadian money market instruments which exposes it to fluctuations in short-term interest rates. These fluctuations will impact the amount of interest income earned by the company, however this is not expected to significantly impact income from operations.

The company has access to short-term borrowings under its credit facility agreement (Note 14). If the company were to utilize this facility it would be exposed to fluctuations in short-term interest rates.

The company is exposed to interest rate risk on its note receivable from North Bay Hydro Services Inc (Note 4) and its payable to the Corporation of the City of North Bay (Note 9). The interest rates on these financial instruments are fixed and therefore the company is not exposed to fluctuations in short-term interest rates. However, with respect to its payable to the Corporation of the City of North Bay, if short-term interest rates fall below the fixed rate of this instrument the company would incur greater interest expense than it would had it borrowed these funds using other means. Alternatively, should short-term interest rates rise above these fixed rates, the company would incur lower interest income and expense than it would had it borrowed these funds using other means.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

18. Financial Instruments (continued)

Liquidity Risk

The company strives to maintain a liquidity level that allows for sufficient funds to meet operational requirements so that obligations can be met as they become due while minimizing interest expense. The company monitors cash balances regularly and has access to short-term borrowings, should they be required, under its credit facility agreement (Note 14).

Accounts payable and accrued liabilities are all due within one year from the balance sheet date. The note receivable from North Bay Hydro Services Inc (Note 14) has no fixed terms of repayment. The company is exposed to liquidity risk on its payable to the City (Note 9) as this balance is payable upon twelve month's written notice. Management does not expect that this note will be called within the foreseeable future.

Other Risks

The company is not exposed to any other significant risks as it has not entered into any hedging or derivative contracts and has limited exposure to foreign currency fluctuations.

North Bay Hydro Distribution Limited

Notes to Financial Statements

December 31, 2008

19. Capital Disclosures

Effective January 1, 2008, the company adopted CICA Handbook section 1535, "Capital Disclosures" which requires disclosure of an entity's objectives, policies and processes for managing capital. This new accounting standard did not have an impact on net income for the year ended December 31, 2008.

The company considers its capital to comprise its common share capital, accumulated retained earnings and amounts due to related parties. There have been no changes in what the company considers to be capital since the previous year.

In managing its capital, the company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and through the payment of periodic dividends to its common shareholders. The company also seeks to ensure that access to funding is available in order to maintain and improve the equipment used in operations and maintain financial ratios within the recommended guidelines as prescribed by the OEB. In order to achieve these objectives, the company develops detailed annual operating budgets and seeks to maintain distribution revenue levels and control costs to enable the company to meet its working capital requirements and strategic investment needs. In making decisions to adjust its capital structure to achieve these objectives, the company considers both its short-term position and long-term operational and strategic objectives.

The company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2008.

20. Prior Period Adjustment

During the year, the company was subject to an audit by the OEB. Due to the OEB's findings, the company underwent an examination of its regulatory assets through an entity specializing in this area. The examination found some of the processes used to capture regulatory asset balances to be incorrect and this resulted in a prior period adjustment in the amount of \$1,826,996 at January 1, 2007. Certain comparative figures have been restated as a result of this error including a reduction to regulatory assets of \$1,823,165, an increase in distribution revenue of \$229,918, a reduction in other operating income of \$63,281 and an increase in interest expense of \$162,806.

APPENDIX F

BILL IMPACT ANALYSIS

SHEET 1 - December 31, 2008 Regulatory Assets

NAME OF UTILITY

North Bay Hydro Distribution Limited

Enter appropriate data in cells which are highlighted in yellow only.

Enter the total applied for Deferral and Variance amounts for each account in the appropriate cells below:

| Account Description | Account Number | Principal Amounts as of Dec-31 2008 | Interest to Dec31-08 | Interest Jan1-09 to Mar 31-09 | Interest Apr 1 - Jun 30-09 | Total Claim |
|--|----------------|-------------------------------------|----------------------|-------------------------------|----------------------------|----------------|
| RSVA - Wholesale Market Service Charge | 1580 | \$ (1,327,780) | \$ (108,943) | \$ (7,469) | \$ (3,319) | \$ (1,447,512) |
| RSVA - One-time Wholesale Market Service | 1582 | \$ 32,697 | \$ 4,178 | \$ 184 | \$ 82 | \$ 37,141 |
| RSVA - Retail Transmission Network Charge | 1584 | \$ (287,167) | \$ (43,706) | \$ (1,615) | \$ (718) | \$ (333,206) |
| RSVA - Retail Transmission Connection Charge | 1586 | \$ 50,591 | \$ (40,515) | \$ 285 | \$ 126 | \$ 10,487 |
| RSVA - Power & sub account Global Adjustment | 1588 | \$ 3,642,234 | \$ 108,237 | \$ 20,488 | \$ 9,106 | \$ 3,780,064 |
| Sub-Totals | | \$ 2,110,574 | \$ (80,749) | \$ 11,872 | \$ 5,276 | \$ 2,046,974 |
| Other Regulatory Assets | 1508 | | | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - Retail | 1518 | | | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - STR | 1548 | | | \$ - | \$ - | \$ - |
| Smart Meters Revenue and Capital | 1555 | | | \$ - | \$ - | \$ - |
| Smart Meter Expenses | 1556 | | | \$ - | \$ - | \$ - |
| Low Voltage | 1550 | | | \$ - | \$ - | \$ - |
| Other Deferred Credits | 2425 | | | \$ - | \$ - | \$ - |
| Misc Deferred Debits | 1525 | | | \$ - | \$ - | \$ - |
| Sub-Totals | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals per column | | \$ 2,110,574 | \$ (80,749) | \$ 11,872 | \$ 5,276 | \$ 2,046,974 |
| Annual interest rate: | | Jan 1 09 - Mar 09 | Apr 09 - Jun 09 | | | |
| | | 2.25% | 1.00% | | | |

Enter the appropriate 2008 data in the cells below.

Once the data in the yellow fields on Sheet 1 has been entered, the relevant allocations will appear on Sheet 2.

Go to Sheets 3 and 4 and enter the appropriate data in the yellow cells.

| 2008 Data By Class | kW | kWhs | Cust. Num.'s | Number of Metered Customers | Dx Revenue |
|--|----------------|--------------------|---------------|-----------------------------------|----------------------|
| RESIDENTIAL CLASS | | 213,813,392 | 20,757 | 20,757 | \$ 5,565,811 |
| GENERAL SERVICE <50 KW CLASS | | 88,723,631 | 2,616 | 2,616 | \$ 1,920,895 |
| GENERAL SERVICE >50 KW NON TIME OF USE | 602,776 | 215,710,011 | 273 | 273 | \$ 2,333,213 |
| GENERAL SERVICE >50 KW TIME OF USE | | 0 | | 0 | |
| STANDBY | | 0 | | 0 | |
| INTERMEDIATE | 88,904 | 44,528,104 | 2 | 2 | \$ 122,693 |
| UNMETERED & SCATTERED LOADS | | 351,268 | 21 | 21 | \$ 10,423 |
| SENTINEL LIGHTS | 1,531 | 567,633 | 520 | 520 | \$ 24,429 |
| STREET LIGHTING | 9,270 | 3,327,501 | 5,550 | 5,550 | \$ 67,117 |
| Totals | 702,481 | 567,021,540 | 29,739 | 29,739 | \$ 10,044,581 |

| Allocators | kW | kWhs | Cust. Num.'s | Number of Metered Customers | Dx Revenue |
|--|-------------|-------------|--------------|-----------------------------------|-------------|
| RESIDENTIAL CLASS | 0.0% | 37.7% | 69.8% | 69.8% | 55.4% |
| GENERAL SERVICE <50 KW CLASS | 0.0% | 15.6% | 8.8% | 8.8% | 19.1% |
| GENERAL SERVICE >50 KW NON TIME OF USE | 85.8% | 38.0% | 0.9% | 0.9% | 23.2% |
| GENERAL SERVICE >50 KW TIME OF USE | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| STANDBY | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| LARGE USER CLASS | 12.7% | 7.9% | 0.0% | 0.0% | 1.2% |
| UNMETERED & SCATTERED LOADS | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| SENTINEL LIGHTS | 0.2% | 0.1% | 1.7% | 1.7% | 0.2% |
| STREET LIGHTING | 1.3% | 0.6% | 18.7% | 18.7% | 0.7% |
| Totals | 100% | 100% | 100% | 100% | 100% |

| Decision | Ref.# | Amount | ALLOCATOR | GS > 50 Non | | | | | | Small | Sentinel | Street | Total |
|--|--------|----------------|------------------------|--------------|--------------|--------------|-------------|---------|--------------|----------------|------------|------------|----------------|
| | | | | Residential | GS < 50 KW | TOU | GS > 50 TOU | Standby | Intermediate | Scattered Load | Lighting | Lighting | |
| Deferral and Variance Accounts: | | | | | | | | | | | | | |
| WMSC - Account 1580 | 2.0.35 | \$ (1,447,512) | kWh | \$ (545,830) | \$ (226,497) | \$ (550,672) | \$ - | \$ - | \$ (113,673) | \$ (897) | \$ (1,449) | \$ (8,495) | \$ (1,447,512) |
| One-Time WMSC - Account 1582 | 2.0.35 | \$ 37,141 | kWh | \$ 14,005 | \$ 5,811 | \$ 14,129 | \$ - | \$ - | \$ 2,917 | \$ 23 | \$ 37 | \$ 218 | \$ 37,141 |
| Network - Account 1584 | 2.0.35 | \$ (333,206) | kWh | \$ (125,646) | \$ (52,138) | \$ (126,760) | \$ - | \$ - | \$ (26,167) | \$ (206) | \$ (334) | \$ (1,955) | \$ (333,206) |
| Connection - Account 1586 | 2.0.35 | \$ 10,487 | kWh | \$ 3,955 | \$ 1,641 | \$ 3,990 | \$ - | \$ - | \$ 824 | \$ 6 | \$ 10 | \$ 62 | \$ 10,487 |
| Power - Account 1588 | 2.0.35 | \$ 3,780,064 | kWh | \$ 1,425,393 | \$ 591,478 | \$ 1,438,036 | \$ - | \$ - | \$ 296,848 | \$ 2,342 | \$ 3,784 | \$ 22,183 | \$ 3,780,064 |
| Subtotal - RSVA | | \$ 2,046,974 | | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |
| | | | | | | | | | | | | | |
| Other Regulatory Assets - Account 1508 | | \$ - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - Acct 1518 | | \$ - | # of Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retail Cost Variance Account (STR) Acct 1548 | | \$ - | # of Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Low Voltage - Account 1550 | | \$ - | kWh | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Deferred Credits - Acct 2425 | | \$ - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Misc Deferred Debits | | \$ - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal - Non RSVA, Variable | | \$ - | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | | | | | | | | | |
| Smart Meters Revenue and Capital, 1555 (Fixed) | | \$ - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Smart Meter Expenses, 1556 (Fixed) | | \$ - | # of Metered Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal - Non RSVA Fixed | | \$ - | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | | | | | | | | | | | |
| Total to be Recovered | | \$ 2,046,974 | | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |

| | | | | | | | | | | | |
|--|--------------|------------|------------|------------|------|------|------------|----------|----------|-----------|--------------|
| Balance to be collected or refunded, Variable | \$ 2,046,974 | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |
| Balance to be collected or refunded, Fixed | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Number of years for Variable | 3 | | | | | | | | | | |
| Number of years for Fixed (Smart Meters) | 3 | | | | | | | | | | |
| Balance to be collected or refunded per year, Variable | \$ 682,325 | \$ 257,292 | \$ 106,765 | \$ 259,574 | \$ - | \$ - | \$ 53,583 | \$ 423 | \$ 683 | \$ 4,004 | \$ 682,325 |
| Balance to be collected or refunded per year, Fixed | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| Class |
|---|
| Deferral and Variance Account Rate Riders, Variable |
| Billing Determinants |
| Deferral and Variance Account Rate Riders, Fixed (per month) |
| Billing Determinants |

Components of 2009 Riders:
Variable RSVA
Variable Non RSVA
Fixed, per month

| Residential | GS < 50 KW | GS > 50 Non TOU | GS > 50 TOU | Standby | Intermediate | Scattered Load | Sentinel Lighting | Street Lighting |
|-----------------|-----------------|-----------------|-------------|---------|-----------------|----------------|-------------------|-----------------|
| \$ 0.0012 | \$ 0.0012 | \$ 0.4306 | | \$ - | \$ 0.6027 | \$ 0.0012 | \$ 0.4462 | \$ 0.4319 |
| kWh | kWh | kW | kW | kW | kW | kWh | kW | kW |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| # metered cust. | # metered cust. | # metered cust. | | | # metered cust. | | | |
| \$ 0.0012 | \$ 0.0012 | \$ 0.4306 | | | \$ 0.6027 | \$ 0.0012 | \$ 0.4462 | \$ 0.4319 |
| \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | \$ - |



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9-1 BILL IMPACTS (Monthly Consumptions)

RESIDENTIAL Regular

Winter Threshold Nov 1 - Apr 30

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------------------------|-----------|---------|---------------|-----------|---------|---------------|---------------------------------------|-------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | | | | | | | | | |
| 1,000 kWh | | | | | | | | | |
| Monthly Service Charge | | | 14.64 | | | 14.64 | 0.00 | 0.00 | 0.00 |
| Distribution (kWh) | 1,000 | 0.0112 | 11.20 | 1,000 | 0.0112 | 11.20 | 0.00 | 0.00 | 0.00 |
| Regulatory Assets (kWh) | 1,000 | 0.0000 | \$ - | 1,000 | 0.0012 | 1.20 | 1.20 | #DIV/0! | 1.17 |
| Sub-Total | | | 25.84 | | | 27.04 | 1.20 | 4.64 | 1.17 |
| Other Charges (kWh) | 1,039 | 0.0099 | 10.28 | 1,039 | 0.0099 | 10.28 | 0.00 | 0.00 | 0.00 |
| Other Charges (kWh) | 1,039 | 0.0065 | 6.75 | 1,039 | 0.0065 | 6.75 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 1,000 | 0.0560 | 56.00 | 1,000 | 0.0560 | 56.00 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 39 | 0.0650 | 2.52 | 39 | 0.0650 | 2.52 | 0.00 | 0.00 | 0.00 |
| Total Bill | | | 101.39 | | | 102.59 | 1.20 | 1.18 | 1.17 |
| | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | Distribution - Reg Asset Rider | 1.20 | 1.18% |
| | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | 1.20 | 1.18% |
| | | | | | | | Delivery (Reg Asset Rider) | 1.20 | 1.18% |
| | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | 1.20 | 1.18% |

GENERAL SERVICE Less than 50 kW

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------------------------|-----------|---------|---------------|-----------|---------|---------------|---------------------------------------|-------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | | | | | | | | | |
| 2,000 kWh | | | | | | | | | |
| Monthly Service Charge | | | 23.81 | | | 23.81 | 0.00 | 0.00 | 0.00 |
| Distribution (kWh) | 2,000 | 0.0139 | 27.80 | 2,000 | 0.0139 | 27.80 | 0.00 | 0.00 | 0.00 |
| Regulatory Assets (kWh) | 2,000 | | \$ - | 2,000 | 0.0012 | 2.40 | 2.40 | #DIV/0! | 1.12 |
| Sub-Total | | | 51.61 | | | 54.01 | 2.40 | 4.65 | 1.12 |
| Other Charges (kWh) | 2,077 | 0.0090 | 18.69 | 2,077 | 0.0090 | 18.69 | 0.00 | 0.00 | 0.00 |
| Other Charges (kWh) | 2,077 | 0.0065 | 13.50 | 2,077 | 0.0065 | 13.50 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 750 | 0.0560 | 42.00 | 750 | 0.0560 | 42.00 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kW) | 1,327 | 0.0650 | 86.26 | 1,327 | 0.0650 | 86.26 | 0.00 | 0.00 | 0.00 |
| Total Bill | | | 212.06 | | | 214.46 | 2.40 | 1.13 | 1.12 |
| | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | Distribution - Reg Asset Rider | 2.40 | 1.13% |
| | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | 2.40 | 1.13% |
| | | | | | | | Delivery (Reg Asset Rider) | 2.40 | 1.13% |
| | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | 2.40 | 1.13% |



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9-1 BILL IMPACTS (Monthly Consumptions)

GENERAL SERVICE Greater than 50 kW (to 3000 kW)

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|------------------------|-------------------------------|---------|-----------|-----------|---------|-----------|--------------------------------|---------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 313.51 | | | 313.51 | 0.00 | 0.00 | 0.00 |
| | 40,000 kWh | Distribution (kWh) | 40,000 | 0.0000 | 0.00 | 40,000 | 0.0000 | 0.00 | #DIV/0! | 0.00 |
| | 100 kW | Distribution (kW) | 100 | 2.1783 | 217.83 | 100 | 2.1783 | 217.83 | 0.00 | 0.00 |
| | | Regulatory Assets (kW) | 100 | | 0.00 | 100 | 0.4306 | 43.06 | 43.06 | #DIV/0! |
| | | Sub-Total | | 531.34 | | | 574.40 | 43.06 | 8.10 | 1.28 |
| | | Other Charges (kWh) | 41,548 | 0.0065 | 270.06 | 41,548 | 0.0065 | 270.06 | 0.00 | 0.00 |
| | | Other Charges (kW) | 100 | 3.5949 | 359.49 | 100 | 3.5949 | 359.49 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kWh) | 40,000 | 0.0521 | 2,084.00 | 40,000 | 0.0521 | 2,084.00 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kW) | 1,548 | 0.0521 | 80.65 | 1,548 | 0.0521 | 80.65 | 0.00 | 0.00 |
| | Total Bill | | | 3,325.54 | | | 3,368.60 | 43.06 | 1.29 | 1.28 |
| | | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | | Distribution - Reg Asset Rider | 43.06 | 1.29% |
| | | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | | 43.06 | 1.29% |
| | | | | | | | | Delivery (Reg Asset Rider) | 43.06 | 1.29% |
| | | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | | 43.06 | 1.29% |

GENERAL SERVICE Intermediate Use (3000 - 5000 kW)

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|------------------------|-------------------------------|-----------|------------|------------|-----------|------------|--------------------------------|----------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 2,401.40 | | | 2,401.40 | 0.00 | 0.00 | 0.00 |
| | 2,000,000 kWh | Distribution (kWh) | 2,000,000 | 0.0000 | 0.00 | 2,000,000 | 0.0000 | 0.00 | #DIV/0! | 0.00 |
| | 4,000 kW | Distribution (kW) | 4,000 | 0.7321 | 2,928.40 | 4,000 | 0.7321 | 2,928.40 | 0.00 | 0.00 |
| | | Regulatory Assets (kW) | 4,000 | | 0.00 | 4,000 | 0.6027 | 2,410.80 | 2,410.80 | #DIV/0! |
| | | Sub-Total | | 5,329.80 | | | 7,740.60 | 2,410.80 | 45.23 | 1.68 |
| | | Other Charges (kWh) | 2,056,600 | 0.0065 | 13,367.90 | 2,056,600 | 0.0065 | 13,367.90 | 0.00 | 0.00 |
| | | Other Charges (kW) | 4,000 | 3.8873 | 15,549.20 | 4,000 | 3.8873 | 15,549.20 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kWh) | 2,000,000 | 0.0521 | 104,200.00 | 2,000,000 | 0.0521 | 104,200.00 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kW) | 56,600 | 0.0521 | 2,948.86 | 56,600 | 0.0521 | 2,948.86 | 0.00 | 0.00 |
| | Total Bill | | | 141,395.76 | | | 143,806.56 | 2,410.80 | 1.71 | 1.68 |
| | | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | | Distribution - Reg Asset Rider | 2,410.80 | 1.71% |
| | | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | | 2,410.80 | 1.71% |
| | | | | | | | | Delivery (Reg Asset Rider) | 2,410.80 | 1.71% |
| | | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | | 2,410.80 | 1.71% |



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9-1 BILL IMPACTS (Monthly Consumptions)

Street Lighting

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|-------------------------------|-----------|---------|-----------|--------------------------------|---------|-----------|--------|---------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 1.08 | | | 1.08 | 0.00 | 0.00 | 0.00 |
| 275,000 kWh | Distribution (kWh) | 275,000 | 0.0000 | 0.00 | 275,000 | 0.0000 | 0.00 | 0.00 | #DIV/0! | 0.00 |
| 800 kW | Distribution (kW) | 800 | 2.3570 | 1,885.60 | 800 | 2.3570 | 1,885.60 | 0.00 | 0.00 | 0.00 |
| | Regulatory Assets (kW) | 800 | | 0.00 | 800 | 0.4319 | 345.52 | 345.52 | #DIV/0! | 1.67 |
| | Sub-Total | | | 1,886.68 | | | 2,232.20 | 345.52 | 18.31 | 1.63 |
| | | | | | | | | | | |
| | Other Charges (kWh) | 285,643 | 0.0065 | 1,856.68 | 285,643 | 0.0065 | 1,856.68 | | | |
| | Other Charges (kW) | 800 | 2.7425 | 2,194.00 | 800 | 2.7425 | 2,194.00 | | | |
| | Cost of Power Commodity (kWh) | 275,000 | 0.0521 | 14,327.50 | 275,000 | 0.0521 | 14,327.50 | | | |
| | Cost of Power Commodity (kWh) | 10,643 | 0.0521 | 554.47 | 10,643 | 0.0521 | 554.47 | | | |
| | Total Bill | | | 20,819.33 | | | 21,164.85 | 345.52 | 1.66 | 1.63 |
| | | | | | Commodity | 0.00 | | 0.00% | 0.00% | |
| | | | | | Distribution - Reg Asset Rider | 345.52 | | 1.66% | 1.63% | |
| | | | | | Other | 0.00 | | 0.00% | 0.00% | |
| | | | | | | 345.52 | | 1.66% | 1.63% | |
| | | | | | Delivery (Reg Asset Rider) | 345.52 | | 1.66% | 1.63% | |
| | | | | | Regulatory | 0.00 | | 0.00% | 0.00% | |
| | | | | | | 345.52 | | 1.66% | 1.63% | |

Sentinel Lighting

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | | |
|---|-------------------------------|-----------|---------|-----------|--------------------------------|---------|-----------|--------|---------|-----------------|------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill | |
| <div>Consumption</div> <div>150 kWh</div> <div>1 kW</div> | Monthly Service Charge | | | 2.62 | | | 2.62 | 0.00 | 0.00 | 0.00 | |
| | Distribution (kWh) | 150 | 0.0000 | 0.00 | 150 | 0.0000 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| | Distribution (kW) | 1 | 6.9018 | 6.90 | 1 | 6.9018 | 6.90 | 0.00 | 0.00 | 0.00 | |
| | Regulatory Assets (kW) | 1 | | 0.00 | 1 | 0.4462 | 0.45 | 0.45 | #DIV/0! | 2.02 | |
| | Sub-Total | | | 9.52 | | | 9.97 | 0.45 | 4.69 | 1.98 | |
| | | | | | | | | 0.00 | | 0.00 | 0.00 |
| | Other Charges (kWh) | 156 | 0.0065 | 1.01 | 156 | 0.0065 | 1.01 | | | | |
| | Other Charges (kW) | 1 | 2.7769 | 2.78 | 1 | 2.7769 | 2.78 | | | | |
| | Cost of Power Commodity (kWh) | 150 | 0.0560 | 8.40 | 150 | 0.0560 | 8.40 | | | | |
| | Cost of Power Commodity (kWh) | 6 | 0.0650 | 0.38 | 6 | 0.0650 | 0.38 | | | | |
| | Total Bill | | | 22.09 | | | | 22.53 | 0.45 | 2.02 | 1.98 |
| | | | | | Commodity | 0.00 | | 0.00% | 0.00% | | |
| | | | | | Distribution - Reg Asset Rider | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Other | 0.00 | | 0.00% | 0.00% | | |
| | | | | | | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Delivery (Reg Asset Rider) | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Regulatory | 0.00 | | 0.00% | 0.00% | | |
| | | | | | | 0.45 | | 2.02% | 1.98% | | |



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9-1 BILL IMPACTS (Monthly Consumptions)

Unmetered Scattered Load

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|--------------------|---------------------------------------|------------|---------------|-----------|------------|---------------|-------------|--------------|--------------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | 22.39 | | | 22.39 | 0.00 | 0.00 | 0.00 |
| 1,000 kWh | Distribution (kWh) | 1,000 | 0.0139 | 1,000 | 0.0139 | 13.90 | 0.00 | 0.00 | 0.00 |
| | Regulatory Assets (kWh) | 1,000 | - | 1,000 | 0.0012 | 1.20 | 1.20 | #DIV/0! | 3.20 |
| | Sub-Total | | 36.29 | | | 37.49 | 1.20 | 3.31 | 1.05 |
| | Other Charges (kWh) | 1,039 | 0.0090 | 1,039 | 0.0090 | 9.35 | 0.00 | 0.00 | 0.00 |
| | Other Charges (kWh) | 1,039 | 0.0065 | 1,039 | 0.0065 | 6.75 | 0.00 | 0.00 | 0.00 |
| | Cost of Power Commodity (kWh) | 750 | 0.0560 | 750 | 0.0560 | 42.00 | 0.00 | 0.00 | 0.00 |
| | Cost of Power Commodity (kW) | 289 | 0.0650 | 289 | 0.0650 | 18.77 | 0.00 | 0.00 | 0.00 |
| | Total Bill | | 113.16 | | | 114.36 | 1.20 | 1.06 | 1.05 |
| | Commodity | | | | | | 0.00 | 0.00% | 0.00% |
| | Distribution - Reg Asset Rider | | | | | | 0.00 | 0.00% | 0.00% |
| | Other | | | | | | 1.20 | 1.06% | 1.05% |
| | | | | | | | 1.20 | 1.06% | 1.05% |
| | Delivery (Reg Asset Rider) | | | | | | 1.20 | 1.06% | 1.05% |
| | Regulatory | | | | | | 0.00 | 0.00% | 0.00% |
| | | | | | | | 1.20 | 1.06% | 1.05% |

SHEET 1 - December 31, 2008 Regulatory Assets

NAME OF UTILITY

North Bay Hydro Distribution Limited

Enter appropriate data in cells which are highlighted in yellow only.

Enter the total applied for Deferral and Variance amounts for each account in the appropriate cells below:

| Account Description | Account Number | Principal Amounts as of Dec-31 2008 | Interest to Dec31-08 | Interest Jan1-09 to Mar 31-09 | Interest Apr 1 - Jun 30-09 | Total Claim |
|--|----------------|-------------------------------------|----------------------|-------------------------------|----------------------------|----------------|
| RSVA - Wholesale Market Service Charge | 1580 | \$ (1,327,780) | \$ (108,943) | \$ (7,469) | \$ (3,319) | \$ (1,447,512) |
| RSVA - One-time Wholesale Market Service | 1582 | \$ 32,697 | \$ 4,178 | \$ 184 | \$ 82 | \$ 37,141 |
| RSVA - Retail Transmission Network Charge | 1584 | \$ (287,167) | \$ (43,706) | \$ (1,615) | \$ (718) | \$ (333,206) |
| RSVA - Retail Transmission Connection Charge | 1586 | \$ 50,591 | \$ (40,515) | \$ 285 | \$ 126 | \$ 10,487 |
| RSVA - Power & sub account Global Adjustment | 1588 | \$ 3,642,234 | \$ 108,237 | \$ 20,488 | \$ 9,106 | \$ 3,780,064 |
| Sub-Totals | | \$ 2,110,574 | \$ (80,749) | \$ 11,872 | \$ 5,276 | \$ 2,046,974 |
| Other Regulatory Assets | 1508 | | | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - Retail | 1518 | | | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - STR | 1548 | | | \$ - | \$ - | \$ - |
| Smart Meters Revenue and Capital | 1555 | | | \$ - | \$ - | \$ - |
| Smart Meter Expenses | 1556 | | | \$ - | \$ - | \$ - |
| Low Voltage | 1550 | | | \$ - | \$ - | \$ - |
| Other Deferred Credits | 2425 | | | \$ - | \$ - | \$ - |
| Misc Deferred Debits | 1525 | | | \$ - | \$ - | \$ - |
| Sub-Totals | | \$ - | \$ - | \$ - | \$ - | \$ - |
| Totals per column | | \$ 2,110,574 | \$ (80,749) | \$ 11,872 | \$ 5,276 | \$ 2,046,974 |
| Annual interest rate: | | Jan 1 09 - Mar 09 | Apr 09 - Jun 09 | | | |
| | | 2.25% | 1.00% | | | |

Enter the appropriate 2008 data in the cells below.

Once the data in the yellow fields on Sheet 1 has been entered, the relevant allocations will appear on Sheet 2.

Go to Sheets 3 and 4 and enter the appropriate data in the yellow cells.

| 2008 Data By Class | kW | kWhs | Cust. Num.'s | Number of Metered Customers | Dx Revenue |
|--|----------------|--------------------|---------------|-----------------------------|----------------------|
| RESIDENTIAL CLASS | | 213,813,392 | 20,757 | 20,757 | \$ 5,565,811 |
| GENERAL SERVICE <50 KW CLASS | | 88,723,631 | 2,616 | 2,616 | \$ 1,920,895 |
| GENERAL SERVICE >50 KW NON TIME OF USE | 602,776 | 215,710,011 | 273 | 273 | \$ 2,333,213 |
| GENERAL SERVICE >50 KW TIME OF USE | | 0 | | 0 | |
| STANDBY | | 0 | | 0 | |
| INTERMEDIATE | 88,904 | 44,528,104 | 2 | 2 | \$ 122,693 |
| UNMETERED & SCATTERED LOADS | | 351,268 | 21 | 21 | \$ 10,423 |
| SENTINEL LIGHTS | 1,531 | 567,633 | 520 | 520 | \$ 24,429 |
| STREET LIGHTING | 9,270 | 3,327,501 | 5,550 | 5,550 | \$ 67,117 |
| Totals | 702,481 | 567,021,540 | 29,739 | 29,739 | \$ 10,044,581 |

| Allocators | kW | kWhs | Cust. Num.'s | Number of Metered Customers | Dx Revenue |
|--|-------------|-------------|--------------|-----------------------------|-------------|
| RESIDENTIAL CLASS | 0.0% | 37.7% | 69.8% | 69.8% | 55.4% |
| GENERAL SERVICE <50 KW CLASS | 0.0% | 15.6% | 8.8% | 8.8% | 19.1% |
| GENERAL SERVICE >50 KW NON TIME OF USE | 85.8% | 38.0% | 0.9% | 0.9% | 23.2% |
| GENERAL SERVICE >50 KW TIME OF USE | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| STANDBY | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| LARGE USER CLASS | 12.7% | 7.9% | 0.0% | 0.0% | 1.2% |
| UNMETERED & SCATTERED LOADS | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| SENTINEL LIGHTS | 0.2% | 0.1% | 1.7% | 1.7% | 0.2% |
| STREET LIGHTING | 1.3% | 0.6% | 18.7% | 18.7% | 0.7% |
| Totals | 100% | 100% | 100% | 100% | 100% |

| Decision | Ref.# | Amount | ALLOCATOR | GS > 50 Non | | | | | | Small | Sentinel | Street | Total |
|--|--------|----------------|------------------------|--------------|--------------|--------------|-------------|---------|--------------|----------------|------------|------------|----------------|
| | | | | Residential | GS < 50 KW | TOU | GS > 50 TOU | Standby | Intermediate | Scattered Load | Lighting | Lighting | |
| Deferral and Variance Accounts: | | | | | | | | | | | | | |
| WMSC - Account 1580 | 2.0.35 | \$ (1,447,512) | kWh | \$ (545,830) | \$ (226,497) | \$ (550,672) | \$ - | \$ - | \$ (113,673) | \$ (897) | \$ (1,449) | \$ (8,495) | \$ (1,447,512) |
| One-Time WMSC - Account 1582 | 2.0.35 | \$ 37,141 | kWh | \$ 14,005 | \$ 5,811 | \$ 14,129 | \$ - | \$ - | \$ 2,917 | \$ 23 | \$ 37 | \$ 218 | \$ 37,141 |
| Network - Account 1584 | 2.0.35 | \$ (333,206) | kWh | \$ (125,646) | \$ (52,138) | \$ (126,760) | \$ - | \$ - | \$ (26,167) | \$ (206) | \$ (334) | \$ (1,955) | \$ (333,206) |
| Connection - Account 1586 | 2.0.35 | \$ 10,487 | kWh | \$ 3,955 | \$ 1,641 | \$ 3,990 | \$ - | \$ - | \$ 824 | \$ 6 | \$ 10 | \$ 62 | \$ 10,487 |
| Power - Account 1588 | 2.0.35 | \$ 3,780,064 | kWh | \$ 1,425,393 | \$ 591,478 | \$ 1,438,036 | \$ - | \$ - | \$ 296,848 | \$ 2,342 | \$ 3,784 | \$ 22,183 | \$ 3,780,064 |
| Subtotal - RSVA | | \$ 2,046,974 | | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |
| Other Regulatory Assets - Account 1508 | \$ - | - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retail Cost Variance Account - Acct 1518 | \$ - | - | # of Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retail Cost Variance Account (STR) Acct 1548 | \$ - | - | # of Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Low Voltage - Account 1550 | \$ - | - | kWh | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Deferred Credits - Acct 2425 | \$ - | - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Misc Deferred Debits | \$ - | - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal - Non RSVA, Variable | \$ - | - | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Smart Meters Revenue and Capital, 1555 (Fixed) | \$ - | - | Dx Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Smart Meter Expenses, 1556 (Fixed) | \$ - | - | # of Metered Customers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal - Non RSVA Fixed | \$ - | - | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total to be Recovered | | \$ 2,046,974 | | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |

| | | | | | | | | | | | |
|--|--------------|------------|------------|------------|------|------|------------|----------|----------|-----------|--------------|
| Balance to be collected or refunded, Variable | \$ 2,046,974 | \$ 771,876 | \$ 320,296 | \$ 778,723 | \$ - | \$ - | \$ 160,749 | \$ 1,268 | \$ 2,049 | \$ 12,012 | \$ 2,046,974 |
| Balance to be collected or refunded, Fixed | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Number of years for Variable | 3 | | | | | | | | | | |
| Number of years for Fixed (Smart Meters) | 3 | | | | | | | | | | |
| Balance to be collected or refunded per year, Variable | \$ 682,325 | \$ 257,292 | \$ 106,765 | \$ 259,574 | \$ - | \$ - | \$ 53,583 | \$ 423 | \$ 683 | \$ 4,004 | \$ 682,325 |
| Balance to be collected or refunded per year, Fixed | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| Class |
|--|
| Deferral and Variance Account Rate Riders, Variable |
| Billing Determinants |
| Deferral and Variance Account Rate Riders, Fixed (per month) |
| Billing Determinants |

Components of 2009 Riders:
Variable RSVA
Variable Non RSVA
Fixed, per month

| Residential | GS < 50 KW | GS > 50 Non TOU | GS > 50 TOU | Standby | Intermediate | Scattered Load | Sentinel Lighting | Street Lighting |
|-----------------|-----------------|-----------------|-------------|---------|-----------------|----------------|-------------------|-----------------|
| \$ 0.0012 | \$ 0.0012 | \$ 0.4306 | | \$ - | \$ 0.6027 | \$ 0.0012 | \$ 0.4462 | \$ 0.4319 |
| kWh | kWh | kW | kW | kW | kW | kWh | kW | kW |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| # metered cust. | # metered cust. | # metered cust. | | | # metered cust. | | | |
| \$ 0.0012 | \$ 0.0012 | \$ 0.4306 | | | \$ 0.6027 | \$ 0.0012 | \$ 0.4462 | \$ 0.4319 |
| \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | \$ - |



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9-1 BILL IMPACTS (Monthly Consumptions)

RESIDENTIAL Regular

Winter Threshold Nov 1 - Apr 30

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------------------------|-----------|---------|---------------|-----------|---------|---------------|---------------------------------------|-------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | | | | | | | | | |
| 1,000 kWh | | | | | | | | | |
| Monthly Service Charge | | | 14.64 | | | 14.64 | 0.00 | 0.00 | 0.00 |
| Distribution (kWh) | 1,000 | 0.0112 | 11.20 | 1,000 | 0.0112 | 11.20 | 0.00 | 0.00 | 0.00 |
| Regulatory Assets (kWh) | 1,000 | 0.0000 | \$ - | 1,000 | 0.0012 | 1.20 | 1.20 | #DIV/0! | 1.17 |
| Sub-Total | | | 25.84 | | | 27.04 | 1.20 | 4.64 | 1.17 |
| Other Charges (kWh) | 1,039 | 0.0099 | 10.28 | 1,039 | 0.0099 | 10.28 | 0.00 | 0.00 | 0.00 |
| Other Charges (kWh) | 1,039 | 0.0065 | 6.75 | 1,039 | 0.0065 | 6.75 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 1,000 | 0.0560 | 56.00 | 1,000 | 0.0560 | 56.00 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 39 | 0.0650 | 2.52 | 39 | 0.0650 | 2.52 | 0.00 | 0.00 | 0.00 |
| Total Bill | | | 101.39 | | | 102.59 | 1.20 | 1.18 | 1.17 |
| | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | Distribution - Reg Asset Rider | 1.20 | 1.18% |
| | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | 1.20 | 1.18% |
| | | | | | | | Delivery (Reg Asset Rider) | 1.20 | 1.18% |
| | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | 1.20 | 1.18% |

GENERAL SERVICE Less than 50 kW

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------------------------|-----------|---------|---------------|-----------|---------|---------------|---------------------------------------|-------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | | | | | | | | | |
| 2,000 kWh | | | | | | | | | |
| Monthly Service Charge | | | 23.81 | | | 23.81 | 0.00 | 0.00 | 0.00 |
| Distribution (kWh) | 2,000 | 0.0139 | 27.80 | 2,000 | 0.0139 | 27.80 | 0.00 | 0.00 | 0.00 |
| Regulatory Assets (kWh) | 2,000 | | \$ - | 2,000 | 0.0012 | 2.40 | 2.40 | #DIV/0! | 1.12 |
| Sub-Total | | | 51.61 | | | 54.01 | 2.40 | 4.65 | 1.12 |
| Other Charges (kWh) | 2,077 | 0.0090 | 18.69 | 2,077 | 0.0090 | 18.69 | 0.00 | 0.00 | 0.00 |
| Other Charges (kWh) | 2,077 | 0.0065 | 13.50 | 2,077 | 0.0065 | 13.50 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kWh) | 750 | 0.0560 | 42.00 | 750 | 0.0560 | 42.00 | 0.00 | 0.00 | 0.00 |
| Cost of Power Commodity (kW) | 1,327 | 0.0650 | 86.26 | 1,327 | 0.0650 | 86.26 | 0.00 | 0.00 | 0.00 |
| Total Bill | | | 212.06 | | | 214.46 | 2.40 | 1.13 | 1.12 |
| | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | Distribution - Reg Asset Rider | 2.40 | 1.13% |
| | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | 2.40 | 1.13% |
| | | | | | | | Delivery (Reg Asset Rider) | 2.40 | 1.13% |
| | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | 2.40 | 1.13% |



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9-1 BILL IMPACTS (Monthly Consumptions)

GENERAL SERVICE Greater than 50 kW (to 3000 kW)

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|------------------------|-------------------------------|---------|-----------|-----------|---------|-----------|--------------------------------|---------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 313.51 | | | 313.51 | 0.00 | 0.00 | 0.00 |
| | 40,000 kWh | Distribution (kWh) | 40,000 | 0.0000 | 0.00 | 40,000 | 0.0000 | 0.00 | #DIV/0! | 0.00 |
| | 100 kW | Distribution (kW) | 100 | 2.1783 | 217.83 | 100 | 2.1783 | 217.83 | 0.00 | 0.00 |
| | | Regulatory Assets (kW) | 100 | | 0.00 | 100 | 0.4306 | 43.06 | 43.06 | #DIV/0! |
| | | Sub-Total | | 531.34 | | | 574.40 | 43.06 | 8.10 | 1.28 |
| | | Other Charges (kWh) | 41,548 | 0.0065 | 270.06 | 41,548 | 0.0065 | 270.06 | 0.00 | 0.00 |
| | | Other Charges (kW) | 100 | 3.5949 | 359.49 | 100 | 3.5949 | 359.49 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kWh) | 40,000 | 0.0521 | 2,084.00 | 40,000 | 0.0521 | 2,084.00 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kW) | 1,548 | 0.0521 | 80.65 | 1,548 | 0.0521 | 80.65 | 0.00 | 0.00 |
| | Total Bill | | | 3,325.54 | | | 3,368.60 | 43.06 | 1.29 | 1.28 |
| | | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | | Distribution - Reg Asset Rider | 43.06 | 1.29% |
| | | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | | 43.06 | 1.29% |
| | | | | | | | | Delivery (Reg Asset Rider) | 43.06 | 1.29% |
| | | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | | 43.06 | 1.29% |

GENERAL SERVICE Intermediate Use (3000 - 5000 kW)

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|------------------------|-------------------------------|-----------|------------|------------|-----------|------------|--------------------------------|----------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 2,401.40 | | | 2,401.40 | 0.00 | 0.00 | 0.00 |
| | 2,000,000 kWh | Distribution (kWh) | 2,000,000 | 0.0000 | 0.00 | 2,000,000 | 0.0000 | 0.00 | #DIV/0! | 0.00 |
| | 4,000 kW | Distribution (kW) | 4,000 | 0.7321 | 2,928.40 | 4,000 | 0.7321 | 2,928.40 | 0.00 | 0.00 |
| | | Regulatory Assets (kW) | 4,000 | | 0.00 | 4,000 | 0.6027 | 2,410.80 | 2,410.80 | #DIV/0! |
| | | Sub-Total | | 5,329.80 | | | 7,740.60 | 2,410.80 | 45.23 | 1.68 |
| | | Other Charges (kWh) | 2,056,600 | 0.0065 | 13,367.90 | 2,056,600 | 0.0065 | 13,367.90 | 0.00 | 0.00 |
| | | Other Charges (kW) | 4,000 | 3.8873 | 15,549.20 | 4,000 | 3.8873 | 15,549.20 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kWh) | 2,000,000 | 0.0521 | 104,200.00 | 2,000,000 | 0.0521 | 104,200.00 | 0.00 | 0.00 |
| | | Cost of Power Commodity (kW) | 56,600 | 0.0521 | 2,948.86 | 56,600 | 0.0521 | 2,948.86 | 0.00 | 0.00 |
| | Total Bill | | | 141,395.76 | | | 143,806.56 | 2,410.80 | 1.71 | 1.68 |
| | | | | | | | | Commodity | 0.00 | 0.00% |
| | | | | | | | | Distribution - Reg Asset Rider | 2,410.80 | 1.71% |
| | | | | | | | | Other | 0.00 | 0.00% |
| | | | | | | | | | 2,410.80 | 1.71% |
| | | | | | | | | Delivery (Reg Asset Rider) | 2,410.80 | 1.71% |
| | | | | | | | | Regulatory | 0.00 | 0.00% |
| | | | | | | | | | 2,410.80 | 1.71% |



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9-1 BILL IMPACTS (Monthly Consumptions)

Street Lighting

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|-------------|-------------------------------|-----------|---------|-----------|--------------------------------|---------|-----------|--------|---------|-----------------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | | 1.08 | | | 1.08 | 0.00 | 0.00 | 0.00 |
| 275,000 kWh | Distribution (kWh) | 275,000 | 0.0000 | 0.00 | 275,000 | 0.0000 | 0.00 | 0.00 | #DIV/0! | 0.00 |
| 800 kW | Distribution (kW) | 800 | 2.3570 | 1,885.60 | 800 | 2.3570 | 1,885.60 | 0.00 | 0.00 | 0.00 |
| | Regulatory Assets (kW) | 800 | | 0.00 | 800 | 0.4319 | 345.52 | 345.52 | #DIV/0! | 1.67 |
| | Sub-Total | | | 1,886.68 | | | 2,232.20 | 345.52 | 18.31 | 1.63 |
| | | | | | | | | | | |
| | Other Charges (kWh) | 285,643 | 0.0065 | 1,856.68 | 285,643 | 0.0065 | 1,856.68 | | | |
| | Other Charges (kW) | 800 | 2.7425 | 2,194.00 | 800 | 2.7425 | 2,194.00 | | | |
| | Cost of Power Commodity (kWh) | 275,000 | 0.0521 | 14,327.50 | 275,000 | 0.0521 | 14,327.50 | | | |
| | Cost of Power Commodity (kW) | 10,643 | 0.0521 | 554.47 | 10,643 | 0.0521 | 554.47 | | | |
| | Total Bill | | | 20,819.33 | | | 21,164.85 | 345.52 | 1.66 | 1.63 |
| | | | | | Commodity | 0.00 | | 0.00% | 0.00% | |
| | | | | | Distribution - Reg Asset Rider | 345.52 | | 1.66% | 1.63% | |
| | | | | | Other | 0.00 | | 0.00% | 0.00% | |
| | | | | | | 345.52 | | 1.66% | 1.63% | |
| | | | | | Delivery (Reg Asset Rider) | 345.52 | | 1.66% | 1.63% | |
| | | | | | Regulatory | 0.00 | | 0.00% | 0.00% | |
| | | | | | | 345.52 | | 1.66% | 1.63% | |

Sentinel Lighting

| | | 2009 BILL | | | 2009 BILL | | | IMPACT | | | |
|-------------|------------------------|-------------------------------|---------|-----------|--------------------------------|---------|-----------|--------|---------|-----------------|------|
| | | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill | |
| Consumption | Monthly Service Charge | | | 2.62 | | | 2.62 | 0.00 | 0.00 | 0.00 | |
| | 150 kWh | Distribution (kWh) | 150 | 0.0000 | 0.00 | 150 | 0.0000 | 0.00 | #DIV/0! | 0.00 | |
| | 1 kW | Distribution (kW) | 1 | 6.9018 | 6.90 | 1 | 6.9018 | 6.90 | 0.00 | 0.00 | |
| | | Regulatory Assets (kW) | 1 | | 0.00 | 1 | 0.4462 | 0.45 | 0.45 | #DIV/0! | 2.02 |
| | | Sub-Total | | | 9.52 | | | 9.97 | 0.45 | 4.69 | 1.98 |
| | | Other Charges (kWh) | 156 | 0.0065 | 1.01 | 156 | 0.0065 | 1.01 | 0.00 | 0.00 | 0.00 |
| | | Other Charges (kW) | 1 | 2.7769 | 2.78 | 1 | 2.7769 | 2.78 | | | |
| | | Cost of Power Commodity (kWh) | 150 | 0.0560 | 8.40 | 150 | 0.0560 | 8.40 | | | |
| | | Cost of Power Commodity (kW) | 6 | 0.0650 | 0.38 | 6 | 0.0650 | 0.38 | | | |
| | | Total Bill | | | 22.09 | | | 22.53 | 0.45 | 2.02 | 1.98 |
| | | | | | Commodity | 0.00 | | 0.00% | 0.00% | | |
| | | | | | Distribution - Reg Asset Rider | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Other | 0.00 | | 0.00% | 0.00% | | |
| | | | | | | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Delivery (Reg Asset Rider) | 0.45 | | 2.02% | 1.98% | | |
| | | | | | Regulatory | 0.00 | | 0.00% | 0.00% | | |
| | | | | | | 0.45 | | 2.02% | 1.98% | | |



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9-1 BILL IMPACTS (Monthly Consumptions)

Unmetered Scattered Load

| | 2009 BILL | | | 2009 BILL | | | IMPACT | | |
|--------------------|---------------------------------------|------------|---------------|-----------|------------|---------------|-------------|--------------|--------------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Consumption | Monthly Service Charge | | 22.39 | | | 22.39 | 0.00 | 0.00 | 0.00 |
| 1,000 kWh | Distribution (kWh) | 1,000 | 0.0139 | 1,000 | 0.0139 | 13.90 | 0.00 | 0.00 | 0.00 |
| | Regulatory Assets (kWh) | 1,000 | - | 1,000 | 0.0012 | 1.20 | 1.20 | #DIV/0! | 3.20 |
| | Sub-Total | | 36.29 | | | 37.49 | 1.20 | 3.31 | 1.05 |
| | Other Charges (kWh) | 1,039 | 0.0090 | 1,039 | 0.0090 | 9.35 | 0.00 | 0.00 | 0.00 |
| | Other Charges (kWh) | 1,039 | 0.0065 | 1,039 | 0.0065 | 6.75 | 0.00 | 0.00 | 0.00 |
| | Cost of Power Commodity (kWh) | 750 | 0.0560 | 750 | 0.0560 | 42.00 | 0.00 | 0.00 | 0.00 |
| | Cost of Power Commodity (kW) | 289 | 0.0650 | 289 | 0.0650 | 18.77 | 0.00 | 0.00 | 0.00 |
| | Total Bill | | 113.16 | | | 114.36 | 1.20 | 1.06 | 1.05 |
| | Commodity | | | | | | 0.00 | 0.00% | 0.00% |
| | Distribution - Reg Asset Rider | | | | | | 0.00 | 0.00% | 0.00% |
| | Other | | | | | | 1.20 | 1.06% | 1.05% |
| | | | | | | | 1.20 | 1.06% | 1.05% |
| | Delivery (Reg Asset Rider) | | | | | | 1.20 | 1.06% | 1.05% |
| | Regulatory | | | | | | 0.00 | 0.00% | 0.00% |
| | | | | | | | 1.20 | 1.06% | 1.05% |