

Enersource Undertakings from Technical Conference Nov 27, 2007

UNDERTAKING NO. JTA.1: TO PROVIDE ENERSOURCES ANNUAL REPORT

[See attachment.](#)

**UNDERTAKING NO. JTA.2: TO PROVIDE UTILITY PORTION OF
ENERSOURCE CORPORATION'S STRATEGIC PLAN**

[See attachment.](#)

**UNDERTAKING NO. JTA.3: TO PROVIDE SHAREHOLDERS
AGREEMENT.**

Enerpower agreement.
[See attachment.](#)

**UNDERTAKING NO. JTA.4: TO PROVIDE OM&A PER CUSTOMER
FOR 2006, 2007, 2008**

[See attachment.](#)

**UNDERTAKING NO. JTA.5: TO PROVIDE REDACTED VERSION OF
MEARIE REPORT, SUBJECT TO CONSULTATION WITH MEARIE**

Enersource is unable to provide the Mearie report due to confidentiality requirements. This has been discussed with Mearie, and it was suggested to Mearie by Enersource that the names of individual utilities could be blacked out. Mearie informed Enersource that a redacted version is also confidential.

**UNDERTAKING NO. JTA.6: TO PROVIDE THE EXECUTED
CONTRACT WITH RESPECT TO COST SHARING ARRANGEMENTS
WITH TORONTO HYDRO, AS IT RELATES TO THE CIS PROJECT**

Enersource will provide when available.

UNDERTAKING NO. JTA.7: TO PROVIDE ANSWER TO JD 46(C).

Enersource RTU Upgrade Plan

Note: We do not replace any RTU's under O&M budget. All RTU upgrades are charged to capital budget. The depreciation rate is set at 15 years for this asset class.

1. Background

Enersource Hydro Mississauga currently houses a sophisticated SNC SCADA computer system that presents field information to the System Control Operator. This critical information allows the System Control Operator to manage the distribution network efficiently. In order to bring real-time field information to the Control Centre, a population of 62 Substation RTUs and 110 micro RTUs are supported.

Out of the 62 Substation RTUs, 45 are 18 years of age and they have reached end of useful life. The failure rate is increasing and our ability to source replacement electronic components is difficult.

Out of the 110 micro RTUs, 80 of these units are also approaching 20 years of age (varies from 14 years to 18 years) and have reached end of useful life. The failure rate is increasing and our ability to source replacement electronic components is difficult. At the same time the Industry Canada approved 410/415 mhz frequency that these 80 RTUs communicate at no longer meet Industry Canada regulations.

2. Implementation Plan

The above 45 Substation RTUs will be replaced over a 7 year program. This will allow us to get the spare components to react to component failures and we will be able to schedule the projects within our yearly project schedule.

The estimated cost for one RTU replacement is \$50K with a project cost of 45 units X \$50 = \$2.25 M over 7 years. We will need to budget about \$325,000 per year for this project for the next 7 years.

The above 80 micro RTU replacements will be continued for another 4 years. This program started 2 years ago and 20 RTUs have been upgraded already.

The estimated cost for one RTU replacement is \$30K with a project cost of 80 units X \$30 = \$2.4 M over 4 years. We will need to budget about \$600,000 per year for this project for the next 4 years.

Budget required for RTU Upgrade plan is

Year	2008	2009	2010	2011	2012	2013	2014
Budget	\$950K	\$950K	\$950K	\$950K	\$350K	\$350K	\$150K
Substation RTU Project (RTU's replaced)	7 units (\$350K)	7 units (\$350K)	7 units (\$350K)	7 units (\$350K)	7 units (\$350K)	7 units (\$350K)	3 units (\$150K)
Micro RTU Project (RTU's replaced)	20 units (\$600K)	20 units (\$600K)	20 units (\$600K)	20 units (\$600K)			

UNDERTAKING NO. JTF.8: TO PROVIDE ASSUMED COMMISSIONING DATE OF SPARE TRANSFORMER

The existing spare 20 MVA transformer is scheduled to be put in service in May 2008. The new spare has been purchased. Once received, we will perform acceptance tests on the new spare. When testing is completed successfully, the transformer will be capitalized. The new spare is then ready in case of a failure and we need to quickly replace the failed unit. Note that it can take close to 2 years to acquire a new 20 MVA power transformer.

A failure of an existing transformer can happen at any time of the year. The time needed to replace the failed unit with the spare can take 10-15 days before the spare is put into service.

UNDERTAKING NO. JTA.9: to show where the \$5 per customer-minute comes from and to reconcile it with interruption cost model

The back up for the estimated \$5 per customer-minute cost of power interruption comes from historical references which are no longer available. A current U.S. Department of Energy study, attached, implies this is a conservative estimate.

The following data from the study supports a revised estimate of USD \$5.73 per customer per minute:

- total cost of power interruption in the U.S. of USD \$79 billion,
- average interruptions per customer of 106 minutes, and
- number of customers equal to about 130 million.

See attached study.

UNDERTAKING NO. JTA.10: to confirm that the dollar number associated with 11 percent is different from the dollar number associated with 15 percent

The impact on revenue requirement is \$2,077k, holding all assumptions as presented in Enersource's 2008 Rate Application (i.e. PILS at 36.12%).

UNDERTAKING NO. JTA.11: TO PROVIDE plan document and numbers

[See attachment.](#)

**UNDERTAKING NO. JTA.12: TO PROVIDE DETAILS OF F. PAUL
DUXBURY'S ACTUARIAL ASSUMPTIONS.**

We have contacted the actuary and will provide the comments upon receipt.

**UNDERTAKING NO. JTA 13: to provide corporate HR cost allocation
using total compensation as the allocator, instead of head count**

[See attachment.](#)

**UNDERTAKING NO. JTA.14: PROVIDE RESPONSE TO CCC 10, CIS
DOLLARS SPENT TO DATE.**

As of October 31, 2007, Enersource has spent \$2.545 million for the CIS project.

UNDERTAKING NO. JTA.15: PROVIDE CONCEPTUAL INFORMATION REGARDING PERFORMANCE METRICS AS USED FOR PROVIDING INCENTIVE PAYMENTS.

This undertaking refers to performance assessment for employees, and is not specific to incentive payments.

For the capital project budget, project labour costs are estimated based on past experience with similar projects. After the project is completed, a review takes place. If costs are more than 10% higher or lower than estimated, Enersource determines the reasons for this variance and takes measures to correct the situation for future projects.

For the operating budget, performance reviews are formally conducted annually at a minimum. The process includes measurement of both hard and soft skills as well as the degree of success in meeting objectives which are established annually. If expectations are not met, disciplinary action may be taken. Merit increases for bargaining unit employees are in accordance with the provisions of the Collective Agreement. Non-Union increases are administered on a merit basis in accordance with guidelines approved at the beginning of the year.

UNDERTAKING NO. JTA.16: TO PROVIDE EXPLANATION OF BUCKET TRUCK EXPENSES.

The following is a description of the bucket trucks:

- 202 is a 55 foot single axle, single bucket street light truck. It is considered to be of intermediate size. It has a very high usage on the boom. The complete truck is to be replaced. Reusing the boom is not appropriate.
- 204 is a 60 foot tandem axle, double bucket with an elevator, with heavy duty material handling capability (includes a jib and winch) construction truck. The boom was manufactured by Amador and is no longer in business. Parts are no longer available. It is considered a large heavy duty size truck. It is not appropriate to reuse the boom.
- 206 is a 42 foot single axle, single bucket maintenance truck. It is considered to be of intermediate size. The boom is of a cable lift design which is no longer considered an industry acceptable design and is no longer manufactured. Therefore the boom is inappropriate for reuse.
- 210 is a 42 foot single axle, single bucket, small chassis service truck. It is considered to be of intermediate size. The wheel base is shorter for better manoeuvrability and access to smaller older streets. The smaller chassis accounts for the lower estimate of cost. The truck runs 2 shifts per day. Therefore, the boom has high usage. Reusing the boom is not appropriate.

The difference in cost estimates is due to the differences in size and capability. The costs are related to the small size of the industry and the fact that the booms are of a custom nature. Regulations are very stringent since they are man lift devices with very high safety redundancy.

Booms are reused if:

- the manufacturer is still viable,
- parts are readily available,
- the cost of refurbishment is better than purchasing new and
- work load affords being without the truck for 8 months.

There are currently 4 refurbished booms in the fleet.

**UNDERTAKING NO. JTA.17: PROVIDE CORRECTED CALCULATION
OF TRANSFORMER ALLOWANCE EFFECT IN RESPONSE TO VECC
IR NO. 13.**

Question #13

-Reference: Staff 64 b)

- (a) Please describe more fully the issue regarding the treatment of transformer allowance credits and its impact on the observed revenue to cost ratios presented in the Informational Filings.

[See attachment.](#)

**UNDERTAKING NO. JTA.18: ENERSOURCE BOARD MINUTES RE
2007 BUDGET (UNDER ADVISEMENT)**

[See attachment.](#)

UNDERTAKING NO. JTA.19: to provide the level of compensation for board members paid in 2007, and the portion allocated to Hydro, and the same information on a forecast basis for 2008

[See attachment.](#)

**UNDERTAKING NO. JTA.20: TO PROVIDE Ministry of Finance
NOTICE OF assessment**

[See attachment.](#)

**UNDERTAKING NO. JTA.21: TO PROVIDE RESPONSE TO QUESTION
43 USING 6.44 AND 4.59 PERCENT.**

As provided in the response to JTA #23 (Reference SEC #47), Enersource's long-term debt rate with the cost of issuance is 6.44% not 6.29%. Using the appropriate long-term debt rate of 6.44% in this scenario, and holding all assumptions in the 2008 Rate Application constant, the cost of capital is 7.146% and the reduction on revenue requirement is \$2,304k. Applying the newly announced federal income taxes of 33.5%, the proposed new CCA rates (adjustments to class 1 and 45), and treating the CIS as a class 12 asset results in a further revenue requirement reduction of \$2,388k. Please note that this response assumes the original amounts as proposed in the 2008 Rate Application for the CIS of \$7.9M with amortization over 5 years and the addition to taxable income for the recovery of deferred costs & amortization of regulatory assets.

**UNDERTAKING NO. JTA.22: CONFIRM WHETHER INTEREST IS
BEING ALLOCATED CONSISTENTLY WITH UNDERLYING REG
ASSETS.**

Enersource has reviewed the basis of allocation for account 1590 for Interest on Regulatory Assets from the December 9, 2004 Decision with Reasons – Recovery of Regulatory Asset Balances. There were two bases of allocation 1) RSVAs and Energy Variances were allocated to customer classes on the basis of energy consumed, that is kWhs and 2) Transition Costs and Rebate Cheques were allocated on the basis of number of customers.

Revised spreadsheets have been attached to show the allocation to rate classes based on the above. Enersource has attached revised Bill Impacts, and we have also updated Exhibit H/Schedule2/Tab3 (with and without CDM).

UNDERTAKING NO. JTA.23: CALCULATE THE WEIGHTED AVERAGE COST OF CAPITAL ON THAT BASIS, AND THE IMPACT ON REVENUE REQUIREMENT OF THAT CHANGE.

These results have been confirmed. However Enersource's long-term debt rate with the cost of issuance is 6.44% not 6.29%. Using the appropriate long-term debt rate of 6.44% in this scenario, and holding all assumptions in the 2008 Rate Application constant, the cost of capital is 7.146% and the reduction on revenue requirement is \$2,304k.

UNDERTAKING NO. JTA.24: TO PROVIDE SPECIFIED CALCULATIONS

Reference SEC #48

[Ref: J/A/101] Please re-file the Bill Impacts in Exhibit H, Schedule 5 on the basis that rates are set in 2008 to comply with the following cost allocation and rate design principles:

- a. No class has a revenue to cost ratio of greater than 110%
- b. The streetlighting revenue to cost ratio is set at 90%
- c. The revenue to cost ratios of the Residential and the GS 500-4999 classes are proportionately increased to adjust for the above changes, and
- d. The fixed charge in GS<50 class is set to recover 50% of the class responsibility for revenue requirement.

[See attachments.](#)

**UNDERTAKING NO. JTA.25: TO PROVIDE A MONTHLY
BREAKDOWN OF COST OF POWER AND OTHER REGULATED
CHARGES FOR HISTORIC, BRIDGE AND TEST YEAR**

See attached bill summaries for Hydro One and the IESO. As discussed, monthly forecast is not provided, only actuals.

This data confirms Enersource's estimate of its Cost of Power. The actuals fall into the range (\$35-72 million) provided in VECC interrogatory # 15.

UNDERTAKING NO. JTA.26: [DESCRIPTION NOT SPECIFIED]

CEA report concluding that Enersource has outstanding reliability.

See attached 2005 report, composite version. The original with all LDCs named is confidential. The 2006 composite version is not yet available.

UNDERTAKING NO. JTA.27: [UNUSED]

27. Clarify how the 300 Amp feeder loading and the loading implied at page 5 of the System Capacity Report (about 450 Amps) relate to each other. They appear to conflict.

Typically our circuits cannot exceed 600 amps because this is the maximum rating that our cables and other devices on our power system are rated too.

Most of our overhead and underground circuits are connected from at least 2 different substation breakers with an open point in the middle to roughly split up the load.

If there are only 2 substations breakers involved with a circuit with an open switch between them then we need to ensure that each substation breaker feeds only 300 amps on each side of the open switch. This allows for one breaker to pick up the entire load in the event of failure on the circuit i.e. $300 + 300$ amps which equals the maximum of 600 amps that the circuit can handle.

However, typically on a distribution system 3 or more substations breakers can possibly feed a circuit with open points separating the loads. This allows us to be able to load the individual circuit to 450 amps or higher because now in the event of a problem on the system we can pick up the load from 2 or more different substation breakers instead of just the one breaker.

UNDERTAKING NO. JTA.28: TO provide a summary of the distribution work necessary to make the integrated model fully functional

Please refer to the summary of IOM provided in SEC interrogatory # 28.

The IOM brings an enhanced operational ability to the System Control Operators (SCO) by linking the AM/FM/GIS system to the SCADA system. The SCADA system is linked to the field assets now and provides individual monitoring and control of a number of devices at very selective locations which are chosen through operational experience. Currently the SCADA system monitors approximately 10,500 points and controls 1500 devices. There are approximately 100 points and about 10 devices added per year. These locations are reviewed, improved, enhanced or changed as the system and the operational needs of the system changes over time. This process has been in effect for many years and will continue into the future.

The IOM brings a system view for the SCO so that the devices are no longer individual but relational, allowing interdependencies between all devices. This enhances operational ability immensely as the IOM interpolates system performance through a sophisticated algorithm. Therefore the IOM does not require field asset modifications to be effective.

UNDERTAKING NO. JTA.29: To double-check the \$80,000 figure and split out the on-call portion and the weekend shift.

The on-call portion is \$29k and the full weekend shift was added in 2006. The incremental cost in 2007 for the weekend shift is \$51k.

Undertaking 30

[Ref: J/A/55-58] On October 3, 2006 the Board approved an increase in 2006 rates of \$1,130,601 (and a resulting increase of \$1,140,776 in 2007 due to the PBR structure) on the basis that in 2004 the applicant had 38 vacant positions, rather than 15 as it normally would. Please list the 38 positions vacant in 2004, with descriptions similar to this IR response, then advise when each was filled, when each became vacant again, if it did, and reconcile the total of \$2,271,377 in incremental rates in 2006 and 2007 to the additional amounts expended on those new hires in those years. If any of those hires are listed in pages 55-58, please indicate. If any of those hires, while not the same as those listed in these pages, has a similar position name or function, please distinguish the old hire from the new one.

Response:

Please see attachment with revised Staffing Changes data.

Note that the 33 vacancies shown in the 2004 data below are Enersource Hydro positions. The other 5 positions of the total 38 vacant 2004 positions were Enersource Corporation. Of the 33 vacancies, one Regulatory Analyst position has not yet been filled.

2004 Vacancies

Position	# of vacancies	Date Position Filled	
Apprentice Lineman	10	Oct. 4, 2004 01/17/2005 03/21/2005 07/11/2005 07/11/2005 10/24/2005	
Apprentice Meter Technicians	2	04/25/2005 07/10/2006	
Meter Technician	1	07/04/2006	
MV90 Technician	1	04/19/2004	
Mapping Analyst	1	02/21/2005	
Project Engineer	1	05/25/2004	
Safety Manager	1	03/07/2005	
System Operator	2	03/29/2004 09/13/2004	
AM/FM Labour – contract	1	On Contract	
Distribution Engineer	1	05/02/2005	
Customer Service Technician	1	11/15/2004	
Customer Service Rep.	1	08/16/2004	
Collection & Cash Supervisor	1	01/03/2005	
Maintenance Helper	1	11/15/2004	
Manager, Financial Services	1	01/10/2005	
Financial Analyst	1	09/27/2004	
Inventory & Purchasing Analyst	1	01/04/2005	
Regulatory Accountant	2	09/27/2004	One to be filled
Rates & Regulatory Analyst	1	05/02/2005	
Regulatory Affairs Advisor	1	06/06/2005	
Corporate Counsel	1	04/27/2005	
Total	33		

Enersource
2006 Annual Review

Committed to Delivering





Enersource is committed to delivering the reliability our customers demand today and the sustainability of our electricity supply they expect to have in the future. By doing so, we are also delivering peace of mind.

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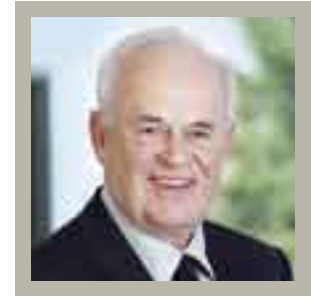
Gunars Ceksters, President and CEO, Enersource Corporation (left) with Alex Taylor, Chairman of the Board, look forward to 2007, which will mark Enersource's 90th year serving the citizens of Mississauga.

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Message from the Chair



Dr. Alex Taylor,
Chairman of the Board
of Directors



As Enersource Corporation enters its 90th year serving the citizens of Mississauga, we are mindful of our legacy and of the importance of the vital service we provide. In reflecting on our history of service excellence, we are also eager to continue this tradition in an increasingly efficient and environmentally-friendly manner.

As outlined in this report, 2006 was yet another highly successful year for Enersource Corporation. We have once again fulfilled our primary role of ensuring the reliable, safe and economic delivery of electricity to Mississauga homes and businesses, while continuing to help our customers conserve and manage their electricity demand, including working diligently to prepare for major initiatives like Ontario's smart meter plan. In addition, our electricity distribution rates remain well below that of other utilities as we strive for operational excellence while maximizing returns to our shareholders. Going forward, Enersource is well-positioned to respond to the two important policy directions discussed below.

In the Ontario electricity sector, the Ontario Power Authority (OPA) is the body responsible for ensuring the adequacy of supply. To this end, the OPA has developed a longer-term integrated power system plan to expand supply and to further advance conservation and demand manage-

ment with the essential participation of key stakeholders, including Enersource and the private sector. Although responsible for delivering, but not producing, the electricity used by its customers, Enersource can still play a role in helping the OPA ensure adequacy of supply via its conservation, demand management and distributed generation efforts.

In the interest of rationalizing and increasing the efficiency in Ontario's electricity distribution sector, the Minister of Energy announced a two-year window commencing November 2006, in which electricity distribution companies like Enersource can pursue business combinations through amalgamation, mergers or acquisitions without the imposition of transfer tax.

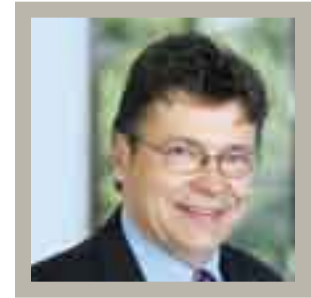
These two important provincial policy directions align with our own strategic plans set in motion in the year 2000, at which time Enersource was formed as a unique public-private partnership with 90% City ownership and 10% ownership by BPC Energy, a subsidiary of the OMERS pension fund. In this dynamic partnership we continued through 2006 to pursue strategic growth through consolidation with other electricity distributors with the goal of reducing costs and improving the quality of service for our customers. During 2006 we sold our telecom and water heater businesses in order to focus and capitalize on our core competencies, to expand our electricity distribution business and to pursue generation asset investment opportunities.

As we move forward as an industry leader meeting the complex challenges of today's electricity market, I thank my fellow Directors, our Executive Management Team and all of our employees for this demonstrated leadership and commitment to help strengthen the electricity market and foremost to serve our valued Mississauga customers.

Message from the President



Gunars Ceksters,
President and CEO



Enersource continues to efficiently and reliably deliver electricity to this community as it has done for nine decades; however, our methods vary greatly from the past. Through 2006 we worked more closely than ever with customers on the efficient use of our product, and we continued to invest in sophisticated technology to automate our distribution system, read meters remotely and ultimately produce time-of-use electricity bills. As we expand and modernize these regulated hydro services, we are leveraging our expertise in our non-regulated operations to develop new generation, participate in the emerging conservation market and sustain street lighting services in the City of Mississauga.

In 2006, we embraced the Ontario government's plan to deploy smart meters throughout the province. Enersource stepped forward in this regard to lead a Request For Pre-Qualification (RFPQ) process, in partnership with a coalition of large distributors (founders of the powerWISE® brand with the province of Ontario) to source suppliers for this massive three-year plan. Pilot testing of smart meters also continued through the year in our "Smart Avenues" community. In parallel with these meter-side preparations, Enersource went to work on the acquisition of a new customer information and billing system and

collaborated extensively with government and regulators to develop the design of associated systems to be integrated to manage the flow of data from smart meters.

Through the year we continued to implement our three-year \$10 million conservation plan, bringing energy saving initiatives to businesses, residential and low-income customers in Mississauga. Through the powerWISE® brand that we helped create in 2005, new programs such as peaksaver™ and on-the-bill payment were launched in 2006 to complement other established conservation initiatives such as our water heater tune-ups, efficient LED and CFL lighting promotions and community events.

It was another year of outstanding reliability with only 27 minutes of outage time on average per customer in 2006. We also expanded our community engagement through a new “Spirit of Giving” initiative reaching many needy groups and helping those struggling with their bills through the program “Winter Warmth”.

We are particularly proud of our teamwork and safety record in 2006. Our 344 employees worked safely through an entire year without a single lost time injury. Enersource also achieved a seamless transition to a new four-year contract in 2006 with our 230 unionized employees. The exceptional commitment of our employees to their work is evident in absenteeism levels, as shown in this report, which are all well below industry norms.

It is with great pride that I wish to recognize all Enersource employees for their efforts and constant attention to safety, as we push forward with new programs and innovative technology, all designed to enhance efficiency and serve our customers even better than we did the year before.

Reliable

Enersource constantly monitors its systems, infrastructure and technologies to ensure the reliable delivery of electricity to our customers. Seen here with control centre operators Gord Carter (seated), and Tony Carnevale (standing right) is Roland Herman, Executive Vice President and Chief Operating Officer of Enersource Hydro Mississauga (standing left).

We are committed to delivering more than electricity: we deliver peace of mind.

We are committed to reliable, safe and cost-effective delivery of electricity to homes and businesses within the City of Mississauga. With a peak demand of 1,622 megawatts, Enersource is positioned as the second largest provider among the 86 municipally-owned utilities in Ontario. We serve over 181,000 customers, comprised of nearly 150,000 residential customers, approximately 31,600 commercial and industrial customers, and many large businesses, including Pearson International Airport, Square One Shopping Centre and St. Lawrence Cement.



► **Reliable**

Responsible

Responsive

Enersource prides itself on delivering reliable electricity without compromising on safety. We believe nothing is more important than the safety of the public and our employees. Featured here is Raymond Rauber, Vice President, Engineering and Operations, Enersource Hydro Mississauga (left) with Michael Matthew, Vice President, Health, Safety and the Environment, Enersource Corporation.

Delivering reliability and anticipating the city's growing needs

This is a city that has grown, and continues to grow, at a dramatic pace. Building permits in excess of one billion dollars have been issued annually for the past 10 years. To meet this expansion, we are continually investing in an electrical distribution system that spans over 10,000 kilometers and includes more than 70 municipal substations, 24,000 distribution transformers and an expansive network of distribution circuits.

To ensure that the quality of our system's trouble response capability keeps pace with our infrastructure growth, we embarked on a major upgrade to our System Control and Data Acquisition (SCADA) computer system this year. A new transformer station

was also commissioned and energized, relieving the mounting load growth in the north-central sector of the city.

Responding to meet Ontario's need for reliability and sustainability

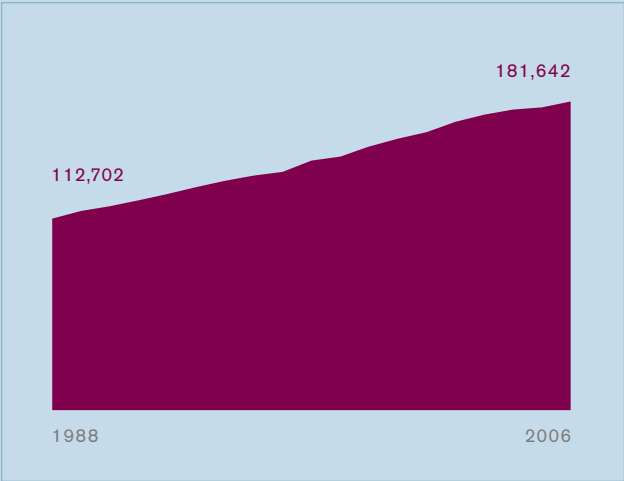
In 2005 we set a course that more clearly focused on our core competencies of electricity distribution and generation infrastructure. In 2006, we executed the initial phase of our new strategy with the divestiture of our non-core businesses. In January 2006 we sold our Water Heater assets and contracts and following that, in May 2006, sold our Fibre Optic Data Networks assets and contracts. We are now on course and in pursuit of strategic growth opportunities in both our regulated and non-regulated businesses that will underpin our direction for the future.

By being responsive to our core competencies, our business profile is now more clearly aligned with our strategic plan, which is to be involved in projects that underpin the long-term requirements for energy and energy infrastructure in the province of Ontario.



Number of Distribution Customers

To meet the growing electricity needs of our Mississauga customers, we continually invest in our extensive electrical distribution system.

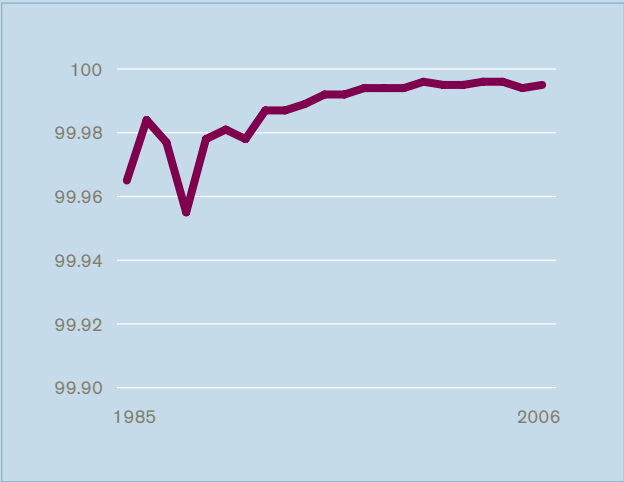


68,940

customers added to the grid since 1988

Service Availability Percentage

We continually raise the bar on reliability. This year, we exceeded world-class levels by delivering reliability 99.99% of the time. This equates to an average of only 27 minutes of downtime per customer annually.

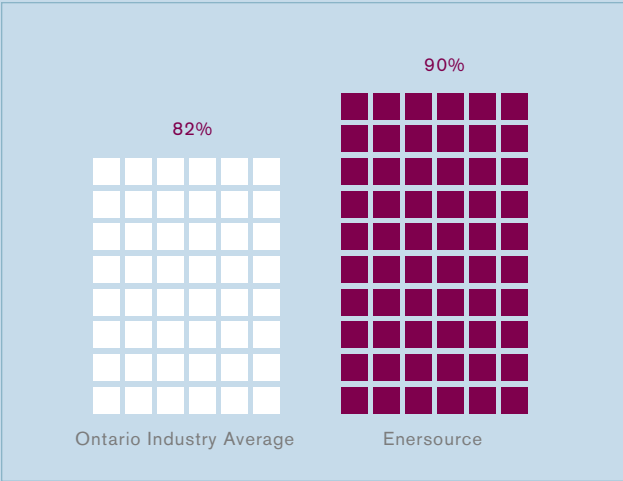


27

minutes of average customer downtime

Percentage of Satisfied Customers

In an annual survey conducted inside the service areas of 31 Ontario electricity utilities, nine out of ten Mississauga respondents gave a "satisfied" or "very satisfied" rating to Enersource.



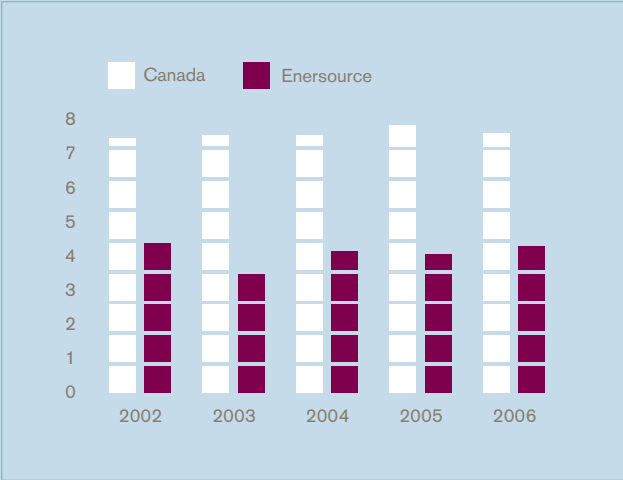
90%

of Enersource customers are satisfied with our service

2006 Simul Utility Benchmarking Survey

Average Days of Employee Absence

Enersource employees have demonstrated a consistent commitment to their work. Absences averaged 4.3 days in 2006, almost one half of the national average. When attendance figures are reviewed with the exclusion of lengthy illness or disability (short term occurrences less than 5 days) our employees also achieved an exceptionally low 1.57 days absent per employee in 2006.



4.3

days of average employee absence versus 7.6 days for the national average.

Enersource's financial results were strong again this year, reflecting our commitment to ensure that our operations and capital programs are adequately funded to deliver, among other stated objectives, world-class reliability and unfailing customer service. This commitment to excellence is at the very core of our quest to deliver peace of mind.

The lowest distribution charges. The highest standard of reliability.

Enersource is committed to delivering the reliability our customers demand today and to ensuring the long-term sustainability of electricity supply they require in the future. We consistently deliver the highest standard of reliability to our customers and are recognized as an industry leader in this regard. Notably, we are also one of the lowest cost electricity distributors in Ontario.

Our customers agree, safety is a top priority

In 2006, Enersource's workforce incurred no lost time injuries, thanks to our continuing and vigilant focus on safety for both our employees and the community at large. We believe that 'no job is so

important, no emergency so great that it can't be done safely.' All of us at Enersource believe strongly in this statement and embrace our obligation to protect our employees and the citizens of the community we proudly serve.

Enersource's only benchmark is your satisfaction

Maintaining the status quo with regards to safety and reliability is not our goal: we're committed to constantly improve our standards to ensure your satisfaction. That's why we offer on-going skills training and support an apprenticeship program to maintain our well-educated, highly skilled workforce. And of course, we constantly invest in the tools and technology that our people require to do the job right, and do it safely.

For example, this year, we completed a comprehensive review of our land-base mapping technology so as to increase our productivity and accuracy. We also installed a substantial number of automated remote switches throughout our distribution system to enhance system control capabilities and further reduce outage response times.

► **Reliable**

Responsible

Responsive

Responsible

In order to deliver time-of-use billing to our customers, Enersource is developing a new Customer Information and Billing System. Seen here discussing this initiative with employees is Craig Fleming, Executive Vice President and Chief Financial Officer, Enersource Corporation.

We are committed to investing in leading edge technologies to ensure that we are at all times well positioned to effectively manage the business affairs of Enersource in an ever changing environment.

This year we embarked on the development of a new customer information and billing system with the capability of communicating electronically with new residential smart meters for the purpose of ultimately producing a smart bill.



Reliable

► Responsible

Responsive

powerWISE®

In support of the Ontario government's goal of building a conservation culture in Ontario, Enersource, as part of a coalition of large distributors including Horizon Utilities Corporation, HydroOttawa Limited, PowerStream Inc., Toronto Hydro-Electric Limited and Veridian Connections, developed joint conservation programs through 2006 under the powerWISE® banner.

It seems that every day there is news about the challenges our environment is facing and how important it is for all of us to do what we can to make a difference, including Enersource. For example, this year we replaced the conventional fluorescent lights in our head office with energy-saving fluorescent lights. We also installed motion sensors to ensure that only occupied spaces were illuminated.

As a distributor of electricity, and a regulated business, we believe it is our responsibility to always strive to better serve our customers. That's why we constantly look at ways to increase our efficient delivery of electricity. We are actively preparing our infrastructure to handle smart meters and implementing advanced billing systems to monitor your energy usage and help you to save on your bill. And of course, we continue to champion education as a way to empower our customers.

We invite you to read on and learn about how our commitment to delivering initiatives can help you make a difference.

Smart meters: Take the time to save on your energy bill

Smart meters, or time-of-use meters are the future. Under this provincial government plan, the smart meter will measure and record your electricity usage at the corresponding times of day and then transmit this data to Enersource electronically.

When time-of-use pricing comes into effect, smart meters will allow you to monitor your energy use on a three tiered pricing format in order to conserve and achieve savings on your energy bills. You have the freedom to switch some of your activities – such as using your dishwasher – away from more expensive on-peak times to less expensive mid-peak times or off-peak times, which represent the lowest price period.



Enersource conservation initiatives helped customers save 12,635,000 kilowatt hours in 2006: enough to provide energy to 1,264 homes per year. This reduction in consumption translates into avoidance of approximately 12,300 tonnes of CO₂ emissions from fossil fueled power generating facilities.



peaksaver™

Mississauga's Mayor Hazel McCallion recently signed up for the peaksaver™ program and is seen here examining her newly installed peaksaver™ thermostat with Gunars Ceksters, President and CEO, Enersource Corporation and Dwight Duncan, MPP, Minister of Energy.



Sonja Potocnik, Vice-President, Customer Care and Billing Operations, Enersource Hydro Mississauga, is pictured at left discussing with a customer how the smart meter and future time-of-use bills will provide opportunities for customers to save on energy costs by shifting when electricity is used.

Reliable

Responsible

Responsive

In 2005 we established the 'Smart Avenues' Conservation pilot program, which had 550 homes participating to help us review smart metering technology and applications. This year, we implemented and delivered 2,300 smart meters, and by the end of 2007, we will have completed installation on 67,000 homes in Mississauga. The goal of the government of Ontario is to have conversion to smart metering technology completed province-wide by 2010.

information, utilities like Enersource must develop the capability to bill according to these prices when they take effect so that customers can benefit.

Active participation in shifting of usage to off-peak hours should result in lower energy costs. In support of this objective, Enersource has committed to investing in a new Customer Information System (CIS) which will process time-of-use consumption data communicated from smart meters into time-of-use billing.

Structured programs such as peaksaver™ are also available which allows you to voluntarily participate in reducing energy use during peak demand times. We install a programmable thermostat and implement a "demand response" system in your home, which allows us, with your approval, to remotely and temporarily cycle high-energy usage appliances such as air-conditioners, water heaters and pool pumps. You can also manage the temperature settings online through an Internet-based system from anywhere in the world. Enersource is currently developing a Demand Response Centre to track and respond to peak demand signals.

Enersource utilizes today's most advanced technologies to ensure we meet our responsibility to serve our customers. Seen here in a training session with Nancy Surette, Executive Administrative Assistant, is Wally Curry, Vice President, Information Systems and Support Services, Enersource Hydro Mississauga.

Investing in technology to support your conservation efforts

In future, through the use of smart meters, electricity consumed during off-peak periods will be priced and billed to customers at lower rates than on-peak prices. Smart metering technology will capture the volume of electricity used by customer by timed intervals. With this





Work Management Systems bring coordination to complex projects

When traffic must be interrupted on a major highway, coordination is essential. We strive to minimize inconvenience as we maintain and expand our distribution system and it is through our investment in enhancing our material and work management systems that we bring these results.

Complex projects like this project where six 27,600 volt circuits were extended across Highway 410 at Derry Road during 2006 require considerable coordination. Effective business systems ensure that materials and employees are all in place.

Responsive

Our street lighting business continues to respond to our customers with an outstanding standard of service commitment. Seen here is Journeyman Lineman Mark MacFarlane maintaining a roadway luminaire.

We are committed to delivering solutions that are forward thinking

We are proud of the work that we have done to respond to the needs of the community. Drawing from our strengths in the electricity distribution business, we offer new services and pursue investment opportunities in Mississauga and beyond. Wherever we grow, the responsiveness and quality of service that has become the hallmark of the Enersource brand continues to shine.



Reliable

Responsible

▶ Responsive

In March 2006, Enersource and IBEW Local 636 signed a new four-year collective agreement, which came into effect April 1, 2006. We acknowledge and applaud the progressive mindset of our unionized employees and their bargaining team in this regard. We can assure our customers that the responsiveness and quality of service that has become the hallmark of the Enersource brand will carry on uninterrupted.

Being responsive to those in need

Enersource is an integral part of the Mississauga community. As a company and as individuals, we believe in being responsive to the needs of our greater Mississauga community and to reach out and give of our time to help make lives a little brighter.

Last year, we introduced our “Spirit of Giving” corporate social responsibility program, which encourages employees

to volunteer their time and support their favourite charities and causes. The four cornerstones of this program concentrate support on local community initiatives in the areas of health, safety, environment and community. Whether through monetary donations or lending a hand in the community, the “Spirit of Giving” program shares the spirit of Enersource’s social commitment with all of Mississauga.

Enersource also continued to support Winter Warmth, an initiative to assist low-income individuals with their hydro bills over the coldest months of the winter season. Other organizations receiving support from Enersource this year include Trillium Health Centre, Mississauga International Children’s Festival, Peel Children’s Centre, Peel Regional Police and the Rotary Club of Mississauga.

Street lighting business continues to light the way

Throughout 2006 we remained committed to delivering the highest level of customer reliability from our street lighting business. We ‘keep the lights on’ by providing emergency response, management, design, maintenance and upgrade services for the City of Mississauga. We responded to 4,856 calls in 2006, up from 4,031 in 2005. Notably, our average response time was 89% on target this year, an improvement of 4% over 2005.

Jo Ann Morello, Vice President Human Resources, appears here with Larry Austin, System Control Supervisor, who has never missed a day for 34 years. Almost 40% of Enersource employees were invited to an annual breakfast recognizing those who attained perfect attendance.





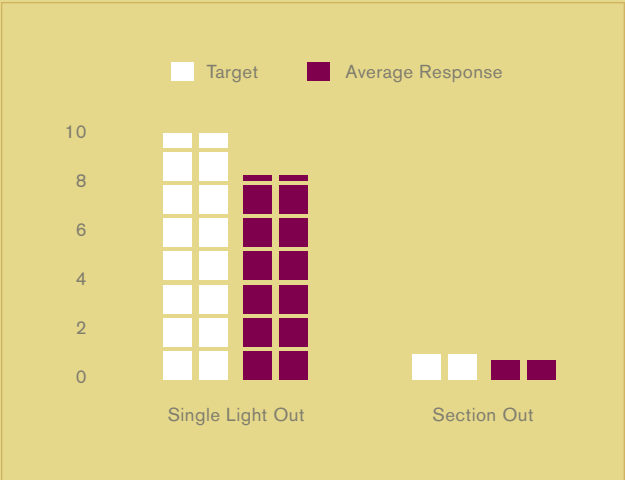
Enersource made a donation to the “It’s about HOPE” campaign for Peel Children’s Centre. Funds go to help children, youth and their families who are experiencing, or may experience, serious mental difficulties. Making the presentation was Gunars Ceksters, President and CEO, Enersource Corporation with Matt Stajan of the Toronto Maple Leafs and Mora Thompson, Manager, Corporate Communications and Development, Peel Children’s Centre.



On or off the job, our employees make a difference in the community. On a quiet morning on January 27th, Journeyman Lineman Joe Bradley acted when he encountered a confused, developmentally challenged four-year old child wandering alone and dangerously close to the road. Joe quickly intervened and comforted the child until the Police arrived and returned her unharmed to her family. This example of supporting community safety and caring is just one of many that our employees carry out each year.

Street Lighting Service Response Time in Days

We are improving our street lighting repair response targets which are set up to ensure particularly quick attention where full sections of lights may be out.



89%

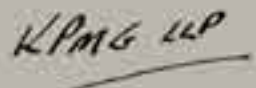
on target for street lighting service response – up 4% over 2005

Auditors' Report To The Shareholders

We have audited the consolidated balance sheets of Enersource Corporation as at December 31, 2006 and 2005 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

The logo for KPMG LLP, featuring the letters "KPMG" in a large, bold, sans-serif font, with "LLP" in a smaller, similar font to the right. A horizontal line is drawn underneath the text.

Chartered Accountants

Toronto, Canada
March 2, 2007

Consolidated Balance Sheets

(In thousands of dollars)

December 31, 2006 and 2005

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,871	\$ 60,713
Accounts receivable	64,882	57,420
Unbilled revenue	51,311	64,530
Inventory	5,608	5,011
Assets held for sale (note 2)	-	1,484
Prepaid expenses and deposits	1,733	1,459
	180,405	190,617
Capital assets (note 4)	399,465	394,072
Assets held for sale (note 2)	-	22,490
Other assets:		
Deposits and prudentials (note 5)	21,740	22,354
Deferred debt issue costs, net of accumulated amortization of \$2,458 (2005 - \$2,024)	1,878	2,312
Regulatory assets (note 6)	12,179	21,014
	35,797	45,680
	\$ 615,667	\$ 652,859
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 81,094	\$ 118,640
Payments in lieu of corporate income taxes payable	3,093	6,673
Deferred revenue	319	2,347
Advance payments	1,757	629
Regulatory liabilities (note 6)	5,283	8,678
	91,546	136,967
Long-term liabilities:		
Bonds payable (note 7)	290,000	290,000
Deposits	21,740	22,354
Employee retirement and post-retirement benefits (note 8)	2,656	2,140
	314,396	314,494
Non-controlling interest	194	193
Shareholders' equity:		
Capital stock (note 9)	175,691	175,691
Retained earnings	33,840	25,514
	209,531	201,205
Contingencies (note 11)		
Commitments (notes 5 and 12)		
	\$ 615,667	\$ 652,859

On behalf of the Board:



Alex Taylor
Director



Gerald Beasley
Director

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

(In thousands of dollars)

Years ended December 31, 2006 and 2005

	2006	2005
Revenue:		
Energy sales	\$ 557,271	\$ 672,412
Distribution	104,120	95,982
Recovery of regulatory assets	7,144	7,513
Services	8,829	11,814
Gain (loss) on the disposal of capital assets	720	(191)
Other	2,234	2,461
	680,318	789,991
Operating expenses:		
Energy purchases	557,271	672,412
Operations, maintenance and administration	40,378	34,120
Services	6,561	8,687
Amortization of capital assets	30,285	29,771
Amortization of regulatory assets	7,144	7,513
	641,639	752,503
Operating income	38,679	37,488
Interest:		
Income	3,164	1,915
Expense	(18,595)	(17,691)
	(15,431)	(15,776)
Income before the undernoted	23,248	21,712
Payments in lieu of corporate income taxes (note 3)	(9,938)	(9,018)
Income from continuing operations	13,310	12,694
Income from discontinued operations, net of payments in lieu of corporate income taxes (note 2)	3,916	726
Net income	\$ 17,226	\$ 13,420

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

(In thousands of dollars)

Years ended December 31, 2006 and 2005

	2006	2005
Retained earnings, beginning of year	\$ 25,514	\$ 20,994
Net income	17,226	13,420
Dividends paid (note 9)	(8,900)	(8,900)
Retained earnings, end of year	\$ 33,840	\$ 25,514

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of dollars)

Years ended December 31, 2006 and 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Income from continuing operations	\$ 13,310	\$ 12,694
Items not affecting cash:		
Amortization of debt issue costs	434	434
Amortization of capital assets	30,285	29,771
Amortization of regulatory assets	7,144	7,513
Loss (gain) on disposal of capital assets	(720)	191
Employee retirement and post-retirement benefits	516	91
	50,969	50,694
Change in non-cash operating working capital (note 10)	(38,110)	26,598
	12,859	77,292
Financing activities:		
Deposits	(614)	(5,766)
Dividends paid	(8,900)	(8,900)
	(9,514)	(14,666)
Investing activities:		
Deposits and prudentials	614	5,766
Additions to capital assets	(35,892)	(30,245)
Proceeds on disposal of capital assets	25,136	86
Decrease (increase) to regulatory assets	1,711	(4,162)
	(8,431)	(28,555)
Increase (decrease) in cash and cash equivalents from continuing operations	(5,086)	34,071
Discontinued operations	1,244	134
Increase (decrease) in cash and cash equivalents	(3,842)	34,205
Cash and cash equivalents, beginning of year	60,713	26,508
Cash and cash equivalents, end of year	\$ 56,871	\$ 60,713
Supplemental cash flow information:		
Interest received	\$ 3,618	\$ 1,903
Interest paid	18,241	18,241
Payments in lieu of corporate income taxes paid	16,040	7,046

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(In thousands of dollars)

Years ended December 31, 2006 and 2005

Enersource Corporation (the "Corporation"), incorporated under the Ontario Business Corporations Act, was formed to conduct electricity distribution, and operate fibre optic and non-regulated utility service ventures. It is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("BPC"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS").

1. Significant accounting policies:

(a) Basis of consolidation:

These financial statements have been prepared by management in accordance with generally accepted accounting principles ("GAAP"). The consolidated financial statements include the accounts of the Corporation's wholly owned subsidiaries: Enersource Hydro Mississauga Inc. ("Enersource Hydro"), Enersource Services Inc., Enersource Telecom Inc., Enersource Technologies Inc. and Enersource Hydro Mississauga Services Inc. The consolidated financial statements also include the accounts of First Source Energy Corporation ("First Source"), a subsidiary in which the Corporation has a 57.7% ownership interest. Intercompany balances and transactions have been eliminated.

(b) Nature of operations:

Through its subsidiary, Enersource Hydro, the Corporation provides electricity distribution services to businesses and residences in the service area of Mississauga, Ontario.

Enersource Services Inc. is the parent company for the Corporation's non-regulated business, which includes the following:

- (i) Enersource Telecom Inc. provided fibre optic telecommunications services for customers located in Ontario until May 2006 (note 2), at which point its fibre optic infrastructure assets and related customer contracts were sold to Blink Communications.
- (ii) Enersource Hydro Mississauga Services Inc. provides utility services, including safety training and energy settlement services, specialized construction and streetlight construction and maintenance services to customers in Ontario. Enersource Hydro Mississauga Services Inc. is also the 100% owner of Enersource Technologies Inc., which is a dormant corporation.
- (iii) First Source provided ongoing energy retailing services until May 2003 (note 2), at which point, its retail customer contracts were sold to Ontario Energy Savings Corporation ("OESC").
- (iv) Golden Horseshoe Metering Systems Inc. had been formed to supply and install smart meters in multi-unit residential buildings throughout Ontario. On December 31, 2006, Enersource Hydro Mississauga Services Inc. sold its shares in the joint venture to Oakville Hydro Energy Services. Enersource Hydro Mississauga Services Inc. did not record any economic benefit from the joint venture or share divestiture.

(c) Rate setting:

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

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specified period, resulting in the change in the timing of accounting recognition from that which would be applied in an unregulated company. Specifically, the following accounting treatments have been applied:

- (i) Capital and operating costs incurred in respect of the transition to competitive markets have been deferred with amortization to commence at a date that a rate increase is implemented to offset the amortization of the transition costs. In November 2003, the Province of Ontario introduced the

Ontario Energy Board Amendment Act (Electricity Pricing) 2003 (the “2003 Act”). The 2003 Act impacts both distribution and energy rates charged to customers and includes a provision for the recovery of regulatory assets (note 1(l)). As of April 1, 2004, the Corporation commenced recovery of these deferred transition costs in accordance with the 2003 Act.

- (ii) An amount to represent the cost of funds used during construction and development has been applied based on the value of construction in progress.
- (iii) The Corporation does not record future income tax assets or liabilities for its regulated business activities to the extent that it is expected that the recovery or realization of these amounts will be included in future distribution rates.
- (iv) The Corporation has deferred certain pre-market opening cost of power variances and post-market opening retail settlement variances in accordance with Article 490 of the OEB’s Accounting Procedures Handbook.
- (v) The Corporation has deferred the recognition of the employer’s share of contributions to OMERS for its regulated business activities from January 1, 2004 to April 30, 2006. As of May 1, 2006, the Corporation commenced recovery of the 2004 portion with the remainder expected to be recovered through future distribution rates.

(d) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

(e) Revenue recognition:

Distribution revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and is recognized as electricity is delivered to customers, which includes an estimate of unbilled revenue, which represents electricity consumed by customers since the date of each customer’s last meter reading. Actual electricity usage could differ from estimates.

Services and other revenue is recognized as services are rendered or contract milestones are achieved. Amounts received in advance of these milestones are presented as deferred revenue.

(f) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Accounts receivable is reported based on amounts expected to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered. Inventories are recorded net of provisions for obsolescence. Amounts recorded for amortization of capital assets are based on estimates of useful life.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these consolidated financial statements, including changes as a result of future decisions made by the OEB or the Minister of Energy.

(g) Inventory:

Inventory, which consists of parts and supplies acquired for internal construction or consumption, is valued at the lower of cost and replacement cost. Cost is determined on a weighted moving average basis.

(h) Capital assets:

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overheads and an allowance for the cost of funds used during construction when applied. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers.

When assets are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related

Notes to Consolidated Financial Statements

(In thousands of dollars)

Years ended December 31, 2006 and 2005

Notes to Consolidated Financial Statements

(In thousands of dollars)

Years ended December 31, 2006
and 2005

fiscal period. The cost and related accumulated amortization of grouped assets, such as transmission and distribution facilities, is removed from the accounts at the end of their estimated service lives.

In the event that facts and circumstances indicate that property, plant and equipment may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Amortization of capital asset values is charged to operations on a straight-line basis over their estimated service lives as follows:

Estimated service life	Range	Average
Buildings	25 – 60 years	54
Distribution station equipment	15 – 35 years	29
Transmission and distribution system	25 – 40 years	26
Equipment and furniture	4 – 10 years	8
Computer software	2 years	2

Amortization is recorded at one-half the usual annual rate for assets placed into service in the current fiscal period.

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

An allowance for the cost of funds used during the construction period has been applied. The rate applied for the 2005 year and the period from January through April 2006 was 6.9% as allowed by the OEB. Effective May 1, 2006, the prescribed interest rate used during the period equals the Scotia Capital Inc. mid-term all corporate average weighted yield, as published on the Bank of Canada's website, updated quarterly. From May 1, 2006 to June 30, 2006, the rate used was 4.68%. From July 1, 2006 to September 30, 2006, the rate used was 5.05%. From October 1, 2006 to December 31, 2006, the rate used was 4.72%.

(i) *Deferred debt issue costs:*

Deferred debt issue costs represent the cost of the issuance of the bonds. Amortization is provided on a straight-line basis over the term of the related bonds.

(j) *Deposits and prudentials:*

Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits and prudentials, which are reported separately from the Corporation's own cash and cash equivalents. Interest rates paid on customer deposits are based on a variable rate of prime less 2.0%, updated quarterly.

Also included in this balance are cash and securities lodged with the Corporation by counterparties under electricity supply agreements.

(k) *Pension and other post-employment benefits:*

The Corporation accounts for its participation in OMERS, a multi-employer public sector pension fund, as a defined contribution plan. The Corporation obtained approval from the OEB to defer pension expenses incurred from January 1, 2004 to April 30, 2006 in the regulated utility. Effective May 1, 2006, the Corporation commenced recognition of expenses related to contributions to OMERS.

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

(I) Regulatory assets and liabilities:

Regulatory assets primarily represent costs that have been deferred because they are expected to be recovered in rates. Similarly, regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding wholesale market cost of power incurred by the utility. The OEB directed the distribution utilities to recover these variance balances as at December 31, 2003 plus accrued interest in the rates over a four-year period beginning April 2004.

Regulatory balances are comprised principally as follows:

- (i) Transition costs – represent costs related to the transition to a competitive electricity market, mandated by the Electricity Act, 1998. The OEB has established rules in respect of transition costs, to qualify amounts for deferral and amortization against future revenue. Enersource Hydro's transition costs have been reviewed via an oral hearing and recovery has been decided upon by the OEB in its December 9, 2004 decision.
- (ii) Pre-market opening cost of power variances – represents amounts accumulated as a result of the excess of the cost of power purchased by the Corporation over the amount billed for this power prior to the market opening. The OEB directed utilities to accumulate such variances in the period leading up to market opening.
- (iii) Post-market opening retail settlement variances – are variances that have occurred since May 1, 2002, when the competitive electricity market was declared open and that have accumulated pursuant to direction from the OEB. Specifically, these amounts include variances between the amounts charged by the Independent Electricity System Operator ("IESO") for the operation of the markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates.
- (iv) All revenue and associated costs for the smart meter program have been deferred as directed by the OEB in their April 12, 2006 rate decision.

In November 2003, the Province of Ontario introduced the 2003 Act, which implemented a new electricity pricing regime believed to better reflect the true cost of electricity.

The 2003 Act, which received Royal Assent in December 2003, removed the \$0.043/kWh electricity price freeze established under the Electricity Pricing, Conservation and Supply Act, 2002 and gives the OEB the power to establish the electricity commodity price for low volume consumers and designated consumers who do not choose an electricity retailer. On April 1, 2004, the government implemented an interim pricing plan under which the first 750 kWh consumed in any month by low volume and designated consumers was priced at \$0.047/kWh and consumption above that level for these consumers was priced at a higher rate of \$0.055/kWh. On April 1, 2005, electricity prices increased from \$0.047/kWh to \$0.050/kWh for the first 750 kWh consumed in a month, and from \$0.055/kWh to \$0.058/kWh for consumption in excess of that amount. In the event that these interim prices exceeded the costs paid by the Ontario Electricity Financial Corporation ("OEFC"), the 2003 Act included a provision permitting the making of regulations requiring distributors, retailers or the IESO to credit consumers for the difference. Under the 2003 Act, regulations may also be made to compensate distributors, retailers and the IESO for making any such payments.

In November 2003, the Province of Ontario announced its intention to allow electricity distributors to recover deferred transition costs and energy variances over a four-year period commencing April 1, 2004. In January 2004, in compliance with regulatory direction, Enersource Hydro submitted to the OEB an application to recover 25% of the December 31, 2002 balance of these regulatory assets. On December 9, 2004, the OEB awarded Enersource Hydro \$26,700 for the recovery of regulatory balances as at December 31, 2003, plus interest, as determined by a Regulatory Hearing.

On April 1, 2005, Enersource Hydro implemented the final rate increase, as permitted by the OEB, toward achieving a market-based rate of return. The initial 12 months of this incremental revenue will be fully invested in electricity conservation and demand management strategies by September 2007.

On April 12, 2006, the OEB announced further changes to electricity prices for regulated price plan customers to take effect May 1, 2006. Electricity prices increased effective May 1, 2006 from

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(In thousands of dollars)

Years ended December 31, 2006 and 2005

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(In thousands of dollars)

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\$0.050/kWh to \$0.058/kWh for the first 600 kWh consumed in a month and from \$0.058/kWh to \$0.067/kWh for consumption in excess of that amount. The price threshold is 600kWh for the period from May 1 through October 31 and 1,000 kWh per month during the period from November 1 through April 30. The threshold for non-residential customers that are eligible for the regulated price plan will remain at 750 kWh per month throughout the year.

On October 11, 2006, the OEB announced further changes to electricity prices for regulated price plan customers to take effect November 1, 2006. Electricity prices decreased effective November 1, 2006 from \$0.058/kWh to \$0.055/kWh for the first 1,000 kWh consumed in a month and from \$0.067/kWh to \$0.064/kWh for consumption in excess of that amount. These prices will be adjusted every six months by the OEB as required.

In August 2005, Enersource Hydro submitted a rate application to the OEB for the rate period beginning May 1, 2006 and ending on April 30, 2007. This rate application proposes the full re-basing of Enersource Hydro's electricity distribution rates to more accurately reflect Enersource Hydro's current rate base and cost structure. On April 12, 2006, the OEB released its decision and order regarding Enersource Hydro's rate application. This decision allows for a distribution rate increase of approximately 2.3% on the total bill of an average residential customer using 1,000 kWh per month. The decision also allows for a newly introduced rate increase for smart meters.

On June 12, 2006, Enersource Hydro submitted a review and vary motion to the OEB to revise its approved 2006 tariff of rates and charges. On October 3, 2006, the OEB released its final decision regarding this motion. The decision allows for additional expense recoveries of \$1,152 annually and a \$2,714 adjustment to dispose of the liability balances recorded in Enersource Hydro's retail settlement variance accounts, as of December 31, 2004, over a two-year period.

(m) Payments in lieu of corporate income taxes:

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes ("PILs") to OEFC. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

The Corporation provides for PILs related to its regulated business using the taxes payable method as directed by the OEB. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes.

Management believes that when unrecorded future income taxes become payable, or the assets are realized, it is expected that they will be included in rates approved by the OEB and recovered from customers at that time.

For its non-regulated businesses, the Corporation applies the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

2. Discontinued operations:

During the second quarter of 2003, the Corporation's Board of Directors approved the sale of the retail customer contracts of First Source. This sale closed on May 1, 2003. On January 23, 2006, Enersource Hydro Mississauga Services Inc. closed a transaction for the sale of its water heaters and associated customer rental contracts. On May 24, 2006, Enersource Telecom Inc. finalized the sale of its fibre optic infrastructure and related customer contracts.

These consolidated financial statements have adopted the recommendation of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3475, Disposal of Long-lived Assets and Discontinued Operations ("Section 3475").

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(a) *Income from discontinued operations:*

The income from discontinued operations, net of payments in lieu of corporate income taxes for 2006 of \$3,916 (2005 – \$726) is made up of the Corporation's 57.7% interest in First Source's net income, Enersource Telecom Inc.'s net income and net income from Enersource Hydro Mississauga Service Inc.'s water heaters ("Water Heaters").

	2006	2005
First Source (57.7% interest)	\$ 18	\$ 12
Enersource Telecom Inc.	3,837	118
Water Heaters	61	596
Income from discontinued operations, net of payments in lieu of corporate income taxes	\$ 3,916	\$ 726

(b) *Net assets of First Source:*

	2006	2005
Cash	\$ 579	\$ 740
Accounts receivable	2	–
Other non-current assets	1	1
Accounts payable and accrued liabilities	(123)	(282)
Net assets of discontinued operations	\$ 459	\$ 459
Non-controlling interest in subsidiary	\$ 194	\$ 193

(c) *Assets held for sale:*

In an effort to focus resources on its core energy businesses, agreements were reached to sell certain assets within Enersource Telecom Inc. and Water Heaters. Results from these operations have been disclosed as discontinued operations for both 2006 and 2005 and the assets that were sold have been disclosed as assets held for sale on the consolidated balance sheet for 2005 as prescribed in Section 3475 in the CICA Handbook. A summary of the assets and liabilities that were held for sale is as follows:

Assets held for sale – current:	2006	2005
Water Heaters:		
Inventory	\$ –	\$ 16
Capital assets	–	1,468
	\$ –	\$ 1,484

Assets held for sale – long-term:	2006	2005
Enersource Telecom Inc.:		
Inventory	\$ –	\$ 205
Prepaid expenses and deposits	–	67
Capital assets	–	22,288
Deferred revenue	–	(70)
	\$ –	\$ 22,490

Water Heaters:

The transaction to sell over 12,000 electric water heater customer contracts, rental agreements and related assets to Union Energy Limited Partnership closed on January 23, 2006. Included in the gain (loss) on the disposal of capital assets is a gain of \$2,592 resulting from this asset sale transaction.

Notes to Consolidated Financial Statements

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A holdback of \$139 by Union Energy Limited Partnership is outstanding and has not been reflected in the calculation of the gain, but has been deferred until a final settlement can be reached.

Enersource Telecom Inc. assets:

A separate agreement was finalized to sell specific Enersource Telecom Inc. assets on May 24, 2006 to Blink Communications. Included in the gain (loss) on the disposal of capital assets is a loss of \$1,958 resulting from this asset sale transaction. As at December 31, 2006, all terms and conditions of the sale agreement have been satisfied.

3. Payments in lieu of corporate income taxes:

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

	2006	2005
Federal and Ontario statutory income tax rate	36.12%	36.12%
Income before provision for PILs	\$ 23,248	\$ 21,712
Income from discontinued operations	3,951	1,086
	\$ 27,199	\$ 22,798
Provision for PILs at statutory rate	\$ 9,824	\$ 8,235
Increase (decrease) resulting from:		
Amortization less than capital cost allowance	143	361
Tax effect of non-capital losses for which no benefit has been recorded	(1,395)	568
Recovery of regulatory assets for accounting purposes in excess of recovery for tax purposes	1,401	(620)
Large Corporations Tax	-	834
PILs on discontinued operations	(35)	(360)
Provision for PILs	\$ 9,938	\$ 9,018
Effective income tax rate	36.5%	41.1%

Based on substantively enacted income tax rates, the potential benefit of unrecorded future income tax assets arising substantially from differences between accounting and tax values for capital assets of the regulated business is \$37,515 (2005 – \$43,923). Future income taxes relating to the regulated businesses have not been recorded in the accounts as they are expected to be recovered through future revenue.

The Corporation does not have any significant future income tax assets or liabilities arising from the non-regulated businesses.

At December 31, 2006, certain other subsidiaries have non-capital loss carryforwards totalling \$14,665 (2005 – \$12,401) available, which will expire after tax years ending between 2008 and 2015. The potential benefit relating to these amounts has not been recorded given the uncertainty as to their realization.

4. Capital assets:

2006	Cost	Accumulated amortization	Net book value
Land	\$ 4,071	\$ -	\$ 4,071
Buildings	14,575	4,755	9,820
Distribution station equipment	78,153	32,018	46,135
Transmission and distribution system	591,568	274,117	317,451
Equipment and furniture	25,839	14,027	11,812
Computer software	2,919	1,207	1,712
Construction in progress:			
Buildings	34	-	34
Electric distribution system	8,341	-	8,341
Equipment and furniture	89	-	89
	\$ 725,589	\$ 326,124	\$ 399,465

2005	Cost	Accumulated amortization	Net book value
Land	\$ 4,071	\$ –	\$ 4,071
Buildings	14,065	4,462	9,603
Distribution station equipment	78,168	33,970	44,198
Transmission and distribution system	571,056	253,593	317,463
Equipment and furniture	23,632	13,244	10,388
Computer software	2,236	1,200	1,036
Construction in progress:			
Buildings	1	–	1
Electric distribution system	7,312	–	7,312
	\$ 700,541	\$ 306,469	\$ 394,072

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During the year, \$406 (2005 – \$438), representing an allowance for the cost of funds used during construction, was capitalized to construction in progress.

5. Deposits and prudentials:

The following outlines the deposits and prudentials of the Corporation, posted as security. The amounts are comprised of cash and cash equivalents in the form of deposits and letters of credit/letters of guarantee, under which the Corporation is contingently liable.

	2006		2005	
	Cash and cash equivalents	Letters of credit/ letters of guarantee	Cash and cash equivalents	Letters of credit/ letters of guarantee
Customer deposits	\$ 21,740	\$ –	\$ 22,354	\$ –
Supplier deposits	–	–	–	3,000
Security with IESO	–	16,618	–	16,618
	\$ 21,740	\$ 16,618	\$ 22,354	\$ 19,618

Security deposits:

(a) Customer deposits:

The Corporation collects cash and cash equivalents as deposits from certain customers to reduce credit risk.

Contingent obligations:

(b) Supplier deposits:

The Corporation's financial energy supply contracts were formed based on the International Swap Dealers Association ("ISDA") templates. Counterparty agreements dictate the method, nature and calculation of various credit-related positions.

At December 31, 2006, the Corporation had a letter of credit guarantee from OESC of \$1,600 (2005 – \$1,600) in respect of the Corporation's requirement to post parental guarantees and no longer had a parental guarantee with Ontario Power Generation Corporation (2005 – \$3,000).

In accordance with the Shareholders' Agreement, the Corporation is liable for 57.7% of the parental guarantee to Ontario Power Generation Corporation, with Veridian Corporation liable for the remaining 42.3%.

(c) Margin calls:

In accordance with the ISDA contracts between the counterparties, margin calls can be initiated when forward market prices change.

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Forward market prices are monitored weekly by the Corporation to ensure that margin calls are anticipated in advance as the forward price approaches the trigger rate. The Corporation places a margin call on OESC in response to reaching the forward pricing trigger rate and OESC indemnifies the cash collateral obligation of the Corporation.

(d) Security with IESO:

Purchasers of electricity in Ontario through the IESO are required to post security to mitigate the risk of their default on their expected activity in the market.

At December 31, 2006, the Corporation has posted a letter of credit as security in the amount of \$16,618 (2005 – \$16,618).

6. Regulatory assets and liabilities:

Regulatory assets and liabilities can arise as a result of the rate-making process. The following table demonstrates the impact on 2006 earnings net of PILs as a result of regulated accounting requirements.

	2006	2005	Estimated remaining settlement period (years)	2006 impact on earnings net of PILs ((a)(i))
Regulatory assets:				
Deferred OMERS employer contributions ((a)(ii))	\$ 1,372	\$ 1,916	1-2	\$ (331)
Other regulatory assets ((a)(iii))	1,549	1,436	1-2	(702)
Smart meter revenue/expense ((a)(iv))	(268)	–	4	268
	2,653	3,352		(765)
Regulatory assets approved for recovery ((a)(v))	9,526	17,662	2-3	3,454
	\$ 12,179	\$ 21,014		\$ 2,689
Regulatory liabilities:				
Retail settlement variances ((a)(vi))	\$ 11,996	\$ 2,276	1	\$ 491
Global adjustment retail settlement variance ((a)(vii))	(6,713)	6,402	1	(174)
	\$ 5,283	\$ 8,678		\$ 317

(a) Explanatory notes:

- The 2006 impact on earnings net of PILs represents the effect on the consolidated net income as a result of the treatment under rate regulated accounting.
- The OEB had approved the deferral of Enersource Hydro's employer portion of pension contributions to OMERS retirement fund. The deferred OMERS employer contributions amount reflects Enersource Hydro's required contributions between January 1, 2004 and April 30, 2006 plus interest charged at an OEB approved rate less amounts recovered through distribution rates since May 1, 2006.
- The OEB requires that Enersource Hydro record and defer the difference between revenue and costs associated with providing retailers with customer settlement services as retail cost variance account deferrals and had approved the deferral of Enersource Hydro's OEB assessed costs between January 1, 2004 and April 30, 2006. These items are included in other regulatory assets.
- On June 13, 2006, the OEB issued an update to the accounting procedure handbook regarding the accounting treatment for smart meter expenditures. This amount reflects the net amount of revenue and expenses deferred since May 1, 2006.
- On December 9, 2004, the OEB approved the recovery of Enersource Hydro's regulatory assets as at December 31, 2003. On October 3, 2006, the OEB approved the disposition of Enersource Hydro's retail settlement variance accounts, as of December 31, 2004. This amount reflects the total approved regulatory assets for recovery plus interest charged at an OEB approved rate less amounts recovered through distribution rates since April 1, 2004.

- (vi) The OEB requires Enersource Hydro to record and defer the difference between energy charged to its customers and the actual cost of power incurred and paid to the IESO and to Hydro One. The retail settlement variance reflects this difference since January 1, 2005 plus interest charged at an OEB approved rate.
- (vii) The Global Adjustment account accounts for the difference between market prices and rates paid to regulated and contracted generators which are set by the IESO. This adjustment may be positive or negative. The Global Adjustment retail settlement variance captures the unpaid or recoverable amounts due to or recoverable from Enersource Hydro's customers.

The Corporation has accrued interest on the deferral account balances for the regulatory assets and retail settlement variances, as directed by the OEB. As at December 31, 2006, this net accrued interest amounted to \$413 (2005 – \$1,022).

(b) Financial statement effects of rate regulation:

- (i) General information regarding rate regulation and its economic effects:

The operations of the Corporation's subsidiary, Enersource Hydro, are regulated by the OEB. The OEB exercises statutory authority over matters such as construction, rates and underlying accounting practices, and rate setting issues with Enersource Hydro's customers.

On April 12, 2006, Enersource Hydro's rate application was approved by the OEB for the rate period beginning May 1, 2006 and ending on April 30, 2007. These rates are set by the OEB under a cost of service methodology that allows revenue to recover utility operating costs plus a regulated rate of return on the equity financed portion of Enersource Hydro's rate base. The allowed rate of return for this rate period is set by the OEB at 9.0%.

- (ii) Regulatory risk and uncertainties affecting recovery or settlement:

The regulatory assets and liabilities recorded in the consolidated financial statements are based upon an expectation of the future actions of the OEB. To the extent that the OEB's future actions are different from Enersource Hydro's expectations, the timing and amount of recovery or settlement of amounts recorded on the consolidated balance sheets could be significantly different from the timing and amounts that are eventually recovered or settled.

- (iii) Financial statement effects:

In order to recognize the economic effects of the actions or expected actions of the regulator, the timing of recognition of certain revenue and expenses in these operations may differ from that otherwise expected under GAAP for non rate-regulated entities.

Regulatory assets represent amounts that are expected to be recovered from customers in future periods through the rate setting process. In the absence of rate regulated accounting, GAAP would not permit deferral of regulatory assets and, therefore, the earnings impact would be recorded in the period of recovery. Long-term regulatory assets are recorded in other assets in the consolidated balance sheets.

Regulatory liabilities represent amounts that are expected to be refunded to customers as a result of the rate-setting process. The GAAP treatment of regulatory liabilities and the resulting earnings impact is the same as that under rate regulated accounting because the liabilities represent contractual obligations. Regulatory liabilities are recorded in current liabilities in the consolidated balance sheets.

(c) Other items affected by rate regulation:

Future income taxes:

Enersource Hydro's regulated activities recover tax expense based on the taxes payable method as prescribed by the OEB. As such, the rates approved by the OEB do not include the recovery of future income taxes related to temporary differences. Consequently, the financial statements pertaining to the regulated operations do not record future income taxes as the future income taxes will be recovered in future rates when they become payable. GAAP requires the recognition of future income tax liabilities and future income tax assets in the absence of rate regulation.

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7. Bonds payable:

	2006	2005
6.29% BPC-Enersource Series Bonds, Tranche 1, due May 3, 2011	\$ 290,000	\$ 290,000

Interest expense includes \$18,241 (2005 – \$18,241) in respect of interest on long-term liabilities and amortization of debt issue costs in the amount of \$434 (2005 – \$434).

8. Employee retirement and post-retirement benefits:

(a) Pensions:

During fiscal 2006, the Corporation made contributions of \$2,021 (2005 – \$1,728). With the OEB's approval, the Corporation has deferred \$331 (2005 – \$1,042) of its 2006 pension expense in the regulated utility for recovery in future rates.

(b) Other retirement and post-retirement benefits:

The Corporation presently offers two separate retirement and post-retirement benefit plans. The total employee retirement and post-retirement benefits liability for the two plans as at December 31, 2006 was \$2,656. The amounts presented are based upon an actuarial valuation performed as of December 31, 2006 on March 2, 2007. The next valuation is expected to be performed for the year ending December 31, 2009.

(c) Retirement and post-retirement life benefits:

(i) Accrued benefit obligation:

	2006	2005
Accrued benefit obligation, beginning of year	\$ 2,140	\$ 2,049
Service cost	81	32
Interest cost	122	133
Benefits paid	(70)	(74)
Unrecognized actuarial loss	138	–
Accrued benefit obligation, end of year	\$ 2,411	\$ 2,140

(ii) Reconciliation of accrued benefit obligation to balance sheet liability:

	2006	2005
Accrued benefit obligation, end of year	\$ 2,411	\$ 2,140
Unrecognized actuarial loss	(138)	–
Post-employment benefits liability	\$ 2,273	\$ 2,140

(iii) Significant assumptions:

	2006	2005
Discount rate	5.25%	6.50%
Rate of compensation increase	2.50%	3.00%

The principal funding obligation of the plan is to fund life insurance benefits based on employment date and years of service. A limited group of former employees who elected to retire under a special early retirement incentive plan is entitled to continuation of health and dental premiums at their own expense, until age 65. Accordingly, based on the current participation profile, changes in health and dental care costs will not significantly impact the estimates of the plan obligations. Net actuarial gains or losses over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis

over the expected average remaining service lifetime. The total post-employment benefits liability at December 31, 2006 is \$2,273 (2005 – \$2,140). There are no transition obligations to be amortized from past services.

A 1% increase (decrease) in the interest assumption would decrease (increase) the post-retirement benefit obligation and the service cost by approximately 14% to 16%.

The Corporation's net life insurance benefit expense is as follows:

	2006	2005
Current service cost	\$ 81	\$ 32
Interest cost	122	133
	\$ 203	\$ 165

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(d) Retirement and post-retirement health and dental benefits:

(i) Accrued benefit obligation:

	2006	2005
Change in benefit obligations:		
Benefit obligation, beginning of year	\$ -	\$ -
Service cost	138	-
Amortization of transition obligation	167	-
Interest cost	79	-
Benefits paid	(1)	-
Transition obligation	1,333	-
Actuarial losses	176	-
Accrued benefit obligation, end of year	\$ 1,892	\$ -

(ii) Reconciliation of accrued benefit obligation to balance sheet liability:

	2006	2005
Benefit obligation, end of year	\$ 1,892	\$ -
Unrecognized transition obligation	(1,333)	-
Unrecognized actuarial loss	(176)	-
Post-employment benefits liability	\$ 383	\$ -

(iii) Significant assumptions:

	2006	2005
Discount rate	5.25%	-
Expected return on plan assets	5.25%	-
Health care cost increases	15.00%	-
Dental cost increases	5.00%	-

The Corporation's net health and dental benefit expense is as follows:

	2006	2005
Amortization of transition obligation	\$ 167	\$ -
Current service cost	138	-
Interest cost	79	-
	\$ 384	\$ -

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The principal funding obligation of the plan is to fund health and dental benefits to those employees who retire on or after age 55 with at least 10 years of service with a specified cost sharing formula for participation from the time of early retirement to age 65. Net actuarial gains or losses over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis over the expected average remaining service lifetime. The total post-employment benefits liability at December 31, 2006 is \$383 (2005 – nil). The unrecognized transition obligation will be amortized over the expected average remaining service lifetime.

For December 31, 2006, health care costs were assumed to increase by 15%, then grading down to 4% per annum after 10 years. Dental costs were assumed to increase by 5% in 2006, then grading down to 3% per annum after 10 years.

A 1% increase (decrease) in the interest assumption would decrease (increase) the expected post-retirement benefit obligation, the interest cost and the service cost by approximately 10%.

9. Capital stock:

	2006	2005
Authorized:		
Unlimited Class A shares, voting		
1,000 Class B shares, non-voting		
100 Class C shares, voting		
Issued:		
180,555,562 Class A shares	\$ 155,628	\$ 155,628
1,000 Class B shares	1	1
100 Class C shares	20,062	20,062
	\$ 175,691	\$ 175,691

On November 9, 2004, the Corporation adopted the Dividend Policy and Procedure document that was approved by the Board of Directors. Subsequently, the Articles of the Corporation were amended in 2005 to align with the terms of the Dividend Policy.

The Class A and Class C shareholders are entitled to annual non-cumulative dividends not to exceed 60% of the prior year's consolidated after-tax net income on a residual basis. Dividends will be declared and paid during the fourth quarter of each fiscal year; provided they are approved by a Board resolution and all compliance issues have been addressed.

In 2006, a dividend of \$8,900 (2005 – \$8,900) was declared and paid to the shareholders.

The shareholders of the Corporation are parties to a Put Agreement by which the City holds an option to sell its shares to BPC in accordance with the Agreement. The effective period for this option commences July 1, 2008 and expires on December 31, 2008.

10. Change in non-cash operating working capital:

	2006	2005
Accounts receivable	\$ (8,141)	\$ (6,179)
Unbilled revenue	13,219	(13,284)
Inventory	(376)	(702)
Prepaid expenses and deposits	(212)	(571)
Accounts payable and accrued liabilities	(36,639)	42,282
Payments in lieu of corporate income taxes payable	(3,524)	5,268
Deferred revenue	(170)	387
Advance payments	1,128	(1,100)
Regulatory liabilities	(3,395)	497
	\$ (38,110)	\$ 26,598

11. Contingencies:

(a) *Insurance claims:*

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of \$30,000 per incident.

Enersource Hydro has been jointly named as a defendant in several actions. No provision has been made for these potential liabilities as Enersource Hydro expects that these claims are adequately covered by its insurance.

(b) *Other claims:*

A class action claiming \$500,000 in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class, consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defence of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the Corporation. It is the Corporation's position that any late payment charges that are required to be repaid to customers as a result of this class action would be included in a rate adjustment application to the OEB for full recovery.

On April 22, 2004, the Supreme Court of Canada released its decision in a case commenced against Enbridge Gas Distribution ("EGD") with respect to late payment penalties. At the end of 2006, a mediation process resulted in the settlement of the damages payable by EGD. After the release by the Supreme Court of Canada of its 2004 decision in the EGD case, the plaintiffs in the electric utilities late payment class action indicated their intention to proceed with their litigation. To date, no formal steps have been taken to move the action forward. Any implications of the EGD decision in the Toronto Hydro class action cannot be determined at this time.

(c) *Environmental matters:*

As part of the Corporation's risk mitigation strategy, an environmental assessment is underway. At this time, it is not possible to determine the final outcomes of this assessment.

12. Commitments:

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Corporation failed to make payment required by a default notice issued by the IESO. The Corporation has posted a letter of credit as security in the amount of \$16,618 (2005 – \$16,618).

The Corporation has also guaranteed the obligations of a subsidiary's financial energy supply contracts in the amount of nil (2005 – \$3,000). The Corporation has a letter of guarantee from OESC in the amount of \$1,600 (2005 – \$1,600) in respect of the Corporation's requirement to post parental guarantees. The Corporation is liable for 57.7% of the parental guarantee to Ontario Power Generation Corporation with the minority interest shareholder liable for the remaining 42.3%.

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13. Financial instruments:

The carrying values of cash and cash equivalents, accounts receivable, deposits and prudentials, accounts payable and accrued liabilities and advance payments approximate fair values because of the short maturity of these financial instruments.

The bonds, having a carrying value of \$290,000 (2005 – \$290,000), have a fair value of \$310,854 (2005 – \$316,329), based on year-end quoted market prices. Financial assets held by the Corporation expose it to credit risk. As at December 31, 2006 and 2005, there were no significant concentrations of credit risk with respect to any class of financial assets. The Corporation earns its revenue from a broad base of customers located principally in Mississauga. No single customer in either year would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

As part of the Asset Transfer Agreement executed to complete the sale of the retail customer contracts, the Corporation assigned its existing portfolio of energy supply contracts. The energy supply contracts were put in place as part of a strategy to manage price volatility for a portion of the electricity the retail customer contracts provided under these fixed pricing arrangements and not for speculative purposes. The contracts require the Corporation to exchange with counterparties the difference between fixed and variable amounts based on a notional quantity of electricity. Under provisions of the Asset Transfer Agreement, the purchaser is required to provide standby letters of credit (note 5) to guarantee any margin call related to the Corporation's portfolio of energy supply contracts. These letters of credit are necessary as the Corporation remains a guarantor to the original counterparties that it contracted with to provide electricity at a fixed price, notwithstanding assignment of these contracts to the purchaser of the retail customer contracts.

14. Related party transactions:

The Corporation's operations include the provision of electricity and services to its principal shareholder, the City of Mississauga. Electricity is billed to the City at the prices and terms established between the City and its electricity retailer. Street lighting maintenance services are provided on a time and materials basis at an exchange amount, being that amount agreed to by the parties. A summary of amounts charged by the Corporation to the City of Mississauga is as follows:

	2006	2005
Electrical energy	\$ 6,751	\$ 7,572
Street lighting maintenance	2,428	2,061
Street lighting energy	3,371	4,013

The Corporation charged the City \$1,495 (2005 – \$1,918) for other construction services in 2006.

At December 31, 2006, accounts payable and accrued liabilities include \$57 (2005 – \$96) due to the City and accounts receivable include \$2,412 (2005 – \$2,647) due from the City.

The Corporation charged BPC \$7 (2005 – nil) for an access agreement and nil (2005 – \$159) for consulting services in 2006. These transactions were recorded at the exchange amount being the amount agreed to by the parties. At December 31, 2006, accounts receivable included \$1 (2005 – \$24) due from BPC.

Enerpower Corporation is an organization in which the Corporation has a 10% ownership interest. The Corporation was charged \$7,563 (2005 – \$6,385) by Enerpower Corporation during 2006 for the construction of distribution infrastructure. The Corporation received a dividend from Enerpower Corporation during 2006 of \$53 (2005 – \$66).

15. Energy purchases:

All electricity purchases for standard supply customers are subject to pricing determined by the IESO, a provincial government body.

Included in accounts payable and accrued liabilities as at December 31, 2006 is \$49,974 (2005 – \$64,832) owed in respect of electricity purchases through the IESO.

16. Interest and asset coverage ratios:

Interest coverage on long-term debt	1.89 times
Net tangible asset coverage on long-term debt	1.67 times

17. Segmented information:

The Corporation operates primarily in two operating segments, electricity distribution services and other operations. Other operations are primarily comprised of specialized design, construction and maintenance services for utilities and developers. The sale of water heater rental assets and associated customer rental contracts closed in January 2006 and the sale of fibre optic telecommunication assets and related customer contracts closed in May 2006 and both sales have been presented below as income (loss) from discontinued operations. Energy retail operations ceased with the sale of energy contracts effective May 1, 2003 and are also presented below as income (loss) from discontinued operations.

The designation of segments is based on a combination of regulatory status and the nature of the products and services provided. The accounting policies followed by the segments are the same as those described in the summary of significant accounting policies.

	Electricity distribution services	Other operations	Intersegment eliminations	Total
2006				
Revenue	\$ 671,397	\$ 9,696	\$ (775)	\$ 680,318
Operating expenses	594,726	10,188	(704)	604,210
Amortization	37,419	10	–	37,429
	632,145	10,198	(704)	641,639
	39,252	(502)	(71)	38,679
Interest revenue	2,764	400	–	3,164
Interest expense	(18,595)	–	–	(18,595)
Income (loss) before the undernoted	23,421	(102)	(71)	23,248
Recoveries (payments) in lieu of corporate income taxes	(10,119)	181	–	(9,938)
Income from discontinued operations, net of payments in lieu of corporate income taxes	–	3,844	72	3,916
Net income	\$ 13,302	\$ 3,923	\$ 1	\$ 17,226
Total assets	\$ 585,375	\$ 234,150	\$ (203,858)	\$ 615,667
Capital expenditures	\$ 35,886	\$ 6	\$ –	\$ 35,892
Cash provided by (used in) operations	14,202	(1,343)	–	12,859

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	Electricity distribution services	Other operations	Intersegment eliminations	Total
2005				
Revenue	\$ 782,362	\$ 12,130	\$ (4,501)	\$ 789,991
Operating expenses	707,786	11,364	(3,931)	715,219
Amortization	37,279	5	–	37,284
	745,065	11,369	(3,931)	752,503
	37,297	761	(570)	37,488
Interest revenue	1,718	197	–	1,915
Interest expense	(17,677)	(14)	–	(17,691)
Income (loss) before the undernoted	21,338	944	(570)	21,712
Payments in lieu of corporate income taxes	(8,559)	(459)	–	(9,018)
Income from discontinued operations, net of payments in lieu of corporate income taxes	–	170	556	726
Net income (loss)	\$ 12,779	\$ 655	\$ (14)	\$ 13,420
Assets:				
From continued operations	\$ 623,925	\$ 209,356	\$ (204,396)	\$ 628,885
Held for sale	– 23,974	– 23,974		
Total assets	\$ 623,925	\$ 233,330	\$ (204,396)	\$ 652,859
Capital expenditures	\$ 30,224	\$ 21	\$ –	\$ 30,245
Cash provided by (used in) operations	78,323	(1,031)	–	77,292

18. Comparative figures:

Certain 2005 figures have been reclassified to conform with the financial statement presentation adopted in 2006.

Corporate Governance

Corporate Structure

Enersource Corporation is a private company owned 90% by the City of Mississauga and 10% by BPC Energy Corporation, a subsidiary of the Ontario Municipal Employees Retirement System.

Enersource recognizes the role of good governance in a successful business enterprise and provides full disclosure on its corporate governance practices.

Board of Directors

The Board of Directors has ultimate accountability for the overall direction and results of the Corporation. The principal role of the Board of Directors is the stewardship of the Corporation on behalf of the shareholders.

The Board oversees the conduct of the business and the performance of management who are responsible for the day-to-day operation of the business.

Any responsibility not delegated to a committee of the Board or to management remains with the Board.

The Board currently has 10 members. Eight Directors, including the Mayor, are appointed by the City of Mississauga, and two Directors are appointed by BPC Energy Corporation. All Directors are independent of management.

The Chairman of the Board is appointed by the City of Mississauga and is a separate role from the President and Chief Executive Officer.

At all Board meetings, the Board has an opportunity to meet without the presence of management.

Board Committees

Four Board Committees report to the Board:

Audit Committee

The Audit Committee is accountable to the Board for providing oversight of the reliability and integrity of the Corporation's accounting principles and practices, business planning, financial reporting, system of internal control, management information and risk management processes.

The internal auditor and external auditor are invited to attend all meetings of the Audit Committee and receive all agendas and associated material. As part of all meetings, the Audit Committee meets with the internal and external auditors independently of management.

Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee is accountable to the Board for oversight of the Corporation's human resources and compensation policies and practices. The Committee is also responsible for ensuring that effective corporate governance processes are in place and for making recommendations to the Board with respect to the development, implementation and modification of those processes and the approach to corporate social responsibility.

Development Committee

The Development Committee is accountable to the Board for providing oversight of the Corporation's business development plans and activities and for making recommendations to the Board with respect to their potential applicability, risks and rewards.

Health Safety and Environment Committee

The Health, Safety and Environment Committee is accountable to the Board for oversight of the management of the Corporation's health, safety, security and environmental risks and making recommendations to the Board with respect to development, implementation, communication, and related management processes.

Board and Committee Mandates

Mandates are in place for the Board, individual Directors, the Chairman, the President and Chief Executive Officer, and the four committees of the Board. In late 2006 the Board carried out a review of its effectiveness through individual meetings with the Chairman aided by self

assessment questionnaires. Each Board Committee also reviewed its effectiveness. These reviews will be discussed by the Board in early 2007 and are expected to result in further operational improvements.

Evaluation of Internal Controls over Financial Reporting

The Board of Directors, through the Audit Committee, in 2006 oversaw the development of a plan to document and evaluate internal controls that mitigate the risks associated with the major financial processes of the Company. Processes, risks and controls were documented in 2006 and testing to evaluate the controls will continue in 2007.

Committee Composition and Attendance

	Board	Audit	Human Resource and Corporate Governance	Development	Health, Safety and Environment	Director attendance percentage	
						Board	Committees
Number of Meetings	10	7	6	6	4	10	23
Attendance Percentage	94%	96%	100%	88%	100%	94%	96%
Board members							
Dr. Alex Taylor	Chair		X	X		100%	100%
Mayor Hazel McCallion	X			X		80%	50%
Gerald Beasley	X	Chair				90%	100%
Christopher Chorlton	X	X	Chair			100%	100%
Michael Nobrega	X			Chair		100%	75%
Norman Loberg	X		X		Chair	90%	100%
Robert Watters	X	X			X	90%	91%
Nando Iannicca	X	X				100%	100%
Janice Baker	X					100%	N/A
Ronald Starr	X			X	X	100%	100%

Board of Directors



Dr. Alex Taylor
Chair



Christopher Chorlton
Director



Gerald Beasley
Director



Michael Nobrega
Director
President and CEO of
Ontario Municipal
Employees
Retirement System



**Mayor
Hazel McCallion**
Director
Mayor, City of
Mississauga



Norman Loberg
Director



Nando Iannicca
Director
Councillor Ward 7,
City of Mississauga



Robert Watters
Director
Senior Vice President,
Borealis Infrastructure



Ronald Starr
Director
President, Deanlee
Management Inc.



Janice Baker
Director
City Manager and CAO,
City of Mississauga

Executive Team

Gunars Ceksters

President and Chief Executive Officer,
Enersource Corporation

Barry Chuddy

Executive Vice President,
Business Development and Marketing,
Enersource Hydro Mississauga Services Inc.

Michael Matthew

Vice President, Health, Safety and Environment,
Enersource Corporation

Jo Ann Morello

Vice President, Human Resources,
Enersource Corporation

Roland Herman

Executive Vice President and
Chief Operating Officer,
Enersource Hydro Mississauga

Raymond Rauber

Vice President, Engineering and Operations,
Enersource Hydro Mississauga

Craig Fleming

Executive Vice President and
Chief Financial Officer,
Enersource Corporation

Wally Curry

Vice President, Information Systems
and Support Services,
Enersource Hydro Mississauga

Sonja Potocnik

Vice President, Customer Care and
Billing Operations,
Enersource Hydro Mississauga

Tyler Moore

General Counsel and Secretary,
Enersource Corporation

Our Vision

Our corporate vision is to be the leading energy services company, driven by an exceptional willingness to exceed our customers' and shareholders' expectations through integrity, innovation, teamwork and excellence in everything we do.

At Enersource we value:

- Our customers, and strive to exceed their existing and future needs;
- Innovation, and encourage it in all aspects of our business;
- Our record of safety;
- Openness, honesty, integrity and respect;
- Our operational excellence;
- Each other, and our shared passion for our business;
- Working together as a team at all times;
- A working environment in which we all can excel and develop to our full potential;
- Working harmoniously within our community with a strong sense of social responsibility;
- The confidence and support of our stakeholders.



Enersource Corporation
3240 Mavis Road
Mississauga, Ontario
L5C 3K1

Telephone: (905) 273-9050

www.enersource.com



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ENERSOURCE HYDRO MISSISSAUGA

STRATEGIC PLAN

Prepared by: Roland Herman,
Executive Vice President & C.O.O.
December 2006



Strategy

- To own, operate, build and maintain a growing — electricity distribution business that:
 - Performs to high operational standards of reliability, customer service, employee and community safety and cost effectiveness;



Strategy (continued)

- Maximizes the economy of scale benefits of growth and achieves the size required to become one of the few expected large distribution companies to remain in Ontario;
- Earns a sustainable rate of return within the framework of a regulated environment and provides shareholders with consistent and predictable annual dividends.



Objectives

- Steadily increase the return on equity to a fully regulated rate of return.
- Provide shareholders with consistent and predictable annual dividends based on a policy of 60% of net income after tax.



Budget

	Net Income	Return on Equity	Dividend
2004 ACTUAL	\$10.5 M	5.62%	\$25.7 M
2005 ACTUAL	\$12.8 M	7.43 %	\$6.3 M
2006 Forecast	\$12.7 M	7.12%	\$8.9 M
2007 Budget	\$11.4 M	6.24%	\$7.6 M
2008 Forecast	\$15.6 M	8.40%	\$8.4 M
2009 Forecast	\$16.7 M	8.64%	\$9.4 M



Strategic Initiatives

- Capital Restructuring
- Organizational Restructuring
- Regulatory/OEB Focus
- Culture Shift
- Growth/Mergers/Acquisitions
- Operational Excellence
- Special Projects



Capital Restructuring

- Completed major restructuring in 2004:
 - \$25.7M Dividend
 - 62.8/37.2 Debt Equity Ratio
 - Equity \$171.9M (Deemed Equity \$180.6M)
 - Debt \$290.0M (Deemed Debt \$270.8M)
- New Rate Base - \$474.7M
 - Debt \$284.6M (60%)
 - Equity \$190.1M (40%)
- Growth Strategy Financing



Organizational Restructuring

- Completed major organizational restructuring in 2005:
 - Repatriated functions back to Hydro Mississauga
 - Created a true corporate office containing typical corporate functions (Finance, Purchasing, Human Resources, Legal, Internal Audit, Safety and Government Relations)
 - Financially sound corporate office able to sustain self and assist non-regulated operations



Organizational Restructuring (cont'd)

- Review and Refine:
 - VP Level
 - Manager Level
 - Supervisory Level
 - Leadhands
 - Reporting Alignment
 - Job Rotation
 - Job Evaluation/Compensation
 - Apprentice Programs



Regulation/OEB Focus

- Build a strong rates and regulatory group
- Succession Planning
- OEB Regulations
- Contacts/Relations with Rates and Regulatory groups in other LDC's
- Shared information and costs



Regulation/OEB Focus (cont'd)

- Prepare Enersource's forward test year rate application
 - Using a customized presentation
- Adapt to the OEB's new application processing model
 - Build strong relationships with OEB staff
- Work effectively with the EDA and the CLD to advocate for favourable regulatory policies



Regulation/OEB Focus (cont'd)

- Develop Financial Resource Capacity
- Provide Leadership/Advice/Guidance on financial and operational implications of Rate/Regulatory Developments



Culture Shift

- Financial Awareness
- Economic Levers
- Shareholder Investment/Expectation of ROI
- Good Stewards of Investment Dollars
- Consider ROI in every business decision



Culture Shift (cont'd)

- Operating and capital expenditures viewed through the eyes of an asset manager having direct accountability to Shareholders
- Corporate Ethics
- Corporate Controls
- Project Management
- Supply Chain Management
- In-House Legal Counsel and Specialized External Legal Assistance



Growth/Mergers/Acquisitions

- Natural Growth
- Enhanced Growth
 - Rates
 - Conditions of Service
 - Individual Metering
 - Head off Embedded Distributors
- Pursue Mergers and Acquisitions
- Prepare Shareholders and Establish Shareholder Direction



Operational Excellence

- Employee Communication
- Employee Training
- Employee Survey
- Incentive Plan
- Innovation
- Measurement/Benchmarking
- Industry Ideas/Cost Sharing
- Best in Class
- Safety
- Technology
- Standards



Special Projects

- Smart Meters
- Time of Use Billing
- Conservation and Demand Management (CDM)
- Individual metering of condos & rental apartments
- Customer Information and Billing System
- Metering Information Integrity
- Operating Model for Control Room
- Apprenticeship Programs & Succession Planning
- Supplier Relations/Partnerships
- Security & Environment
- Industry Influence, Government Relations/Lobbying

SHAREHOLDERS' AGREEMENT

THIS AGREEMENT dated and effective this 2nd day of January, 2002.

A M O N G:

TRANS POWER HOLDINGS INC.

a corporation duly incorporated under the laws
of the Province of Ontario,

(hereinafter called "Trans Power")

OF THE FIRST PART;

- and -

ENERSOURCE CORPORATION

a corporation duly incorporated under the laws
of the Province of Ontario

(hereinafter called "Enersource")

OF THE SECOND PART;

- and -

ENERPOWER UTILITIES INC.

a corporation duly incorporated under the laws
of the Province of Ontario

(hereinafter called the "Corporation")

OF THE THIRD PART;

WHEREAS the parties hereto have agreed that the Corporation shall be owned, managed, financed and operated in accordance with the provisions set forth in this Agreement.

AND WHEREAS the parties are desirous of establishing relations among them relating to dealing in the shares of the capital stock of the Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises hereto and the mutual covenants and agreements herein contained, and other good and valuable consideration (each party hereby acknowledging receipt) the parties hereto agree as follows:

ARTICLE I - DEFINITIONS

1.01 For the purposes of this Agreement, the following terms shall have the following meanings:

- (a) "Act" means the *Business Corporations Act*, R.S.O. 1990, c.B.16 and all amendments and regulations thereto.
- (b) "Affiliate" means an affiliated body corporate as defined in the Act.
- (c) "Chartered Accountants" shall mean the Sacks Partnership, Chartered Accountants, or such firm of chartered accountants as the Shareholders may from time to time appoint, at a remuneration to be fixed by the directors of the Corporation, the directors being hereby authorized to fix such remuneration.
- (d) "Completion Date" means the date pursuant to any Article hereof for the completion of the transaction contemplated by that Article, and if no date shall be so set, the date that is 30 days after the agreement of purchase and sale shall be made or deemed to be made in accordance with the terms hereof.
- (e) "Event of Insolvency" means, when used in relation to a Shareholder, that:
 - (1) a resolution is passed or an order made for the winding-up, liquidation, revocation or cancellation of incorporation of the Shareholder or a petition is filed for the winding-up, liquidation, revocation or cancellation of incorporation of the Shareholder, unless the petition is being disputed in good faith by appropriate proceedings and such proceedings effectively postpone enforcement of the petition;
 - (2) the Shareholder makes an assignment for the benefit of its creditors;
 - (3) the Shareholder becomes bankrupt or, as an insolvent debtor, takes the benefit of any act now or hereafter in force for

bankrupt or insolvent debtors; or

- (4) a receiver or other officer with like powers is appointed for the Shareholder, for a substantial part of the assets of the Shareholder or for the Shareholder's shares, unless the appointment of such receiver or other officer with like powers is being disputed in good faith and such proceedings effectively postpone enforcement of such appointment.
- (f) **"Participating Share"** means any Share which entitles the holder thereof to participate pro rata with the holders of other Participating Shares in the distribution of the assets of the Corporation upon the liquidation, dissolution, winding up or other termination of its activities and a **"Non-Participating Share"** means a Share the holder of which is not so entitled.
- (g) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.
- (h) **"Prime Rate"** means an interest rate per annum being the prime lending rate of interest expressed as a rate per annum which the principal bankers of the Corporation shall establish from time to time as the reference rate of interest in order to determine interest rates such bank will charge for demand loans made in Canadian funds to the Canadian commercial customers of such bank at its head office. In the event there shall be more than one Prime Rate at any time hereafter for the principal bankers of the Corporation, then the Prime Rate determined hereunder shall be deemed to be the higher of such rates.
- (i) **"Pro-rata Portion"** means that percentage (increased or decreased to the nearest whole number in the event of any fraction arising) of the total issued and outstanding Participating Shares in the capital stock of the Corporation owned by the Shareholder which total issued Participating Shares shall not include the number of Participating Shares owned by a Selling Shareholder, Offeror, borrower or vendor, if applicable and as the context indicates.
- (j) **"Purchase Price"** means the Put/Call Price determined in accordance with Section 9.03 hereof.

- (k) **"Shareholders"** means all parties to this Agreement other than the Corporation (a "Shareholder" being any one such party) and includes, where relevant, the estate of a deceased Shareholder or his representatives in the event of incapacity, or any transferee of Shares who has agreed to be bound by the terms hereof.
- (l) **"Shares"** means any and all stock of any class in the capital of the Corporation, whether issued or not, options to acquire Shares, warrants in respect of Shares or any other obligation or right of any party hereto to acquire Shares in the capital of the Corporation and shall include common shares, preference shares, special shares or shares under any other designation.
- (m) **"Trustee"** means the solicitor for the Corporation from time to time or any other person designated in writing by all the Shareholders to be the Trustee from time to time.

ARTICLE II - ORGANIZATION AND CONTROL

2.01 The Shareholders shall each so vote all Shares in the capital of the Corporation from time to time held by each of them and otherwise exercise their rights as Shareholders of the Corporation and, to the extent permitted by law, cause their respective nominees on the board of directors of the Corporation so to act so that at all times the conditions, restrictions, limitations and prohibitions of the business and corporate affairs of the Corporation set out in this Agreement shall apply. In the event of conflict between the provisions of this Agreement and the provisions of the articles of incorporation, by-laws or resolutions of directors or shareholders of the Corporation, each party shall so vote its Shares in the Corporation and take such steps as are necessary so as to cause the articles, by-laws and/or resolutions to be amended to resolve any such conflict in favour of the provisions of this Agreement and until actually so amended, shall amongst the parties hereto be deemed to be so amended.

- (a) The business and affairs of the Corporation shall be managed and supervised by a board of Five (5) directors of whom four (4) shall constitute a quorum. All decisions of the board of directors shall require the approval of a majority of directors. On any occasion on which the directors of the Corporation are elected (whether to full terms or to partial terms filling vacancies on the Corporation's board of directors), each Shareholder shall vote all its Shares (or any other voting security issued by the Corporation and held by such Shareholder) for election of two (2) candidates designated by

Enersource and three (3) candidates designated by Trans Power. To implement the designation of candidates by the Shareholders with respect to future election of directors, the Corporation shall notify all Shareholders on each occasion on which action is proposed to be taken on the election of directors. Each such notice shall state the date on which such action is proposed to be taken, and shall be given by the Corporation not later than twenty (20) days prior to the date so elected. Each Shareholder shall notify the Corporation within ten (10) days of receipt of the Corporation's notice, of the names of the candidate or candidates it wishes to propose for election at the meeting. Should any party entitled to designate candidates fail on any such occasion to designate a candidate, the director at the time, serving as a result of the nomination of such party, or so serving as a result of mutual agreement of all persons entitled to designate a director, shall be deemed designated as a nominee for the election to succeed himself. The directors of the Corporation until changed in accordance with the foregoing shall be:

Frank Mongillo
Silvio DeGasperi
Simone DeGasperi
Gunars Ceksters
Michael Angemeer

- (b) No person, including the President acting as Chairman, at any meeting of the Shareholders or directors shall be entitled to exercise any casting or deciding vote.
- (c) No meeting of the Shareholders or directors shall be held unless and until notice of such meeting shall have been sent by prepaid post to all persons entitled thereto, at least ten (10) days but not more than fifty days in the case of Shareholders' meetings, and not less than two (2) days in the case of directors' meetings, prior to the date fixed for the holding of the meeting, provided that, subject to the Act, such notice may be waived by the persons entitled thereto in writing before or after the meeting.
- (d) The officers of the Corporation shall be as determined by the Board of Directors from time to time.
- (e) Until the Corporation is required to comply with Section 148(1)(a) of the Act, the Shareholders shall not engage or appoint the Chartered Accountants as auditors of the Corporation, and shall undertake such actions as are necessary to exempt the Corporation from the

requirements of Section 148(1) regarding the appointment and duties of auditors.

2.02 Until changed in accordance with this Agreement, the issued Shares in the capital stock of the Corporation shall be as follows:

<u>Name</u>	<u>Number</u>	<u>Type</u>	<u>Represented By</u>
Trans Power	90	Participating Common	(90%)
Enersource	10	Participating Common	(10%)

2.03 There shall be established a bank account or bank accounts for the Corporation with the Canadian Imperial Bank of Commerce such financial institution as the directors may from time to time agree upon.

2.04 The Shareholders shall:

- (a) cause the Corporation to carry on the business of utility contractors, including but not limited to the supply and installation of the required hydro, fibre optic, gas, cable, telephone and/or telecommunications utilities in, but not limited to all new subdivisions and rehabilitation projects within the direct or indirect control of Enersource or any Affiliate of Enersource and over which Enersource or any Affiliate of Enersource has directly or indirectly the right to award service contracts (the "Business"), pursuant to the terms and provisions described in Article VII below; and
- (b) co-operate fully to ensure the successful operation of the Business.

ARTICLE III - AMENDMENTS

3.01 This Agreement may be amended by written agreement of all the Shareholders herein; provided that if any change shall affect the duties and liabilities of any of the directors or officers referred to herein, the directors or officers of the Corporation shall be given written notice of the proposed amendment, and such director or officer shall be at liberty to resign and such amendment shall not be effective until another director or officer is appointed in his place and stead.

ARTICLE IV - FINANCING

4.01 The financial policy of the Corporation shall be in accordance with the following criteria:

- (a) The parties acknowledge that Trans Power will advance up to the sum of Five Hundred Thousand (\$500,000.00) Dollars as a shareholders advance to provide initial working capital for the Corporation. Such loan shall bear interest at the rate equal to 1% plus the prime rate and if requested by Trans Power shall be secured by the assets of the Corporation;
- (b) In the event that from time to time, additional working capital as determined by the Shareholders shall be required by the Corporation to enable it to effectively carry on the Business, it shall be procured as far as possible by borrowing other than from the Shareholders;
- (c) All and any necessary guarantees of the repayment by the Corporation of such borrowing shall be provided by Trans Power;
- (d) All capital requirements (the "Funding") which exceed the Corporation's own resources and which cannot be raised pursuant to subparagraph 4.01(a) and (b) hereof shall, subject to aforesaid, be provided by way of loan by the Shareholders in proportion to their respective shareholdings in the capital of the Corporation, within thirty (30) days of demand from the Corporation that such Funding is required.

4.02 Any and all monies advanced from time to time to the Corporation by its Shareholders shall bear interest at the Prime Rate, plus one (1%) percentage point to be calculated and adjusted annually which advances shall be secured by the Corporation granting a security interest or mortgage on its undertaking and assets, upon demand by any Shareholder.

4.03 If and so often as any Shareholder fails to advance its proportionate share of Funding (which party is hereinafter referred to as the "Defaulting Party"), the other Shareholder(s) (the "Contributing Party") may advance the Defaulting Party's share of such Funding, and thereupon the Contributing Party shall have the option, within ninety (90) days of advancing the Defaulting Party's share of such Funding to either:

- (a) take action to recover from the Defaulting Party the amount of such funding which the Defaulting Party should have contributed, together with interest at the Prime Rate plus five (5%) percentage points, from the date of demand for contribution of such funding and require the Defaulting Party to deliver to the Contributing Party a pledge of its Shares in the capital of the Corporation to secure payment of such amount and all interest thereon; or

- (b) require the Corporation, by written notice to it, to issue to such Contributing Party such number of Shares in the capital of the Corporation as shall be necessary so that the shareholdings of the Contributing Party in the Corporation are in the same ratio that the aggregate amount of the Funding of the Contributing Party is to the Funding contributed from time to time to the Corporation by all Shareholders;

and the Defaulting Party shall, upon request, perform all necessary acts and execute and deliver such documents as may be reasonably required by the Contributing Party to give effect to the foregoing, and for this purpose the Contributing Party is hereby appointed irrevocably as attorney for and on behalf of the Defaulting Party to execute all documents necessary in this regard.

4.04 The gross revenues received by the Corporation from time to time shall be applied in the following manner:

- (a) Firstly, to pay all interest and principal payments payable under any debentures or mortgages secured against the property of the Corporation (other than that under Section 4.02);
- (b) Secondly, to pay all indebtedness of the Corporation;
- (c) Thirdly, to pay any indebtedness to any Shareholder(s) under Section 4.03;
- (d) Fourthly, to pay any indebtedness to the Shareholder(s) pursuant to Section 4.02 hereof, on a pro rata basis, then owing to the Shareholder(s), any such payment to be applied firstly on account of interest and then on account of principal; and,
- (e) Finally, any balance or surplus remaining in the hands of the Corporation after the application of funds in the manner aforesaid, shall be available for distribution to the Shareholder(s) in accordance with their Pro-rata Portions.

4.05 Subject to section 4.04(e)(i), all monies to be paid to the Shareholders either directly or indirectly in respect of the Shares of the Corporation by way of dividend, profit, bonuses or otherwise, other than salaries, expenses or compensation fees to employees of the Corporation are to be divided amongst the Shareholders in the same proportions as they hold Participating Shares in the capital of the Corporation.

ARTICLE V - DEALING IN SHARES OF THE CORPORATION

5.01 Except as expressly provided elsewhere herein, no Shareholder shall transfer, mortgage, pledge, charge or otherwise dispose of or alienate any of its Shares in the capital of the Corporation whether by way of sale, gift, beneficial bequest, declaration of trust or otherwise. In addition, no Shareholder shall do any act to encumber the beneficial title to any Shares or affect the rights in any way of another Shareholder with respect thereto under this Agreement. For the purpose of this Agreement, if any Shareholder is a corporation, any transfer, mortgage, pledge or charge of the shares in the capital stock of the Shareholder, whether directly or indirectly, shall be deemed to be a transfer of Shares of that Shareholder in the capital of the Corporation in contravention of this Agreement.

5.02 Nothing contained in this Agreement shall prohibit or be interpreted to prohibit any Shareholder from transferring all Shares owned by it or him to any corporation of which one hundred (100%) per cent of its Shares carrying voting rights in all circumstances and having a fair market value equal to at least 75% of any such corporation are beneficially owned by such Shareholder; provided that any such corporation shall enter into an agreement with the other Shareholder(s) adhering to the terms hereof and providing further that the shares of such transferee corporation shall be subject to the same restrictions as those set out in this Agreement.

5.03 Except as provided herein, the purported transfer at any time during the term of this Agreement of title to any Shares contrary to the terms of this Agreement or the purported sale under any judgment against any Shareholder or the purported acquisition of title by or transfer to any trustee, receiver or assignee for the benefit of creditors shall be deemed to be a grant by the Shareholder involved of an option to the Corporation to purchase such Shares for a price equal to the Put/Call Price as determined in accordance with section 9.03 below. The option period shall be sixty (60) days and shall commence to run from the date upon which the Corporation shall receive actual notice of the event upon which the option provided for above shall arise. If exercised, the Completion Date of the purchase and sale shall be 30 days after the date of exercise of the said option. For the purpose of causing the Corporation to exercise its option as provided above, the Shareholder in default and/or its nominees or representatives shall be deemed to have voted in accordance with the wishes of the Shareholder not in default and/or its representatives or nominees.

5.04 Upon any material breach (which shall specifically include a failure on the part of a Shareholder to make a required contribution under Article IV hereof as well as the failure on the part of Enersource to hire the Corporation as described in Article VII below) of this Agreement by a Shareholder, the Corporation or any other

Shareholder may, in addition to any other remedies available to them respectively, give notice of such breach to such Shareholder, and if such breach is not remedied within fifteen (15) days of the date of delivery of such notice, such breach shall give rise to the option provided for in Section 5.03 hereof, provided that if such breach shall be remedied within the said fifteen (15) day period, it shall be deemed never to have occurred.

ARTICLE VI - OTHER RIGHTS AND OBLIGATIONS OF THE PARTIES

6.01 The Corporation shall at all times maintain books of account which contain accurate and complete records of all income, expenses, assets and transactions. Such books of account and all papers, records and documents of the Corporation shall at all reasonable times, be open to inspection and examination by each of the Shareholders and their respective authorized representatives, with full power to make copies of any extracts from the whole or any part thereof. Financial Statements shall be prepared by the Chartered Accountants of the Corporation at least once a year and delivered to the parties hereto following their delivery by such Chartered Accountants.

6.02 The Shareholders shall at all times be faithful to each other and do their utmost to further the interests of the Corporation, and they will at all times cast their votes and the votes of their nominees for the election of directors and officers as herein set out, and they will at no time cast their votes as directors or Shareholders for the purpose of removing any of the Shareholders or their nominees from the positions with the Corporation as directors; officers or otherwise, nor shall any of the Shareholders take any measure by way of entering into any agreement for the ousting of, or limiting the authority of any other Shareholder and shall at all times act in accordance with the intent and understanding as set forth in this Agreement.

ARTICLE VII - EXCLUSIVITY AND PRICING REGARDING THE BUSINESS OF THE CORPORATION

7.01 Enersource agrees that for an initial period of three (3) years from the date of this Agreement, it shall exclusively engage the Corporation as an independent contractor to supply and install all of the required hydro, fibre optic, gas, cable, telephone and/or telecommunications utilities in all utility rehabilitation projects and shall use its best efforts to secure for the Corporation in respect all new subdivisions all contracts for the installation of utility and communication systems infrastructure, in either case within the direct or indirect control of Enersource or any Affiliate of Enersource and over which Enersource or any Affiliate of Enersource has a right directly or indirectly to award service contracts, save and except for new subdivision contracts that Enersource, acting reasonably and on notice to the Corporation, considers to be in its best strategic interests to award

elsewhere. Notwithstanding the foregoing, the parties hereto acknowledge that as of the date of this Agreement, all requisite Ontario Energy Board guidelines relating to awarding contracts in respect of new subdivisions have only recently been finally promulgated. Accordingly, it is acknowledged that Enersource will not engage the Corporation with respect to servicing new subdivision projects, until Enersource has had a reasonable opportunity to review such new Ontario Energy Board guidelines for this work. Enersource shall undertake such review in an expeditious manner so as to not unduly delay the awarding of new subdivision contracts to the Corporation. In any event, such new subdivision work will be awarded to Enerpower commencing January 1st, 2002 and thereafter. For the time being, Enersource shall engage the Corporation for all rehabilitation projects within the control of Enersource and over which Enersource has a right to award service contracts.

7.02.1 In addition, but subject to the provisions of section 7.08 hereof, Enersource agrees that for an initial period of three (3) years from the date of this Agreement, it shall use its best efforts to secure for the Corporation the first opportunity to perform all work (which the Corporation is capable of performing) required for any new initiatives or projects (a "New Initiative") undertaken or to be undertaken by Enersource or any of its Affiliates, which:

- (a) are not contemplated in section 7.01 above; and
- (b)
 - (i) are not currently within the control of or being performed by Enersource or any of its agencies; or
 - (ii) are within the direct or indirect control of any utility or agency that Enersource may acquire directly or indirectly subsequent to the date hereof.

7.02.2 Further in addition, all projects or initiatives that are secured by the efforts of both Enersource and Trans Power during such initial period and which are not located within the geographic boundary of the City of Mississauga shall be directed to the Corporation to allow it the first opportunity to accept or bid, as the case may be, on such project or initiative.

7.03 Except for those projects or initiatives in respect of which determination under section 7.08 hereof has been made, Enersource shall notify the Corporation in writing of each project described in sections 7.01 and of each New Initiative, request that the Corporation complete the work required in connection therewith, and provide the Corporation with sufficient particulars of same to enable the Corporation to provide Enersource with a price for completing the work in question.

7.04 Within a reasonable period of time of being notified of a particular project contemplated in section 7.01, the Corporation shall provide Enersource with a fair and competitive market price for the project.

7.05 Within a reasonable period of time of being notified of a particular project contemplated in section 7.02, the Corporation shall either:

- (a) provide Enersource with a fair and competitive market price for the particular project; or
- (b) advise Enersource that it is not interested in undertaking the particular project, in which case Enersource shall be entitled to offer the particular project to any third party utility contractor.

7.06 In the event that Enersource does not agree with the price quoted by the Corporation for a particular project, Enersource shall notify the Corporation of same forthwith. Enersource and the Corporation shall attempt to settle the price by good faith negotiations within fifteen (15) days after Enersource's notification is received by the Corporation. If no negotiated price is agreed to within the said fifteen (15) days, the contract price for that particular project shall be the aggregate of each of the following:

- (a) the estimated cost to the Corporation to complete its work for the project as determined by the Corporation. For the purposes of this section "cost" shall mean, all hard and soft costs incurred by the Corporation with respect to materials, equipment, labour and overhead put into place in connection with the completion of the project, as is the usual custom of the trade; plus
- (b) a margin of up to fifteen (15%) percent of such costs.

7.07 Trans Power and/or one or more of its Affiliates shall provide all labour and equipment required to complete the work to be performed by the Corporation, at rates determined by Trans Power or one or more of its Affiliates acting reasonably;

7.08 Notwithstanding the foregoing, Enerpower and Enersource may, both acting reasonable and upon presentation of reasonable business grounds by Enersource agree that Enerpower will not be engaged as the contractor to Enersource in respect of a particular new project or a particular New Initiative or any part thereof.

7.09 The initial term of exclusivity provided for in section 7.01 and 7.02 above shall be automatically extended for an additional two year period unless

either Trans Power or Enersource shall no later than six (6) months prior to the expiration of the initial term of exclusivity give written notice to the other of them indicating its desire to terminate the exclusivity arrangements provided for in this Article VII and providing detailed reasons for such termination. In the event the exclusivity arrangements provided for herein are renewed then they shall be continuously renewed for successive one (1) year periods unless notice is given as herein provided within four (4) months prior to the expiry of any of such one (1) year renewal terms. Notwithstanding the expiration of the term hereof or any renewal terms, the Corporation shall be entitled, at its option, complete any work or any New Initiative that has been commenced by it as at that time.

7.10 For greater certainty, the Shareholders agree that it is their intention to achieve synergies and efficiencies with respect to the provision of services or the performance of work that are or can be provided to Enersource by the Corporation or its Affiliates or by the Shareholders of the Corporation or any of their respective Affiliates whether or not those services or work are currently being generally provided or performed by such entity. Accordingly all reasonable opportunity and occasion will be afforded to the Corporation and or its Shareholders and their respective Affiliates to provide on an exclusive basis any services or to perform any work that Enersource may be in a position to award whether or not such work or service are currently being provided or performed by such entity. Arrangements consistent with the terms of this Agreement for the distribution or sharing of profits shall be determined on a case by case basis in such circumstances.

7.11 The exclusivity arrangements provided herein shall automatically cease if any shareholder shall suffer or permit to exist or commit an Event of Insolvency.

7.12 The representatives of Enersource and Trans Power shall meet bi-annually on or about the 15th day of February and the 15th day of July for the purpose of reviewing pricing structures, revenue and other projections, goals and other issues relating to the conduct of the Business. All such matters shall be discussed and negotiated in good faith.

ARTICLE VIII - ENDORSEMENT OF SHARE CERTIFICATES

8.01 All share certificates of the Corporation shall have a notation thereon as follows:

"The ownership and transfer of these shares are restricted and are subject to the terms of a Shareholders' Agreement dated and effective as of the 2nd day of January, 2002, to which reference is hereby expressly made and by which the transferee or other holder of the shares agrees to be bound by accepting same. A copy of

this agreement may be obtained from the Secretary of the Corporation upon request in writing."

ARTICLE IX - RIGHT TO WITHDRAW

9.01 At any time after January 2nd, 2007, Enersource (hereinafter in this Article called the "Vendor") shall be entitled to send a notice in writing (the "Put Notice") to Trans Power (hereinafter in this Article called the "Purchaser") requiring the Purchaser to purchase all of the Shares owned by the Vendor (hereinafter in this Article called the "Purchased Shares"); and upon receipt of the Put Notice the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor the Purchased Shares, upon the terms and conditions hereinafter set forth.

9.02 In the alternative, at any time after the 2nd day of January, 2007, the Purchaser shall be entitled to send a notice in writing (the "Call Notice") to the Vendor requiring the Vendor to sell to the Purchaser all of the Purchased Shares and upon receipt of the Call Notice the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor the Purchased Shares upon the terms and conditions hereinafter set forth.

9.03 The purchase price for the Purchased Shares shall be the book value thereof, determined by the Chartered Accountants in accordance with generally accepted accounting principles (the "Put/Call Price").

9.04 The Put/Call Price shall be paid by cash or certified cheque on the Completion Date.

9.05 The Completion Date of the transaction contemplated by this Article shall take place at the offices of the Corporation on the date which is thirty (30) days after the receipt by the Purchaser or Vendor of the Put Notice or Call Notice (as the case may be).

ARTICLE X - PROCEDURE ON PURCHASE AND SALE

10.01 The procedures described in this Article shall apply to all transactions of purchase and sale of the Shares of the Corporation, except as may otherwise be provided herein or unless all parties to any such transaction unanimously agree otherwise.

10.02 On the Completion Date, the Shareholder selling (hereinafter called the "Vendor") shall deliver to the Trustee the share certificate or share certificates endorsed in blank for transfer and an irrevocable stock transfer power of attorney in favour of the Trustee and the party purchasing (hereinafter called the "Purchaser") shall deliver to the Trustee the total purchase price or the initial down payment, as the case may be, and the promissory note, if any. The Trustee will

then deliver to the Vendor the purchase price or the initial deposit in respect of the purchase price. The Purchaser shall have the privilege of prepaying any or all of the principal amount of the indebtedness at any time or times, without notice or bonus. The Shares held by the Trustee shall be subject to the provisions set out in Section 10.09.

- 10.03(a) If, on the Completion Date, the Vendor shall be indebted to the Corporation, the Trustee shall pay to the Corporation out of the purchase money, an amount to satisfy and discharge such indebtedness and he is hereby irrevocably authorized to so do by the Vendor, and further to reduce the amount of the monies payable on closing to the Vendor by any amount so paid to discharge such indebtedness to the Corporation.
- (b) If, on the Completion Date, the Corporation is indebted to the Vendor (a "Loan Vendor"), in an amount recorded on the books of the Corporation (herein in this Article each called a "Purchased Loan") and verified by the Chartered Accountants, the Loan Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Loan Vendor, the Purchased Loan at the time of closing and, subject to the provisions of this Section, the amount of the Purchased Loan shall, where it is owed to the Loan Vendor, be added to the purchase price for the Purchased Shares then being purchased and sold and shall be payable in accordance with the provisions herein contained for the payment of such purchase price or, where it is owed to any other Loan Vendor, be payable to such member on the same terms as set out herein for the payment of the purchase price for the Purchased Shares.
- (c) Notwithstanding Subsection 10.03(b), if on the Completion Date the Corporation is insolvent within the meaning of the *Bankruptcy Act* (Canada), as determined by the Chartered Accountants in their absolute discretion, or the purchase price for the Purchased Shares is determined to be nil pursuant to the provisions of Article X then the purchase price for the Purchased Loan shall be an amount equal to the fair market value thereof on the Completion Date as determined by the Chartered Accountants in its absolute discretion. In arriving at such valuation, the Chartered Accountants shall take into account and apply generally accepted accounting and valuation principles and the Chartered Accountants shall be deemed to be acting as an expert and not as an umpire or arbiter. The valuation arrived at by the Chartered Accountants shall, in the absence of fraud, be final and binding, clerical errors excepted, and no appeal shall lie therefrom.

- (d) At the time of closing on the Completion Date, each Loan Vendor shall do all things required in order to assign each of the Purchased Loans to the Purchaser, free and clear of any claims, liens, encumbrances and any rights of set-off. Provided that if, at the time of closing, the Purchased Loans are not free and clear of all claims, liens, encumbrances and rights of set-off, the Purchaser may, without prejudice to any other rights which it may have, purchase the Purchased Loans subject to such claims, liens, encumbrances and rights of set-off. In that event, the Purchaser shall, at the time of closing, assume all obligations and liabilities with respect to such claims, liens and encumbrances. In the case of a Purchased Loan owed to the Vendor, the amount so assumed shall reduce that portion of the purchase price for the Purchased Shares and the Purchased Loan owed to the Vendor which is payable at the time of closing and thereafter shall reduce payments on account of such purchase price in order of maturity. If a Purchased Loan is subject to a right of set-off, only the net amount, if any, of such Purchased Loan (after deducting the amount to be set-off) shall be added to the purchase price for the Purchased Shares and such net amount shall be payable in accordance with the provisions herein contained for the payment of the purchase price for the Purchased Shares.

10.04 On the Completion Date, the Vendor shall resign from office and from the board of directors of the Corporation, and shall cause his representative or representatives to resign from office and from the board of directors of the Corporation and shall do everything necessary to allow proper minutes and resolutions to be made and passed to effect the sale.

10.05 The Purchaser shall endeavour to obtain a release of all covenants and guarantees of the Vendor (including its Principal, if applicable) with regard to the business of the Corporation including, without limiting the generality of the foregoing, any bank loan of the Corporation, provided that the refusal of any person holding such covenants or guarantees to release the same will not invalidate the purchase so long as the Purchaser agrees to indemnify and save harmless the Vendor from any claims and liabilities arising therefrom, provided that such indemnity shall provide the Vendor with reasonable economic assurances. If the indemnity does not provide such reasonable economic assurance because of the indemnitor's financial weakness or the lack of security, a release of all guarantees and covenants shall be required as a condition to the Vendor's obligations to complete such sale.

10.06 While the Purchaser is not in default of its payment obligations, it shall be entitled to vote the Shares as though it were the owner thereof, and any cash dividends which may be declared on such Shares shall be paid to the Vendor in

reduction of the balance owing. Until the balance of the purchase price is paid in full, the Corporation shall not issue any further or other Shares, whether as a dividend or otherwise and all provisions of this Agreement that formerly required the consent of the Vendor be obtained to validate any act or transaction shall remain effective against the Purchaser provided that the consent of the Trustee need only be obtained.

10.07 If, on the Completion Date, the Vendor shall fail, neglect or wrongfully refuse to close the sale, the Purchaser shall have the right, upon payment of any monies due hereunder to the credit of the Vendor in any chartered bank in the municipality in which the registered office of the Corporation is located, or the balance of such monies after payment, satisfaction and discharge of the indebtedness, if any, of the Vendor to the Corporation for and on behalf of and in the name of the Vendor to execute and deliver such transfers, resignations and other documents as may be necessary or desirable in order to complete the transaction, and the Purchaser is hereby irrevocably constituted the Attorney for the Vendor in that behalf and for that purpose.

10.08 If, on the Completion Date, the Purchaser shall fail, neglect or refuse to close the sale, and the Vendor and Purchaser constitute all the Shareholders of the Corporation, the Vendor shall have the right, if the Vendor so desires, to require the Corporation to be wound-up and failing the Purchaser actively giving or causing to be given the necessary consent to such winding-up, the Vendor shall have the irrevocable right as Attorney of the Purchaser to execute and deliver and to do such things in the name of the Purchaser as may be necessary or desirable in order to effect such winding-up and for the said purpose and in that behalf, the Purchaser hereby irrevocably constitutes the Vendor the Purchaser's Attorney. The Vendor in the case of such default by the Purchaser in closing the sale shall be entitled to recover against the Purchaser all the remedies-at-law, including all losses, damages, costs and expenses incurred by the Vendor as a consequence of the Purchaser's default and such right of recovery as set forth herein shall be available to the Vendor whether or not the Vendor has exercised the said right to cause the Corporation to be wound-up and whether or not the Corporation has been wound-up; it being the intention hereof that if, upon being wound-up, the net distribution to the Vendor in respect of the Vendor's Shares in the capital stock of the Corporation and the payment of the Corporation's indebtedness, if any, to the Vendor shall be less than the total the Vendor would have received had the sale been closed by the Purchaser, then the Vendor shall have the right to recover from the Purchaser the net deficiency and the costs and expenses of the Vendor.

10.09(a) As security for the payment of any unpaid balance of the purchase price for the Purchased Shares and, if applicable, the Purchased Loan, interest thereon and the performance by the Purchaser of the covenants contained herein in respect of the purchase and sale of the

Purchased Shares and the Purchased Loan, if any, the Purchaser hereby grants to the Vendor a security interest in the Pledged Shares (as hereinafter defined) pursuant to the provisions of the *Personal Property Security Act* (Ontario) (the "PPSA"). In order to perfect such security interest, the Purchaser shall, at the time of closing on the Completion Date, deliver to the Trustee, share certificate(s) endorsed in blank representing the Purchased Shares as well as the Purchaser's Shares in the Corporation (collectively the "Pledged Shares"), to be held and dealt with by the Trustee in accordance with the provisions hereof. If the Trustee designated herein refuses to act as such, the Completion Date shall be postponed to a date that in five (5) days after the effective appointment of a replacement Trustee. The Vendor and the Purchaser shall have until the Completion Date to appoint a new Trustee. For the purposes hereof, the effective appointment of the new trustee shall commence on the date that the replacement Trustee delivers an acknowledgment to the Vendor and the Purchaser acknowledging that he has knowledge of the terms of the escrow arrangement as hereinafter set forth and agrees to be bound by the terms hereof. If, on the Completion Date, the Vendor and the Purchaser have not agreed upon the replacement Trustee, the Trustee shall be appointed by a Judge of the Superior Court of Justice upon the application of either the Vendor or the Purchaser and such appointment shall be final and binding upon the Vendor and the Purchaser and no appeal shall be therefrom.

- (b) The Vendor and the Purchaser intend that the security interest of the Vendor in the Pledged Shares will attach at the Time of Closing.
- (c) Notwithstanding the registration of the Pledged Shares in the name of the Trustee, so long as the Purchaser is not in default hereunder:
 - (i) the Purchaser shall be entitled to vote the Pledged Shares; and
 - (ii) all distributions, whether by way of dividend or otherwise, paid by the Corporation in respect of the Pledged Shares shall be paid to the Purchaser.

The parties shall cause the Trustee to do whatever is necessary to give effect to the foregoing including, without limitation, delivering to the Purchaser a proxy for the Pledged Shares and directions with respect to any payments with respect to the Purchased Shares, upon a request in writing for the same.

- (d) The Purchaser and the Corporation covenant that, so long as any unpaid balance of the purchase price for the Purchased Shares and, if applicable, the Purchased Loan, is outstanding:
 - (i) the Corporation will not divert any of the Business to any other person; and
 - (ii) the Corporation will not take, nor will the Purchaser consent to the taking of any action by the Corporation which would have by the terms hereof required the consent of the Vendor alone.
- (e) The Trustee shall deliver the share certificate(s) duly endorsed in blank for transfer to the Purchaser upon the Purchaser paying the unpaid balance of the purchase price for the Purchased Shares and, if applicable, the Purchased Loan and delivering to the Trustee a notice that payment in full has been made and an affidavit attesting that it has mailed or caused to be mailed a copy of such notice of payment in full to the Vendor, so long as the Trustee has not, within 10 days of his receipt of the said notice of payment, received written notice of objection from the Vendor.
- (f) The Trustee shall deliver the share certificate(s) duly endorsed in blank for transfer to the Vendor if the Purchaser defaults in any payment of principal and interest due on account of the unpaid balance of the purchase price for the Purchased Shares and, if applicable, the Purchased Loan or in the performance of any other covenants contained herein in respect of such sale and the Vendor delivers to the Trustee a notice of such default which notice shall set forth the particulars of such default and an affidavit attesting that the Vendor has mailed a copy of such notice of default to the Purchaser, so long as the Trustee has not, within 10 days of his receipt of the said notice of default, received written notice of objection from the Purchaser.

Upon receipt by the Trustee of the notice of default and affidavit as aforesaid, the security hereby granted to the Vendor with respect to the Pledged Shares shall become enforceable and in such event the provisions of Part V of the PPSA shall govern the rights, remedies and obligations of the Vendor in respect of such default. Notwithstanding anything to the contrary contained in Part V of the PPSA:

- (i) the Vendor shall be entitled to purchase the Pledged Shares subject to the said security interest, or any part thereof, at a private sale; and

- (ii) the expenses which the Vendor is permitted by the PPSA to deduct or apply from the proceeds of disposition of the Pledged Shares shall include legal fees and expenses (on a solicitor and client basis) incurred by the Vendor in enforcing its security.

If the Pledged Shares are sold in accordance with Part V of the PPSA for a price which is less than the then outstanding balance of the purchase price for the Purchased Shares and, if applicable, the Purchased Loan together with accrued interest thereon, the Purchaser shall remain liable to the Vendor for the immediate payment of such deficiency.

- (g) If the Purchaser has delivered a notice of payment in full and the Vendor has filed a notice of objection within the prescribed time or if the Vendor has filed a notice of default and the Purchaser has filed a notice of objection within the prescribed time, the Trustee shall deliver the said share certificate(s) to the Ontario Court (General Division), in which event the Trustee shall be released from any further obligations and liability hereunder.
- (h) The parties hereto acknowledge and agree that the Trustee is acting as agent for the Vendor in accordance with the terms hereof.
- (i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by him in good faith.
- (j) The Trustee may rely on all documents and notices submitted to him without further inquiry.
- (k) The Vendor in the subject transaction of purchase and sale agrees to indemnify the Trustee against any loss, damages or expenses that the Trustee may suffer or incur in relation to this Agreement, including any legal or other professional costs incurred.
- (l) The Trustee may resign his trust and be discharged from all further duties and liability hereunder by giving 10 days (or such shorter period as may be agreed upon in writing by the Purchaser, the Vendor and the Trustee) prior written notice to the Vendor and Purchaser in the subject transaction. In the case of the resignation of the Trustee or his incapacity to act, his successor shall be at once appointed in accordance with the provisions of Subsection 10.09(a). Upon appointment, the newly appointed trustee shall be vested with the same power, rights, indemnities, duties and responsibilities as if he had been originally named as trustee, without any further assurance,

act or instrument, and there shall be immediately executed at the expense of the Vendor all such instruments, if any, as the Trustee considers necessary and advisable.

ARTICLE XI - CONFIDENTIALITY

11.01 Each Shareholder covenants and agrees that upon entering into this Agreement and upon and from any sale by it of its Shares in the Corporation it shall not at any time disclose the private affairs of the Corporation, any trade or business secrets of the Corporation, any information or knowledge it may have acquired with respect to the Business of the Corporation to any person, firm or corporation whatsoever and any Shareholder shall treat any such information with the strictest of confidence and recognizes such trade and business secrets and confidential information as the property of the Corporation.

ARTICLE XII - ACKNOWLEDGMENT REGARDING COMPETITION

12.01 The parties hereto acknowledge that Trans Power Utility Contractors Inc., an affiliate of Trans Power, is a utility contractor and shall be entitled to carry on its business as it presently does regardless of anything contained herein.

ARTICLE XIII - PRE-EMPTIVE RIGHTS RESPECTING NEW TREASURY SHARE ISSUES

13.01 If at any time the Corporation proposes to issue any Shares in addition to the Shares issued or to be issued pursuant to the provisions of this Agreement (hereinafter referred to for the purposes of this Article as "Additional Shares"), each of the Shareholders shall have the pre-emptive right to purchase, in whole or in part, such Additional Shares in proportion to the shareholdings of Participating Shares of such party at the time of the proposed issuance, at such price and on such terms as the said Additional Shares are proposed to be issued. The Corporation shall give written notice to each Shareholder of its intention to issue Additional Shares with said Notice including, but not limited to, provisions relating to the purchase price of the Additional Shares. Following receipt of such notice, each Shareholder shall have 15 days (hereinafter referred to for the purposes of this Article as the "Decision Period") to provide written notice to the Corporation of its intention to exercise its pre-emptive rights (hereinafter referred to for the purposes of this Article as a "Notice of Intent"). The Notice of Intent may include a maximum number of Additional Shares which such Shareholder wishes to purchase which may be more or less than its pro rata entitlement. If any Shareholder does not elect to take its full pro rata entitlement, such Additional Shares shall be allotted to the Shareholder who has indicated a greater number in its notice and such Shareholder will be deemed to have waived all its pre-emptive rights obtained pursuant to this Article.

13.02 In the event that the Corporation receives a Notice of Intent from a Shareholder within the Decision Period, the Shareholder will be obligated to purchase and the Corporation will be obligated to issue the number of Additional Shares specified in such Notice of Intent on the date of the closing of the proposed transaction (hereinafter referred to for the purposes of this Article as the "Completion Date").

13.03 The Completion Date of the transaction shall be thirty (30) days after the Notice of Intent is received by the Corporation. In the event that the Shareholder fails, refuses or neglects to complete the transaction on the Completion Date contained in this Section 13.03, such Shareholder will be deemed to have waived his pre-emptive rights under this Article and all such rights under this Article shall be terminated.

13.04 All of the pre-emptive rights contained in this Article shall not apply to the issuance of Additional Shares by the Corporation pursuant to:

- (a) Any employee share option plan adopted by the Corporation; or
- (b) Any employment arrangements reached with executives, directors or experts who are to be hired by the Corporation.

ARTICLE XIV - NOTICE

14.01 Any notice, offer, acceptance or other communication ("Communication") which may be given pursuant to or concerning this Agreement shall be in writing and may be given by personal service or may be given by prepaid first class mail mailed from anywhere within Canada to the respective party concerned at the address hereinafter appearing or at such other address of which written notice may then have been given pursuant to the provisions of this Section 14.01, and if so mailed the same shall be deemed to have been received on the fifth business day next following the date of such mailing provided, however, that if there shall occur any relevant work stoppage, work slowdown or other event which, on a reasonable view of the facts, can be expected to impede for a period of time the normal time of the delivery of the mails from the place where such Communication is posted to the place where the same is addressed, such period of ten (10) days shall be extended by a comparable period of time. Any Communication may also be given by consigning the same to a responsible courier service within Canada for prepaid delivery to the party concerned at the address to which Communications may then be given by prepaid first class mail, and if so consigned such Communication shall be deemed to have been received by such party on the third day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such consignment. Any Communication may

also be given by transmitting by telefax telephone number hereinafter appearing of which written notice may then have been given pursuant to the provisions of this Section 14.01, in which event such Communication shall be deemed to have been received by such party on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of its transmittal. Any Communication which is deposited at the address to which Communications may then be mailed shall be deemed to have been received on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such deposit.

Any party who has given a Communication shall upon the request of the party to whom it was addressed provide promptly to such party one copy thereof.

14.02 The addresses and telefax telephone numbers of the parties for the purposes of this Article XIV are as follows:

To Trans Power

71 Creditstone Road,
Concord, Ontario
L4K 1N3

Fax No. (905) 660-9577
Attention: Frank Mongillo

To Enersource:

3240 Mavis Road,
Mississauga, Ontario
L5C 3K1

Fax No. 905 - 279-2103
Attention: Gunars Ceksters

To the Corporation:

71 Creditstone Road,
Concord, Ontario
L4K 1N3

Fax No. (905) 660-9577
Attention: Frank Mongillo

ARTICLE XV - MISCELLANEOUS

15.01 All rights, advantages, privileges, immunities, powers and things hereby secured to the parties and each of them shall be equally secured and

exercisable by his heirs, executors, administrators, successors and assigns, as the case may be, and all covenants contained herein shall be binding not only upon the parties hereto but their respective heirs, executors, administrators, successors and assigns, as the case may be.

15.02 This Agreement shall terminate upon the earlier of:

- (a) The dissolution or bankruptcy of the Corporation; or.
- (b) The date upon which there is only one Shareholder of the Corporation, or
- (c) The date that is 10 years from the date hereof, provided that if the Shareholders agree to renew their arrangement, they shall enter into an agreement similar to this one relating to the subject matter contained in this Agreement.

15.03 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

15.04 Time shall be of the essence of this Agreement.

15.05 The Shareholders acknowledge that there are no written agreements, contracts, covenants, promises, representations, warranties, inducements or understandings between them, except as set forth or referred to herein with respect to the management and financing of the Corporation and the disposition of their Shares.

15.06 This Agreement shall not be changed orally and shall not be changed, modified or discharged in whole or in part otherwise than by an instrument in writing, signed by all parties hereto.

15.07 Wherever in this Agreement the context requires, words importing the singular number shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter gender and vice versa.

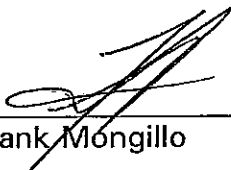
15.08 The parties hereto agree that each of them has participated in the drafting of this agreement and that any rule of construction to the effect that ambiguities be resolved against the drafting party shall not apply in the interpretation of this agreement.

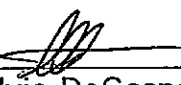
15.09 This Agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

15.10 If any covenant, obligation or provision contained in this Agreement, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

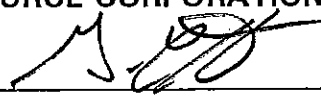
IN WITNESS WHEREOF the parties hereunto have duly executed this Agreement as of the date first written above.

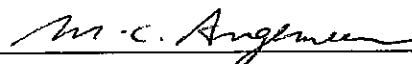
TRANS POWER HOLDINGS INC.

Per: 
Frank Mongillo A.S.O.

Per:  c/s
Silvio DeGasperis A.S.O.

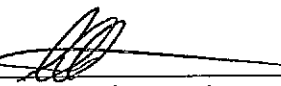
ENERSOURCE CORPORATION

Per: 
GUNARS CEKSTERS A.S.O.
c/s

Per: 
Michael Angemeer A.S.O.

ENERPOWER UTILITIES INC.

Per: 
Frank Mongillo A.S.O.
c/s

Per: 
Silvio DeGasperis, A.S.O.

TOTAL OM&A Per Customer Connection \$(000's)			
	2006 Actual**	2007 Forecast	2008 Test Year
Total OM&A*	\$ 34,487	\$ 39,289	\$ 42,076
Total Customer Connections	230,679	232,844	238,914
OM&A Per Customer Connection	\$ 150	\$ 169	\$ 176
<i>% Increase year over year</i>		<i>13%</i>	<i>4%</i>

* Total OM&A excludes CDM related expenses

** Total OM&A for 2006 include adjustments for One-Time Premium Life Credit \$388, OMERS Deferred Pension Costs \$330, and OEB Deferred Cost Assessment \$214

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Cost of Power Interruptions to Electricity Consumers in the United States (U.S.)

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Abstract

The massive electric power blackout in the northeastern U.S. and Canada on August 14-15, 2003 catalyzed discussions about modernizing the U.S. electricity grid. Industry sources suggested that investments of \$50 to \$100 billion would be needed. This work seeks to better understand an important piece of information that has been missing from these discussions: what do power interruptions and fluctuations in power quality (power-quality events) cost electricity consumers? We developed a bottom-up approach for assessing the cost to U.S. electricity consumers of power interruptions and power-quality events (referred to collectively as “reliability events”). The approach can be used to help assess the potential benefits of investments in improving the reliability of the grid. We developed a new estimate based on publicly available information, and assessed how uncertainties in these data affect this estimate using sensitivity analysis.

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1. Introduction

The highly publicized power outage in the Northeastern U.S. and Canada on August 14-15, 2003 produced criticism that the U.S. power system was “antiquated”, comparable to that of a “Third-World nation”, and in need of modernization [1, 2]. Qualitative critiques of the power system have been published [3, 4], but these assessments have largely neglected to quantify an important piece of information: how much do power interruptions and fluctuations in power quality (power-quality events) actually cost electricity consumers? Accurately estimating this cost will help assess the potential benefits of investments in improving the reliability of the grid. This work develops a bottom-up approach for estimating this cost in order to better understand the significance of uncertainties inherited in these estimates.

There have been several efforts to assess the cost of power interruptions and power quality. In 1992, Keane and Woo [5] applied customer outage costs to derive an optimal reserve margin for generation that minimizes the sum of customer outage and generation capacity costs. The resulting optimal reserve margin is compared with and determined to be less than the one implied from the commonly used “1-day-in-10-years loss-of-load” criterion. Because very few data were available on outage costs, rules of thumb were widely used to derive the estimates in the study.

Shortly after, the Electric Power Research Institute (EPRI) reported the first ever power-quality-cost estimate of \$26 billion per year for the U.S.¹ [6]. However, power quality is only a subset of reliability events that affect customers and does not include losses of power for periods longer

than a few seconds. In addition, the estimate does not address the residential and commercial sectors. Finally, the estimate is based on the assumption derived anecdotally from professional judgment that 1.5 to three cents of spending per dollar sales went to power-quality equipment. Later, EPRI extrapolated from this figure and began reporting power-interruption costs of \$50 billion per year [7].

During the same period, a U.S. Department of Energy (DOE) study published cost-of-reliability estimates ranging from \$150 to \$400 billion per year, based on an extrapolation from a value-of-service study of the Duke Power service territory to the entire U.S. [8]. Sources of potential error and bias in this estimate include the extrapolation from a single utility service territory to the entire U.S. and the focus only on costs to the industrial sector [9].

In 2001, Eto et al. [10] performed a scoping study of electricity reliability trends in the U.S., which began by updating a comprehensive list of literature on electricity reliability costs. The report also described three distinct end-use approaches for tracking trends in reliability needs and presented an insurance industry perspective on electricity reliability as an example of a financial tool for addressing customers' reliability needs.

Finally and most recently, EPRI estimated the national cost of power interruptions including power-quality events at \$119 billion per year [11]. The estimate is based on a limited national survey of selected customer groups asking these customers to estimate costs for several distinct power-outage scenarios. Key assumptions of this study, which are reviewed in LaCommare and

¹ Billion refers to 10⁹ U.S. dollars.

Eto [12], are that the costs experienced by the non-surveyed customer groups (excluding residential customers) were 25 to 50 percent of the costs experienced by the surveyed population. Costs to residential customers were not estimated. The outage cost scenarios all asked customers to estimate costs they would experience on summer weekday afternoons, which is the time when customers typically reported the highest costs from outages.

These studies have helped improve our understanding of the sources of uncertainty associated with estimating customer outage costs, which is essential for valuing the overall cost of power interruptions to U.S. electricity customers. However, little has been done to analyze systematically the significance of these uncertainties.

A number of recent analyses, which seek to improve energy demand forecasts, are suggestive of an approach that may facilitate and improve our ability to understand the cost of power interruptions and power-quality events using a bottom-up approach. In particular, research using end-use approaches has improved our understanding of how energy is used. For example, Turiel et al. [13] estimates the energy intensity of major end uses in the commercial sector using an end-use approach, work that is important to understanding how each end use contributes to the overall demand for electricity in the commercial sector. Bottom-up analyses such as these, allow for more accurate estimates of energy consumption patterns and help improve the modeling accuracy of energy forecasting models. Chateau and Lapillonne [14] stress the importance of end-use models and approaches as an important tool for forecasting energy demand in long term energy planning. Our work builds upon the analytical rigor and strengths inherent in these

bottom-up approaches for energy analysis by adapting it to improve our understanding of the cost of outages.

In the work described in this article, we developed a bottom-up approach for estimating the cost of power interruptions to U.S. electricity consumers. We illustrated the use of the approach by drawing on existing data from a variety of sources to develop a new (“base case”) estimate of the total economic cost to U.S. electricity consumers (not including power quality events.) We examined uncertainties and gaps in the information used to develop our estimate as one application of our end-use approach in order to define the degree of variability that might be expected in future estimates. Based on the identified uncertainties, we prioritized future data-collection activities whose results can be used to refine estimates of outage costs.

2. A Bottom-Up Approach for Estimating the Economic Cost of Power Interruptions and Power-Quality Events

A key aspect of our work is the development of a bottom-up approach for estimating the economic costs of power interruptions and power-quality events to U.S. electricity consumers. The framework relies on a simple mathematical expression that determines the economic cost of power interruptions and power-quality events as follows:

$$\text{Cost of Power Interruptions and Power Quality} = \sum_{i=1}^m \sum_{j=1}^n \sum_{k=1}^p N_{i,j} \times F_{i,j,k} \times C_{i,j,k} \times V_{i,j,k} \quad (1)$$

where,

N = number of electricity customers in customer class i for region j

F = the frequency of reliability events of type k experienced annually by customer class i
in region j

C = the cost of reliability event type k per customer in customer class i for region j (2002-
Consumer-Price-Index-weighted dollars/event)

V = the vulnerability of customers to reliability event type k in customer class i for region
 j (a fraction between 0 and 1)

m = the number of customers in each customer class

n = the number of regions

p = the number of types of reliability event

i, j, k = indices for customer class, region, and type of reliability event, respectively

The simplicity of this formula belies the complexities involved in estimating each of the four parameters in equation (1). Indeed, the data used to estimate the parameters are often difficult to define clearly. The following subsections outline current limitations on availability of the data needed to estimate each parameter, while section 3 describes the process we used to collect these data for our study.

2.1 Customer Data

The number of customers considered in estimating the cost of power interruptions or power-quality events will have a significant impact on the magnitude of the estimate. Substantial uncertainty can result from differences in how customers are defined. In the U.S., customers may be defined in any of the following ways: (1) as a single electricity account with one (or more) meter(s), such as a single-family detached residence; (2) as a single site/facility with multiple

accounts, each possibly consisting of multiple meters, such as an apartment building; or (3) as multiple premises under common ownership, each with one or more accounts/meters, such as a chain of retail establishments. It is important to note that customers do not equal people and that one electricity customer often refers to one household, residence, or commercial or industrial facility or business.

2.2 *Reliability Event Data*

Although many U.S. utilities maintain detailed records of customer outage experience, these data are usually reported in summarized form as two reliability-event indices [15]: the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). SAIDI and SAIFI describe the duration and frequency, respectively, of *sustained* interruptions experienced by customers of a utility in one year [16, 17]. According to the Institute of Electrical and Electronics Engineers (IEEE), a “sustained interruption” is any interruption that lasts at least five minutes and is not classified as “momentary”. Consistent with IEEE’s definition of a sustained interruption, a momentary outage is defined as any event lasting less than five minutes.

SAIDI represents the average duration of customers’ power interruptions, while SAIFI represents the average number of interruptions per customer per year for a specified electricity supply system. We used SAIDI and SAIFI data to quantify the duration and frequency of sustained electricity interruption events for a typical year. We also used the Momentary Average

Interruption Frequency Index (MAIFI) index, which is a useful measure for assessing the frequency of momentary interruptions; however, these data are not as commonly collected.

Unfortunately, SAIDI, SAIFI, and MAIFI data do not distinguish among the types of customers experiencing reliability events. Because of the way electricity distribution systems are designed and operated, larger commercial and industrial customers in some areas may experience fewer and shorter power interruptions than smaller commercial and residential customers [18].

Power quality, or the degree to which voltage and current deviate from a perfect 60-cycle sinusoid, has emerged as an important issue in recent years. Despite the growing importance of power-quality events as a category of reliability events, there is even less information available on these events than on power outages. There has been only one comprehensive study of power quality, and the data collected for it are now more than a decade old [19]. Currently, there are no ongoing public-domain data-collection efforts for power quality [17]. Hence, although the bottom-up approach we designed allows for consideration of power-quality events, the lack of sufficient power-quality data prevented us from considering these events in our base-case estimate.

2.3 Cost per Outage Data

Estimating customer outage costs involve several sources of uncertainty, two of which pertain to the accuracy of the cost measurement as well as how representative the estimate is of the area it covers. Typically, outage-cost estimates are based on what customers say they will experience

under different hypothetical outage circumstances in surveys [9]. The key source of uncertainty in these estimates is the degree to which the costs customers report for hypothetical circumstances correspond with the actual costs they would experience [20]. No studies have attempted to validate the results obtained from these surveys, yet this is a significant source of uncertainty in the cost estimates that have been prepared to date. Another important source of uncertainty inherent to customer survey data is small sample size; this can lead to significant errors if the sample is insufficient to appropriately represent the population. A common manifestation of this uncertainty arises from extrapolation to a wide geographic area from a smaller subset that is not representative of the wider geography.

Assessing actual costs is complicated by the differing impacts of reliability events on various classes of customers – residential, commercial, and industrial. Costs experienced by non-residential customers or firms are, in principle, simpler to estimate than the difficult-to-quantify “hardship” costs experienced by residential customers. Basic accounting categories for commercial customers, such as labor and materials costs and revenue losses, are straightforward (though not necessarily easy to use) to apply in determining the cost of work interruptions caused by power losses. Residential-sector costs, however, include elements such as the cost of consumable goods (e.g. flashlights and candles) and inconvenience costs (e.g. resetting clocks, changing plans, and coping with inconvenience, fear, anxiety, etc.).

A subtle issue that is gaining recognition is that business losses are not always directly proportional to the duration of a reliability event [21]. In such cases, the key factor is the length of business or production downtime caused by an outage of any length. For example, a partial

loss of voltage or a voltage sag can cause the same amount of downtime as a complete loss of power, if, for example, machines need to be rebooted or production processes need to be restarted. This issue poses a major challenge in estimating the economic cost of power interruptions and power-quality events.

2.4 *Vulnerability*

The economic cost and perceived risk of reliability events has led many customers to invest in a wide variety of technologies and measures to reduce their vulnerability to these events. Back-up or stand-by generators are probably the most well known customer investments; smaller investments like strip-surge protectors should be considered in this same category, however. In between are a host of energy-storage technologies, such as batteries and flywheels, which can reduce a customer's vulnerability to power interruption and power-quality events.

Comprehensive, national data on these investments are lacking. Hence, in the illustrative example presented in the next section, we did not explicitly consider the potential of these measures to reduce customers' vulnerability to reliability events. That is, we implicitly set this factor to be equal to 1.0.

3. Deriving a New Estimate of the Economic Cost of Power Interruptions to U.S. Electricity Consumers

Having established our framework, we applied it to develop a new estimate of the cost of power interruptions, based on a review of the best data available in the public domain (the "base case").

As described earlier, even the best data available have important limitations and our new estimate ultimately represents a mix of nationally aggregated and regional data components.

3.1 *Customers by Class and Region*

We used residential, commercial, and industrial electricity demand sectors to describe customer classes as shown in Table 1. Customer population data were taken directly from the Energy Information Administration (EIA) *Electric Sales and Revenue* publication [22]. The data are reported for the year 2001 by state and demand sector. We partitioned the U.S. into regions so that we could represent variations in outage costs as a function of differences in the population. The regions correspond to U.S. Census Divisions as mapped by EIA, with a slight variation in the Pacific; we extracted California, where most of the Pacific region population resides, and treated it as a separate region.

3.2 *Duration and Frequency of Reliability Events*

Despite the existence of well-defined indices for a majority of reliability events, reliability event data are not collected systematically or consistently. The National Regulatory Research Institute reports that only 23 of 40 surveyed states require annual reporting of reliability statistics [23]. As a result, deriving reliability event data on a national scale is a challenge.

We conducted an Internet search to gather publicly available reliability-event data. To address biases introduced by extreme outlying values, we used “trimmed means”: we removed the

highest and lowest five percent of observations and then calculated the means of the reduced observations [24]. Table 2 shows the trimmed means and standard deviations for SAIDI, SAIFI, and MAIFI used for our base case calculation. Trimming the data sets had a noticeable effect on the resulting average duration of outages in the U.S.² Because our Internet search did not produce adequate data for all regions, national reliability event data were used in the base case with regional considerations presented in our sensitivity analysis.

Several other studies have also examined national SAIDI, SAIFI, and MAIFI statistics (see Table 3). Our calculated trimmed means of 106 minutes, 1.2 sustained interruptions, and 4.3 momentary interruptions for SAIDI, SAIFI, and MAIFI, respectively, are very similar to the estimates reported from these studies. Our data thus appear to be reasonable inputs for calculating the cost of power interruptions to U.S. electricity customers.

Since we did not find similarly comprehensive data on the frequency of power-quality events, we elected to exclude the costs of these events in our base-case estimate.

3.3 *Cost of Reliability Events*

Limited information is available on the cost of reliability events. The cost data is taken from a recent analysis of the cost of power interruptions to customers [9]. The study is a meta-analysis

² When we removed the outliers, the SAIDI average decreased by 13 percent, from 122 to 106 minutes, but the SAIFI and MAIFI means changed very little. The standard deviation for both SAIDI and SAIFI were roughly halved when the outlying 10 percent of the data points were removed; the MAIFI standard deviations were reduced by more than 10 percent. This suggests that trimming the highest and lowest five percent of data points helped to improve significantly the robustness of our means.

of 24 independent customer surveys conducted by eight electric utility companies in the U.S. during the past 13 years.

The study developed analytic expressions, called “customer damage functions”, using a regression approach that expresses customer outage costs as a function of customer class, region, event duration, and other descriptive variables based on survey responses from more than 2,000 large commercial and industrial (C&I), 5,200 small and medium C&I, and 11,000 residential customers. The resulting cost per outage per customer data we derived using the damage functions were normalized and reported in year-2002 Consumer-Price-Index (CPI)-weighted dollars. The independent descriptive variables used to derive customer outage costs were obtained from the most recently available EIA Commercial Building Energy Consumption Survey (CBECS) and Manufacturing Energy Consumption Survey (MECS) data.

To account for outage cost differences by time of day, week, and season, we weighted the costs for morning, night, weekend, weekday, and summer and winter time periods. The outage cost associated with each time period was then weighted to derive the cost per outage per customer throughout the year.

Table 4 shows the costs per outage per customer used to calculate the total cost of power interruptions to U.S. electricity customers in our base case analysis. The table includes costs for momentary and sustained interruptions as well as costs for the typically reported one-hour outage length as a basis of comparison to external estimates. Again, the U.S. outage cost is used in our base case estimate with regional consideration in the sensitivity analysis.

3.4 Base-Case Estimate of the Economic Cost of Power Interruptions

We find that, based on publicly available data and subject to the limitations discussed in this section, the economic cost of power interruptions to U.S. electricity consumers is \$79 billion annually.

Figure 1 shows how these costs are distributed among the three customer classes. The commercial sector accounts for more than 72 percent (\$57 billion) of the total outage cost. This large share is due to the high outage cost for this sector (shown in Table 4) coupled with the large population of commercial customers. The industrial sector represents nearly 26 percent of the total cost, and the residential sector accounts for less than 2 percent of the total.

Although per outage per customer costs were significantly higher for the industrial sector than for the commercial and residential sectors, the industrial sector's smaller population-- 1.6 million customers, compared to 14.9 million commercial customers--led to a lower total estimated cost than for the commercial sector. Commercial sector outage costs were roughly one order of magnitude lower than those for the industrial sector. The 114.3 million residential customers represent by far the largest population of customers in the three sectors, but their outage costs are two to three orders of magnitude lower than for the commercial sector. Therefore, despite its large customer population, the residential sector's contribution to the total is minor.

Figure 2 shows that momentary outages accounted for two-thirds of the overall annual U.S. outage cost; the 4.3 momentary outages that were derived from a trimmed mean of collected Internet data cost the U.S. \$52 billion each year; the 1.2 sustained outages (totaling 106 minutes together) also representing a reduced mean of the collected data account for the remaining \$26 billion of the \$79 billion total.

Figure 3 shows our base-case estimate by region and customer class. The South Atlantic region bears the largest burden, \$14.7 billion, or nearly 19 percent, of the total outage cost for the nation. The Pacific-region cost, with only \$2.8 billion (or 3.6 percent of the total) has the lowest share of national outage costs.

Figure 3 also compares our regional estimates to the population of commercial and industrial customers in each region to determine how well correlated the regional estimates are to population density.³ The differences in the total costs by region appear to correspond well to these regional population differences. In the South Atlantic region, the higher total cost is clearly linked to the large population. The lowest total costs are seen in the Pacific and New England regions where the customer populations are the smallest.

These findings point to the underlying parameters (i.e., customer definitions and populations, outage characteristics, and outage costs) that likely have the greatest influence on our estimate. Next, we explore the sensitivity of each of these parameters to understand better the effects of their inherent uncertainties on the total cost of power interruptions.

³ The residential population is not included because it is such a large share of the total population, yet has little overall impact on the total cost of power interruptions in the U.S.

4. Using Sensitivity Analysis to Explore Uncertainty in Power Interruption Cost Estimates

To understand the impacts of uncertainty on results from our bottom-up approach, we performed a sensitivity analysis in which we varied the key parameters to quantify their impact on our results. This sensitivity analysis expresses the degree of uncertainty associated with the input parameters as well as the variability in the resulting cost estimate.

Figure 4 shows the resulting total cost of power interruption estimates for each of the following sensitivity analyses, in which we varied:

1. The duration and frequency of reliability events and the cost per outage per customer by region, using the limited region-specific data we collected;
2. The duration and frequency of reliability events by one standard deviation greater and less than the values used in our base-case estimate;
3. The value of outages based on two assumptions of their timing--whether they occur on a summer weekday afternoon or summer weekend night; and
4. The duration and frequency of reliability events experienced by commercial and industrial sectors to reflect the fact that they tend to be disproportionately shorter in duration and of decreased frequency relative to events experienced by the residential sector.

We found that the annual cost of power interruptions:

- Could be as low as \$22 billion or as high as \$135 billion when we consider a reasonable range in the annual duration and frequency of power interruptions, which accounts for gaps in the data for certain regions and possible year-to-year variations in reliability;
- Could be as high as \$119 billion if, as many studies (incorrectly) assume, all reliability events take place during summer weekday afternoons when power usage and costs are high;
- Could be as low as \$23 billion if the typically fewer and shorter interruptions experienced by larger commercial and industrial customers are accounted for, which is the result of the design of many utility distribution systems; and
- Is relatively insensitive to regional variation in reliability event and outage cost data—the \$90 billion estimate accounting for this variation is only 14 percent higher than the base-case estimate that used U.S.-averaged values.

Each sensitivity exercise helped shed light on key uncertainties associated with calculating the cost of power interruptions. The modest impact of regional differences suggests that climate and the distribution of customers by class across the country has a limited impact on the overall cost of power interruptions in the U.S. However, we detected significant differences in the other three sensitivity studies. Changing the base-case SAIDI, SAIFI, and MAIFI values by just one standard deviation, changes the overall estimate by one order of magnitude, from \$22 billion to \$135 billion annually. This illustrates the large effect that outage duration and frequency, which can realistically be expected to vary within this range, have on the overall cost. Assumptions about the timing of events have almost as large an impact, mainly because commercial and industrial customers' outage costs depend on whether events occur during their operating hours. This demonstrates the importance of using time-representative outage costs when calculating

total costs. Finally, the total cost estimate is dramatically lowered when we account for higher levels of electric reliability typically enjoyed by industrial sector customers relative to commercial and residential customers. This variable, too, has a significant influence on overall cost-of-power-interruptions estimates and should be accounted for in future analyses.

5. Conclusion

Our analysis establishes a bottom-up approach for systematically comparing and analyzing estimates of the economic cost of power interruptions and power quality to U.S. electricity customers. Using this approach, our base-case estimate of the annual cost for power interruptions to U.S. electricity consumers is \$79 billion. Our analysis of the uncertainty in this estimate suggests that the costs could be as high as \$135 billion or as low as \$22 billion based on the particular sensitivity assumptions we employed. Thus, we present these figures not as the final word on the cost of power interruptions, but rather to illustrate the range of variability in estimates, which is directly related to the assumptions on which the estimates are based and the uncertainty inherent to these assumptions. In view of the large range of plausible estimates and the enormous costs associated with the private and public decisions that may be based on them, we encourage policy makers, regulators, and industry to work jointly to undertake activities needed to improve the information available on reliability events and their costs. The cost of such improved data collection would be modest relative to the potential costs of reliability events in the U.S.

Using our bottom-up approach, we find that the majority of outage costs are borne by the commercial and industrial sectors, not the residential sector. Although there are important variations in the composition of customer types within each region of the country, the total cost of reliability events by region tend to correlate roughly with the number of commercial and industrial customers in each region. In addition, costs tend to be driven by the *frequency* rather than the *duration* of reliability events. Momentary power interruptions, which are more frequent, have a larger impact on the total cost of interruptions than sustained interruptions, which are less frequent.

Priorities for future improvements in outage cost data collection fall into two broad categories: better information is needed on customers' reliability experiences and on the cost of power interruptions to individual customers. Specific improvements include: undertaking a coordinated, nationwide collection of updated information on the cost of reliability events to customers; validating the outage costs obtained from customer surveys with actual market data (e.g., customer ownership of backup generation), establishing consistent definitions and tracking protocols for the frequency, duration, timing, and number and type of customers affected by reliability events, including power-quality events, by customer class; and collecting information on efforts by customers to reduce their vulnerability to reliability events through investments in technology and other measures.

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Figure and Table Captions

Figure 1. Base-Case Estimate of the Cost of Power Interruptions by Customer Class¹

Figure 2. Base-Case Estimate of the Cost of Power Interruptions by Type of Interruption¹

Figure 3. Base-Case Estimate of the Cost of Power Interruptions by Region and Customer Class with C&I Population¹

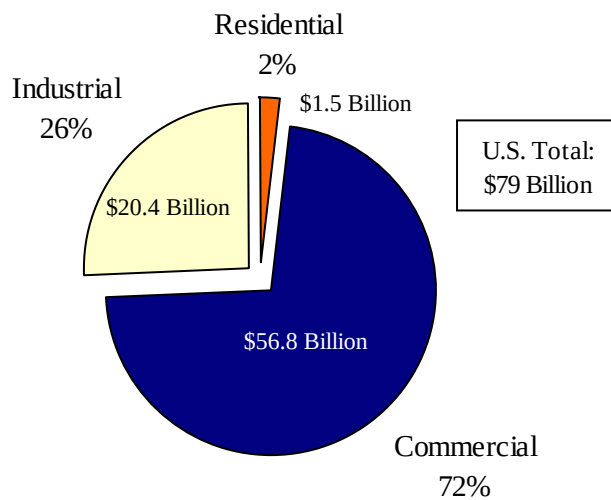
Figure 4. Summary of U.S. Cost of Power Interruption Sensitivity Cases¹

Table 1. Number of Customers by Region and Sector in 2001

Table 2. Summary of Trimmed Mean Reliability Event Data

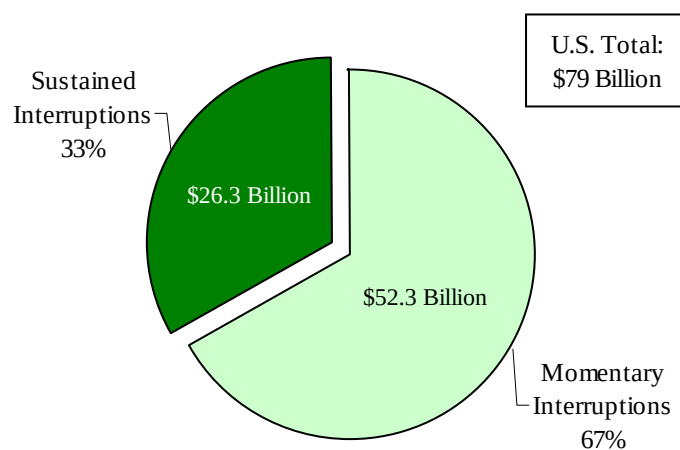
Table 3. Summary of U.S. Reliability Event Estimates by External Studies

Table 4. Customer Outage Costs for the U.S. in 2001



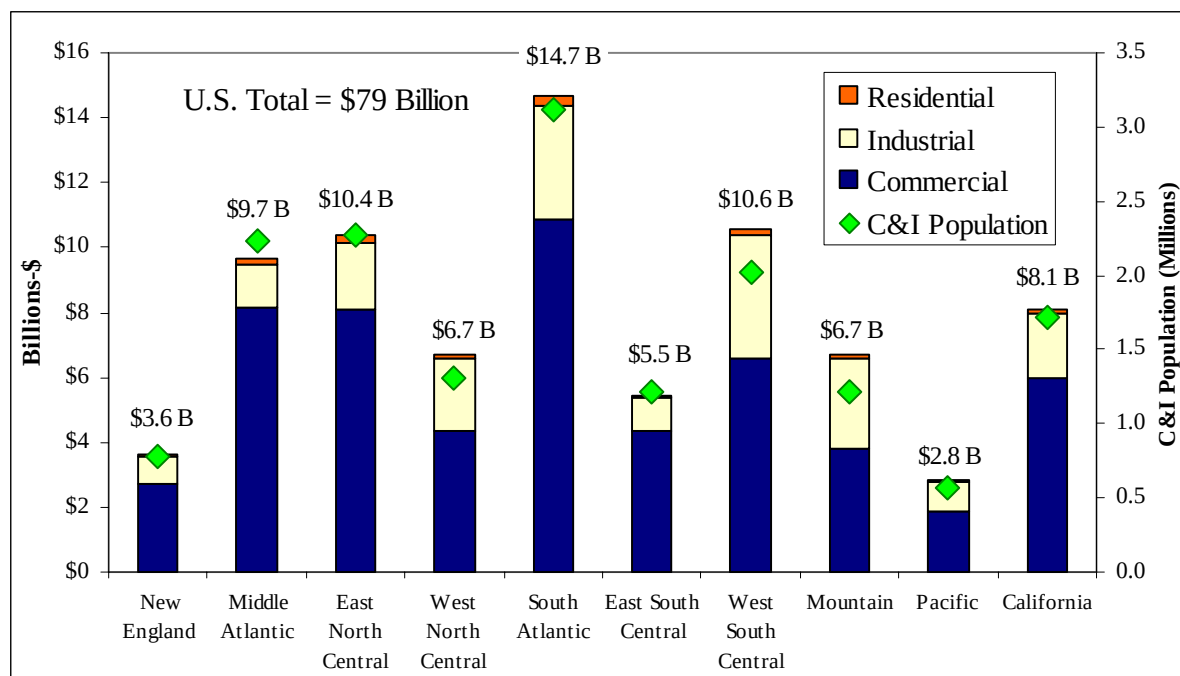
¹Costs shown in U.S. 2002 CPI-weighted dollars

Figure 1. Base-Case Estimate of the Cost of Power Interruptions by Customer Class¹



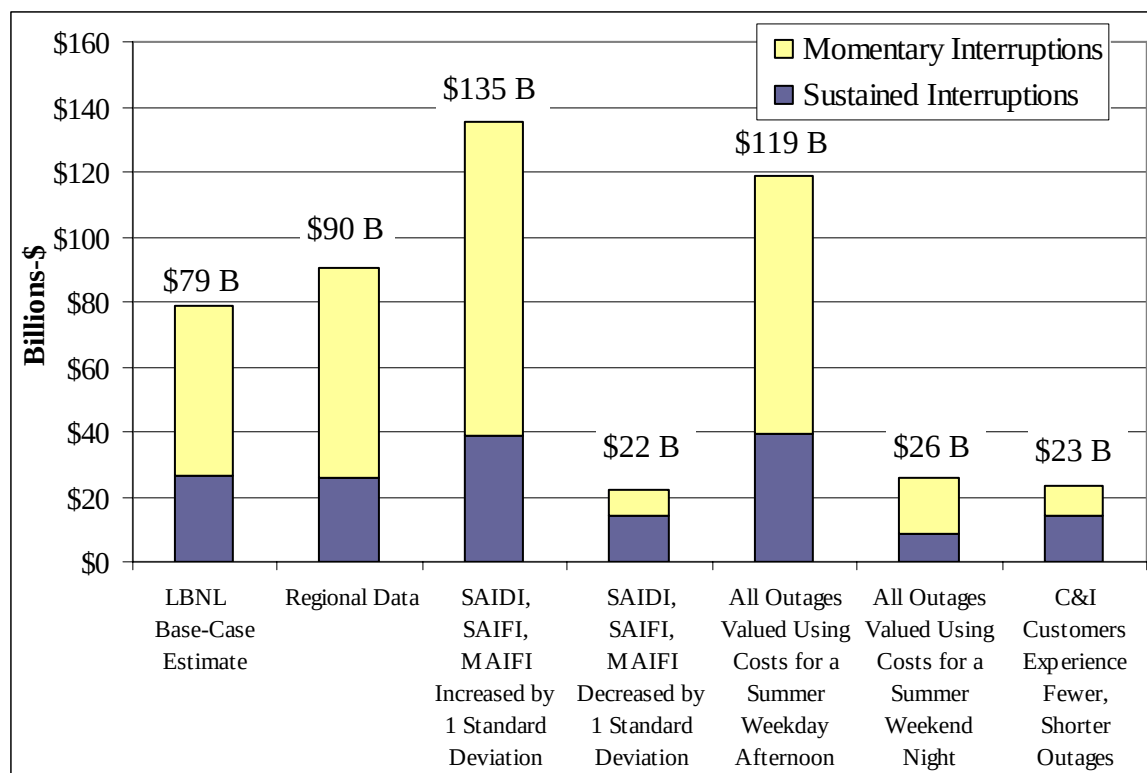
¹Costs shown in U.S. 2002 CPI-weighted dollars

Figure 2. Base-Case Estimate of the Cost of Power Interruptions by Type of Interruption¹



¹Costs shown in U.S. 2002 CPI-weighted dollars

Figure 3. Base-Case Estimate of the Cost of Power Interruptions by Region and Customer Class with C&I Population¹



¹Costs shown in U.S. 2002 CPI-weighted dollars

Figure 4. Summary of U.S. Cost of Power Interruption Sensitivity Cases¹

Table 1. Number of Customers by Region and Sector in 2001

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	TOTAL
U.S. ESTIMATE	114,317,707	14,939,895	1,582,573	130,840,175
BY REGION				
New England	5,822,935	714,049	62,677	6,599,661
Middle Atlantic	15,045,495	2,127,033	103,713	17,276,241
East North Central	18,705,754	2,110,172	158,780	20,974,706
West North Central	8,287,837	1,139,609	170,937	9,598,383
South Atlantic	22,473,797	2,842,220	270,840	25,586,857
East South Central	7,356,975	1,135,507	78,545	8,571,027
West South Central	12,883,403	1,722,873	292,035	14,898,311
Mountain	7,368,280	1,001,310	212,842	8,582,432
Pacific	3,922,426	494,778	66,699	4,483,903
California	11,841,144	1,559,258	154,261	13,554,663

Source: Energy Information Administration. 2003. *Electric Sales and Revenue 2001*. EIA/DOE. January. Washington D.C.

Table 2. Summary of Trimmed Mean Reliability Event Data

	SAIDI	SAIFI	MAIFI
Trimmed Mean	106 min.	1.2	4.3
(Standard Deviation)	(54 min.)	(0.5)	(3.6)

Table 3. Summary of U.S. Reliability Event Estimates by External Studies

	SAIFI	SAIDI	MAIFI
EPRI Report ^a	1.1	107	
IEEE 1995 Survey ^b	1.3	120	5.5
EEI Annual Report ^c			
1998	1.2	118	5.4
1999	1.4	101	11.6

^aSource: EPRI 2003 *Distribution Reliability Indices Tracking Within the U.S.* TR-1008459. May. Palo Alto CA.

^bSource: IEEE 1995 Survey (http://resourceinsight.com/work/naruc_pbr_97.pdf)

^cSource: Power Sources Manufacturer's Association (http://www.pdma.com/HTML/newsletter/Q2_2001/page11.html)

Table 4. Customer Outage Costs for the U.S. in 2001^a

	Residential	Commercial	Industrial
Momentary Interruption	\$2.18	\$605	\$1,893
Sustained Interruption	\$2.99	\$1,067	\$4,227
One-hour Interruption	\$2.70	\$886	\$3,253

^a Costs shown in U.S. 2002 CPI-weighted dollars

2007 ENERSOURCE HYDRO MISSISSAUGA PERFORMANCE / INCENTIVE PLAN

PERFORMANCE MEASUREMENTS	Target	Weighting
RELIABILITY: Annual Average Outage per Customer		
SAIDI [System Average Interruption Duration Index] <i>[in minutes]</i>	28.00	7.5%
SAIFI [System Average Interruption Frequency Index] <i>[in quantity]</i>	0.80	7.5%
SAFETY:		
Number of Preventable Lost Time Injuries <i>(If "LTI" result =1, then achieved = 10%)</i>	none	20%
PERFORMANCE BASED REGULATION: Service Quality PBR Indicators		
Customer Service <i>Incoming calls answered by Customer Service Representative within 30 seconds</i>	70%	2.5%
Connection of New Services <i><750 volts connected within 5 working days from the day on which all conditions of service are satisfied</i> <i>>750 volts connected within 10 working days from the day on which all conditions of service are satisfied</i>	95%	2.5%
Underground Cable Locates <i>Completion within 5 working days of a customer's request</i>	90%	2.5%
Appointments <i>Appointments at customer's premises met within appointed time</i>	95%	2.5%
Written Response to Inquiries <i>Written response to inquiries from customer or agent of customer, within 9 working days following receipt of request</i>	95%	2.5%
Emergency Response <i>Emergency trouble calls response within 60 minutes.</i>	95%	2.5%
EHM PRE-TAX NET INCOME (120% OF BUDGET)	\$ 24,749	50%
TOTAL PERCENTAGE		100%

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Allocation of HR Controllable costs between Enersource Hydro and Enersource Corporation

\$000's	2008	2008
	Budget based on headcount	Based on total compensation
Enersource Hydro	1,008	1,083
Enersource Corp.	87	12
Total	1,095	1,095

Note: The 2008 allocation based on headcount is 92% to Hydro and 8% to affiliates.
 If the 2008 allocation was based on total compensation, the percentage would be 99% to Hydro
 and 1% to affiliates.

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Scenario 1

2006 Cost Allocation Information Filing adjusted for Transformer Allowance Sheet O1 Revenue to Cost Summary Worksheet - First Run								
	Total	1 Residential	2 Small Commercial	3 GS < 50kW	4 GS 50 - 499kW	5 GS 500 - 4999kW	6 Large User > 5MW	7 Street Light
Total Revenue per Run 1	\$112,654,466	\$40,761,211	\$1,010,255	\$17,020,916	\$32,840,065	\$14,722,920	\$5,763,541	\$535,557
TRANSFORMER ALLOWANCE s/b	(\$1,852,373)				(\$176,265)	(\$1,044,436)	(\$631,672)	
TRANSFORMER ALLOWANCE was	\$1,852,373	\$651,362	\$17,158	\$276,014	\$553,483	\$247,706	\$98,061	\$8,589
Total Revenue adjusted for Trans Allow.	\$112,654,466	\$41,412,573	\$1,027,413	\$17,296,930	\$33,217,283	\$13,926,190	\$5,229,929	\$544,146
Revenue Requirement (includes NI)	\$112,654,465	\$46,484,474	\$673,870	\$14,982,784	\$27,222,124	\$16,965,654	\$4,202,131	\$2,123,429
RATIOS ANALYSIS								
REVENUE TO EXPENSES % per Run 1	100.00%	87.69%	149.92%	113.60%	120.64%	86.78%	137.16%	25.22%
REVENUE TO EXPENSES % Revised	100.00%	89.09%	152.46%	115.45%	122.02%	82.08%	124.46%	25.63%

Scenario 2-adjusting only the revenue, not including the transformer allowance expense*

2006 Cost Allocation Information Filing adjusted for Transformer Allowance Sheet O1 Revenue to Cost Summary Worksheet - First Run								
	Total	1 Residential	2 Small Commercial	3 GS < 50kW	4 GS 50 - 499kW	5 GS 500 - 4999kW	6 Large User > 5MW	7 Street Light
Total Revenue per Run 1	\$112,654,466	\$40,761,211	\$1,010,255	\$17,020,916	\$32,840,065	\$14,722,920	\$5,763,541	\$535,557
TRANSFORMER ALLOWANCE s/b	(\$1,852,373)				(\$176,265)	(\$1,044,436)	(\$631,672)	
*TRANSFORMER ALLOWANCE was								
Total Revenue adjusted for Trans Allow.	\$110,802,092	\$40,761,211	\$1,010,255	\$17,020,916	\$32,663,800	\$13,678,484	\$5,131,869	\$535,557
Revenue Requirement (includes NI)	\$112,654,465	\$46,484,474	\$673,870	\$14,982,784	\$27,222,124	\$16,965,654	\$4,202,131	\$2,123,429
RATIOS ANALYSIS								
REVENUE TO EXPENSES % per Run 1	100.00%	87.69%	149.92%	113.60%	120.64%	86.78%	137.16%	25.22%
REVENUE TO EXPENSES % Revised	98.36%	87.69%	149.92%	113.60%	119.99%	80.62%	122.13%	25.22%

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RESOLUTION of the Board of Directors



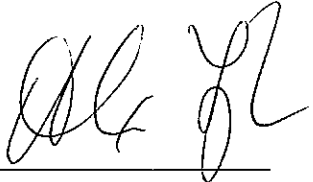
Subject: 2007 BUDGET

Moved by: Gerald Beasley Resolution Number: 2006-105

Seconded by: Rob Watters Page 1 of 1

WHEREAS the 2007 Budget, comprised of a consolidated revenue target of \$693,423k, controllable costs of \$42,795k, total operating expenses of \$658,245k, operating income of \$35,178k, income before taxes of \$19,548k, income after taxes of \$10,677k and capital expenditures of \$49,342k has been presented to the Board,

BE IT RESOLVED THAT the Board approves the 2007 Budget.

Passed 4th Day of December, 20 06 Chair 

Enersource Corporation
BOD Honoria Calculation
2007-2008

<u>2007 Honorarium Paid up to May 9th</u>	<u>TOTAL</u>
Member	7,502.53
Member	3,971.92
Member	7,502.53
Member	7,869.86
Member	10,076.50
Member	17,829.48
Member	8,752.53
Member	7,869.86
Member	6,619.86
Member	6,619.86
Meetings up to May	27,600.00
Total paid to May 9, 2007	<u>112,214.94</u>

<u>2007 Honorarium Paid from May 10th</u>	<u>Remainder 07</u>
Member	26,666.67
Member	10,000.00
Member	11,333.33
Member	10,000.00
Member	13,333.33
Member	10,000.00
Member	10,000.00
Member	10,000.00
Member	10,000.00
Member	10,000.00
HR&G	1,333.33
Health and Safety	1,333.33
Meetings for remainder of year	38,650.00
Grand Total, May - December 2007	<u>162,650.00</u>

**Note: New Board appointed as of May 10th, 2007

Total Board Honorarium forecast, 2007	274,864.94
--	-------------------

<u>2008 Honorarium</u>	
Member	40,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Member	15,000.00
Committees	11,000.00

Total Board Honorarium budget for 2008	186,000.00
---	-------------------

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Detach and return this REMITTANCE FORM with your payment.



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800247

35
PX0003

ENERSOURCE HYDRO MISSISSAUGA INC.
C/O BARRY LEWIS
3240 MAVIS RD

MISSISSAUGA
L5C 3K1

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

--	--	--	--	--	--	--	--	--	--

*Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Taxation Year End: (YYYYMMDD)

2	0	0	6	1	2	3	1
---	---	---	---	---	---	---	---

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Total Payment Enclosed: \$

--	--	--	--	--	--	--	--	--	--



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 - Corporations Tax Act, R.S.O. 1990
from 2006/01/01 to 2006/12/31

ENERSOURCE HYDRO MISSISSAUGA INC.

Account No.

1800247

Assessment Date

(year, month, day)
2007/07/25

Page

1 of 1

ASSESSMENT NO. 163

Tax: Federal and Provincial PIL

11,763,848.00

Assessment Interest

12,170.80CR

Total Assessment Liability

11,751,677.20

SUMMARY OF 2006/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

11,759,878.99CR

Sub-Total

11,759,878.99CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

8,201.79CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

Tax (Re)Assessment Enquiries:

• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

• Oshawa and Local (905) 433-6708 • Toll-Free 1-800-262-0784 ext 3036
• Toronto (416) 920-3048 ext 3036 • FAX (905) 433-5197

RATE RIDERS - ACCOUNT 1590 (Interest on Regulatory Assets)

1) Account 1590 - Interest on Regulatory Assets attributable to RSVAs & Energy Variances

Note - Per OEB Decision 9, 2004, RSVAs and Energy Variances were to be allocated on the basis of Energy Consumed, that is kWhs

	Allocation to Customer Classes %	Interest on Regulatory Assets	Total to be recovered over 1 year			
	Total for customer class as % of Total for all classes	\$ 877,675	\$ 877,675	kWh Forecast 2008	kW Forecast 2008	Proposed Rate Riders
RESIDENTIAL	35.82%	\$ 314,381	\$ 314,381	1,547,398,184		\$ 0.0002
General Service < 50 kW	13.82%	\$ 121,320	\$ 121,320	646,726,132		\$ 0.0002
Small Commercial	0.78%	\$ 6,880	\$ 6,880	11,905,587		\$ 0.0006
General Service 50 kW - 499 kW	28.85%	\$ 253,242	\$ 253,242		6,415,732	\$ 0.0395
General Service 500 kW - 4999 kW	14.55%	\$ 127,745	\$ 127,745		5,310,121	\$ 0.0241
Large Use (> 5000 kW)	5.69%	\$ 49,908	\$ 49,908		1,720,956	\$ 0.0290
Street Lighting	0.48%	\$ 4,198	\$ 4,198		115,190	\$ 0.0364
TOTALS	100.00%	\$ 877,675	\$ 877,675			

2) Account 1590 - Interest on Regulatory Assets attributable to Transition Costs and Rebate Cheques

Note - Per OEB Decision 9, 2004, Rebate Cheques and Transition Costs were to be allocated based on Number of customers

		Allocation to Customer Classes %	Interest on Regulatory Assets	Total to be recovered over 1 year			
	Average Number of Customers/Connections	Total for customer class as % of Total for all classes	\$ 659,746	\$ 659,746	kWh Forecast 2008	kW Forecast 2008	Proposed Rate Riders
	2008						
RESIDENTIAL	166,825	87.50%	\$ 577,269	\$ 577,269	1,547,398,184		\$ 0.0004
General Service < 50 kW	16,081	8.43%	\$ 55,646	\$ 55,646	646,726,132		\$ 0.0001
Small Commercial	3,288	1.72%	\$ 11,378	\$ 11,378	11,905,587		\$ 0.0010
General Service 50 kW - 499 kW	3,986	2.09%	\$ 13,793	\$ 13,793		6,415,732	\$ 0.0021
General Service 500 kW - 4999 kW	470	0.25%	\$ 1,626	\$ 1,626		5,310,121	\$ 0.0003
Large Use (> 5000 kW)	9	0.00%	\$ 31	\$ 31		1,720,956	\$ 0.0000
Street Lighting	1	0.00%	\$ 3	\$ 3		115,190	\$ 0.0000
TOTALS	190,660	100.00%	\$ 659,746	\$ 659,746			

The interest of \$1,537,421 was prorated based on the 2004 Decision Summary to separate the portion that relates to Energy Consumed (kWhs) and the portion that relates to Number of Customers which was the Transition Costs and Rebate Cheques

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Enersource Hydro Mississauga
 2008 Bill Impacts
 # 22 Undertaking SEC
 Account 1590 - Interest on Regulatory Assets

		Account 1590 - Interest on Regulatory Assets			
		Bill with Rate Rider	Bill without Rate Rider	Variance \$	Variance %
Residential					
<i>Consumption</i>	800 kWh 0 kW	\$ 94.86	\$ 94.54	\$ 0.32	0.33%
<i>Consumption</i>	1,000 kWh 0 kW	\$ 116.54	\$ 116.15	\$ 0.40	0.34%
<u>GS < 50 kW</u>					
<i>Consumption</i>	3,500 kWh 0 kW	\$ 417.91	\$ 417.59	\$ 0.32	0.08%
<u>Small Commercial and USL</u>					
<i>Consumption</i>	300 kWh 0 kW	\$ 52.07	\$ 51.76	\$ 0.30	0.59%
<u>GS 50 - 499 kW</u>					
<i>Consumption</i>	48,700 kWh 140 kW	\$ 5,443.33	\$ 5,443.01	\$ 0.32	0.01%
<u>GS 500 - 4999 kW</u>					
<i>Consumption</i>	420,000 kWh 940 kW	\$ 42,009.93	\$ 42,009.62	\$ 0.31	0.00%
<u>Large User > 5000 kW</u>					
<i>Consumption</i>	9,200,000 kWh 15900 kW	\$ 882,792.82	\$ 882,792.51	\$ 0.30	0.00%
<u>Streetlights</u>					
<i>Consumption</i>	70 kWh 2 kW	\$ 18.49	\$ 18.49	\$ 0.00	0.00%

Enersource Hydro Mississauga
 2008 Bill Impacts
 # 22 Undertaking SEC
 Account 1590 - Interest on Regulatory Assets

		Account 1590 - Interest on Regulatory Assets			
		Bill with Rate Rider	Bill without Rate Rider	Variance \$	Variance %
Residential					
<i>Consumption</i>	800 kWh 0 kW	\$ 94.72	\$ 94.54	\$ 0.17	0.18%
<i>Consumption</i>	1,000 kWh 0 kW	\$ 116.36	\$ 116.15	\$ 0.22	0.19%
<u>GS < 50 kW</u>					
<i>Consumption</i>	3,500 kWh 0 kW	\$ 418.29	\$ 417.59	\$ 0.70	0.17%
<u>Small Commercial and USL</u>					
<i>Consumption</i>	300 kWh 0 kW	\$ 51.95	\$ 51.76	\$ 0.18	0.35%
<u>GS 50 - 499 kW</u>					
<i>Consumption</i>	48,700 kWh 140 kW	\$ 5,448.87	\$ 5,443.01	\$ 5.86	0.11%
<u>GS 500 - 4999 kW</u>					
<i>Consumption</i>	420,000 kWh 940 kW	\$ 42,033.59	\$ 42,009.62	\$ 23.97	0.06%
<u>Large User > 5000 kW</u>					
<i>Consumption</i>	9,200,000 kWh 15900 kW	\$ 883,281.28	\$ 882,792.51	\$ 488.77	0.06%
<u>Streetlights</u>					
<i>Consumption</i>	70 kWh 2 kW	\$ 18.57	\$ 18.49	\$ 0.08	0.42%

DERIVATION OF PROPOSED RATE RIDERS FOR 2008 TEST YEAR (000's)

	Allocation to Customer Classes %	Allocation to Customer Classes by Customer numbers	Allocation to Customer Classes %	Allocation to Customer Classes % for LRAM	Allocation to Customer Classes % for SSM	Ontario Price Credit Admin Costs	Large Corporation Tax Over Recovery	Deferred OEB Costs (Jan. 1, 2005 to Apr. 30, 2006)	OMERS Pension Deferral (Jan. 1, 2005 to Apr. 30, 2006)	Interest on Regulatory Assets (based on kWhs)	Interest on Regulatory Assets (based on no. of customers)	RSVA Balances returned to customers (as at Dec.31, 2006)	Sub-Total before Low Voltage	LV Charges for 2008 Test Year	Sub-Total including Low Voltage	LRAM to April 30, 2007	SSM to April 30, 2007	Total to be recovered over 1 year			
	Total for customer class as % of Total for all classes	Total for customer count as % of Total for all classes	Basis for Allocation: Retail transmission connection rate multiplied by volume	Total kWh savings per class / Total kWh savings	Total kWh savings per class / Total kWh savings														kWh Forecast 2008	kW Forecast 2008	Proposed Rate Riders
						\$ 23.1	\$ (30.5)	\$ 1,121.7	\$ 1,613.1	\$ 877.7	\$ 659.7	\$ (11,286.0)	\$ (7,021.1)	\$ 252.9	\$ (6,768.2)	\$ 370.2	\$ 1,279.7	\$ (5,118.3)			
RESIDENTIAL	35.82%	87.50%	22.32%	97.96%	56.67%	\$ 8.3	\$ (10.9)	\$ 401.8	\$ 577.8	\$ 314.4	\$ 577.3	\$ (4,042.6)	\$ (2,174.0)	\$ 56.4	\$ (2,117.6)	\$ 362.7	\$ 725.2	\$ (1,029.7)	1,594,788,347		\$ (0.0006)
General Service < 50 kW	13.82%	8.43%	8.41%	1.76%	0.12%	\$ 3.2	\$ (4.2)	\$ 155.1	\$ 223.0	\$ 121.3	\$ 55.6	\$ (1,560.1)	\$ (1,006.1)	\$ 21.3	\$ (984.8)	\$ 6.5	\$ 1.5	\$ (976.8)	657,014,642		\$ (0.0015)
Small Commercial	0.78%	1.72%	0.15%	0.00%	0.00%	\$ 0.2	\$ (0.2)	\$ 8.8	\$ 12.6	\$ 6.9	\$ 11.4	\$ (88.5)	\$ (48.8)	\$ 0.4	\$ (48.4)	\$ -	\$ -	\$ (48.4)	11,905,587		\$ (0.0041)
General Service 50 kW - 499 kW	28.85%	2.09%	32.86%	0.19%	1.87%	\$ 6.7	\$ (8.8)	\$ 323.7	\$ 465.4	\$ 253.2	\$ 13.8	\$ (3,256.4)	\$ (2,202.4)	\$ 83.1	\$ (2,119.3)	\$ 0.7	\$ 24.0	\$ (2,094.7)		6,418,332	\$ (0.3254)
General Service 500 kW - 4999	14.55%	0.25%	26.61%	0.09%	26.75%	\$ 3.4	\$ (4.4)	\$ 163.3	\$ 234.8	\$ 127.7	\$ 1.6	\$ (1,642.7)	\$ (1,116.3)	\$ 67.3	\$ (1,049.0)	\$ 0.3	\$ 342.3	\$ (706.4)		5,310,121	\$ (0.1330)
Large Use (> 5000 kW)	5.69%	0.00%	9.21%	0.00%	14.59%	\$ 1.3	\$ (1.7)	\$ 63.8	\$ 91.7	\$ 49.9	\$ 0.0	\$ (641.8)	\$ (436.7)	\$ 23.3	\$ (413.4)	\$ -	\$ 186.7	\$ (226.6)		1,720,956	\$ (0.1318)
Street Lighting	0.48%	0.00%	0.43%	0.00%	0.00%	\$ 0.1	\$ (0.1)	\$ 5.4	\$ 7.7	\$ 4.2	\$ 0.0	\$ (54.0)	\$ (36.7)	\$ 1.1	\$ (35.7)	\$ -	\$ -	\$ (35.7)		115,190	\$ (0.3096)
TOTALS	100.00%	100.00%	100.00%	100.00%	100.00%	\$ 23.1	\$ (30.5)	\$ 1,121.7	\$ 1,613.1	\$ 877.7	\$ 659.7	\$ (11,286.0)	\$ (7,021.1)	\$ 252.9	\$ (6,768.2)	\$ 370.2	\$ 1,279.7	\$ (5,118.3)			

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DERIVATION OF PROPOSED RATE RIDERS FOR 2008 TEST YEAR (000's)

	Allocation to Customer Classes %	Allocation to Customer Classes by Customer numbers	Allocation to Customer Classes %	Allocation to Customer Classes % for LRAM	Allocation to Customer Classes % for SSM	Ontario Price Credit Admin Costs	Large Corporation Tax Over Recovery	Deferred OEB Costs (Jan. 1, 2005 to Apr. 30, 2006)	OMERS Pension Deferral (Jan. 1, 2005 to Apr. 30, 2006)	Interest on Regulatory Assets (based on kWhs)	Interest on Regulatory Assets (based on no. of customers)	RSVA Balances returned to customers (as at Dec.31, 2006)	Sub-Total before Low Voltage	LV Charges for 2008 Test Year	Sub-Total including Low Voltage	LRAM to April 30, 2007	SSM to April 30, 2007	Total to be recovered over 1 year			
	Total for customer class as % of Total for all classes	Total for customer count as % of Total for all classes	Basis for Allocation: Retail transmission connection rate multiplied by volume	Total kWh savings per class / Total kWh savings	Total kWh savings per class / Total kWh savings														kWh Forecast 2008	kW Forecast 2008	Proposed Rate Riders
						\$ 23.1	\$ (30.5)	\$ 1,121.7	\$ 1,613.1	\$ 877.7	\$ 659.7	\$ (11,286.0)	\$ (7,021.1)	\$ 252.9	\$ (6,768.2)	\$ 370.2	\$ 1,279.7	\$ (5,118.3)			
RESIDENTIAL	35.82%	87.50%	22.32%	97.96%	56.67%	\$ 8.3	\$ (10.9)	\$ 401.8	\$ 577.8	\$ 314.4	\$ 577.3	\$ (4,042.6)	\$ (2,174.0)	\$ 56.4	\$ (2,117.6)	\$ 362.7	\$ 725.2	\$ (1,029.7)	1,547,398,184		\$ (0.0007)
General Service < 50 kW	13.82%	8.43%	8.41%	1.76%	0.12%	\$ 3.2	\$ (4.2)	\$ 155.1	\$ 223.0	\$ 121.3	\$ 55.6	\$ (1,560.1)	\$ (1,006.1)	\$ 21.3	\$ (984.8)	\$ 6.5	\$ 1.5	\$ (976.8)	646,726,132		\$ (0.0015)
Small Commercial	0.78%	1.72%	0.15%	0.00%	0.00%	\$ 0.2	\$ (0.2)	\$ 8.8	\$ 12.6	\$ 6.9	\$ 11.4	\$ (88.5)	\$ (48.8)	\$ 0.4	\$ (48.4)	\$ -	\$ -	\$ (48.4)	11,905,587		\$ (0.0041)
General Service 50 kW - 499 kW	28.85%	2.09%	32.86%	0.19%	1.87%	\$ 6.7	\$ (8.8)	\$ 323.7	\$ 465.4	\$ 253.2	\$ 13.8	\$ (3,256.4)	\$ (2,202.4)	\$ 83.1	\$ (2,119.3)	\$ 0.7	\$ 24.0	\$ (2,094.7)		6,415,732	\$ (0.3255)
General Service 500 kW - 4999	14.55%	0.25%	26.61%	0.09%	26.75%	\$ 3.4	\$ (4.4)	\$ 163.3	\$ 234.8	\$ 127.7	\$ 1.6	\$ (1,642.7)	\$ (1,116.3)	\$ 67.3	\$ (1,049.0)	\$ 0.3	\$ 342.3	\$ (706.4)		5,310,121	\$ (0.1330)
Large Use (> 5000 kW)	5.69%	0.00%	9.21%	0.00%	14.59%	\$ 1.3	\$ (1.7)	\$ 63.8	\$ 91.7	\$ 49.9	\$ 0.0	\$ (641.8)	\$ (436.7)	\$ 23.3	\$ (413.4)	\$ -	\$ 186.7	\$ (226.6)		1,720,956	\$ (0.1318)
Street Lighting	0.48%	0.00%	0.43%	0.00%	0.00%	\$ 0.1	\$ (0.1)	\$ 5.4	\$ 7.7	\$ 4.2	\$ 0.0	\$ (54.0)	\$ (36.7)	\$ 1.1	\$ (35.7)	\$ -	\$ -	\$ (35.7)		115,190	\$ (0.3096)
TOTALS	100.00%	100.00%	100.00%	100.00%	100.00%	\$ 23.1	\$ (30.5)	\$ 1,121.7	\$ 1,613.1	\$ 877.7	\$ 659.7	\$ (11,286.0)	\$ (7,021.1)	\$ 252.9	\$ (6,768.2)	\$ 370.2	\$ 1,279.7	\$ (5,118.3)			

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Enersource Hydro Mississauga Inc.

2008 Bill Impacts - Summer

Enersource Hydro Mississauga Inc.

EB-2007-0706

Rates Application

1: August 22, 2007

Exhibit H

Schedule 5

Tab 1

Bill Impact - May 1 to Oct 31

USING THE SCENARIO OUTLINED IN SEC # 48

Regulated Price Plan	2007	2007	2008	2008
Residential	Threshold	\$ / kWh	Threshold	\$ / kWh
less than or equal to	600	\$ 0.053	600	\$ 0.053
greater than	> 600	\$ 0.062	> 600	\$ 0.062

Regulated Price Plan	2007	2007	2008	2008
Residential	Threshold	\$ / kWh	Threshold	\$ / kWh
less than or equal to	750	\$ 0.053	750	\$ 0.053
greater than	> 750	\$ 0.062	> 750	\$ 0.062

NOTE: The 2008 Smart Meter rate adder was included in the fixed component of the Monthly Service Charge for each rate class.

Residential

Consumption	100 kWh 0 kW	Loss Factor 1.036
--------------------	-----------------	--------------------------

	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	60.17%
Distribution (kWh)	100	\$ 0.0111	\$ 1.11	100	\$ 0.0135	\$ 1.35	\$ 0.2375	21.40%	5.80%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	100	\$ 0.0028	\$ 0.28	100	\$ 0.0009	\$ 0.09	\$ 0.37	-132.14%	-0.39%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 13.72			\$ 15.24	\$ 1.52	11.09%	65.59%
Other Charges (kWh)	104	\$ 0.0242	\$ 2.51	104	\$ 0.0242	\$ 2.51	\$ -	0.00%	10.79%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	104	\$ 0.0530	\$ 5.49	104	\$ 0.0530	\$ 5.49	\$ -	0.00%	23.63%
Cost of Power Commodity (kW)	0	\$ 0.0620	\$ -	0	\$ 0.0620	\$ -	\$ -	0.00%	0.00%
Total Bill before Taxes			\$ 21.72			\$ 23.24	\$ 1.52	7.01%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 1.30			\$ 1.39	\$ 0.09	7.01%	
Total Bill after Taxes			\$ 23.02			\$ 24.63	\$ 1.61	7.01%	

Residential

Consumption	250 kWh 0 kW	Loss Factor 1.036
--------------------	-----------------	--------------------------

	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	37.67%
Distribution (kWh)	250	\$ 0.0111	\$ 2.78	250	\$ 0.0135	\$ 3.37	\$ 0.5938	21.40%	9.07%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	250	\$ 0.0028	\$ 0.70	250	\$ 0.0009	\$ 0.23	\$ 0.93	-132.14%	-0.61%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 15.81			\$ 17.13	\$ 1.32	8.37%	46.14%
Other Charges (kWh)	259	\$ 0.0242	\$ 6.27	259	\$ 0.0242	\$ 6.27	\$ -	0.00%	16.88%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	259	\$ 0.0530	\$ 13.73	259	\$ 0.0530	\$ 13.73	\$ -	0.00%	36.98%
Cost of Power Commodity (kW)	0	\$ 0.0620	\$ -	0	\$ 0.0620	\$ -	\$ -	0.00%	0.00%
Total Bill before Taxes			\$ 35.80			\$ 37.12	\$ 1.32	3.70%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 2.15			\$ 2.23	\$ 0.08	3.70%	
Total Bill after Taxes			\$ 37.95			\$ 39.35	\$ 1.40	3.70%	

Residential

Consumption	500 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	23.21%
Distribution (kWh)	500	\$ 0.0111	\$ 5.55	500	\$ 0.0135	\$ 6.74	\$ 1.1877	21.40%	11.18%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	500	\$ 0.0028	\$ 1.40	500	-\$ 0.0009	-\$ 0.45	-\$ 1.85	-132.14%	-0.75%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 19.28			\$ 20.27	\$ 0.99	5.15%	33.64%
Other Charges (kWh)	518	\$ 0.0242	\$ 12.54	518	\$ 0.0242	\$ 12.54	\$ -	0.00%	20.80%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	518	\$ 0.0530	\$ 27.45	518	\$ 0.0530	\$ 27.45	\$ -	0.00%	45.56%
Cost of Power Commodity (kW)	0	\$ 0.0620	\$ -	0	\$ 0.0620	\$ -	\$ -	0.00%	0.00%
Total Bill before Taxes			\$ 59.27			\$ 60.26	\$ 0.99	1.67%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 3.56			\$ 3.62	\$ 0.06	1.67%	
Total Bill after Taxes			\$ 62.83			\$ 63.88	\$ 1.05	1.67%	

Residential

Consumption	750 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	16.45%
Distribution (kWh)	750	\$ 0.0111	\$ 8.33	750	\$ 0.0135	\$ 10.11	\$ 1.7815	21.40%	11.89%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	750	\$ 0.0028	\$ 2.10	750	-\$ 0.0009	-\$ 0.68	-\$ 2.78	-132.14%	-0.79%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 22.76			\$ 23.42	\$ 0.66	2.91%	27.55%
Other Charges (kWh)	777	\$ 0.0242	\$ 18.80	777	\$ 0.0242	\$ 18.80	\$ -	0.00%	22.12%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	600	\$ 0.0530	\$ 31.80	600	\$ 0.0530	\$ 31.80	\$ -	0.00%	37.41%
Cost of Power Commodity (kW)	177	\$ 0.0620	\$ 10.97	177	\$ 0.0620	\$ 10.97	\$ -	0.00%	12.91%
Total Bill before Taxes			\$ 84.33			\$ 84.99	\$ 0.66	0.78%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 5.06			\$ 5.10	\$ 0.04	0.78%	
Total Bill after Taxes			\$ 89.39			\$ 90.09	\$ 0.70	0.78%	

Residential

Consumption	1,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	12.66%
Distribution (kWh)	1,000	\$ 0.0111	\$ 11.10	1,000	\$ 0.0135	\$ 13.48	\$ 2.3753	21.40%	12.20%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	1,000	\$ 0.0028	\$ 2.80	1,000	-\$ 0.0009	-\$ 0.90	-\$ 3.70	-132.14%	-0.81%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 26.23			\$ 26.56	\$ 0.33	1.26%	24.04%
Other Charges (kWh)	1036	\$ 0.0242	\$ 25.07	1036	\$ 0.0242	\$ 25.07	\$ -	0.00%	22.70%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	600	\$ 0.0530	\$ 31.80	600	\$ 0.0530	\$ 31.80	\$ -	0.00%	28.79%
Cost of Power Commodity (kW)	436	\$ 0.0620	\$ 27.03	436	\$ 0.0620	\$ 27.03	\$ -	0.00%	24.47%
Total Bill before Taxes			\$ 110.13			\$ 110.46	\$ 0.33	0.30%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 6.61			\$ 6.63	\$ 0.02	0.30%	
Total Bill after Taxes			\$ 116.74			\$ 117.09	\$ 0.35	0.30%	

Residential

Consumption	1,500 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	8.66%
Distribution (kWh)	1,500	\$ 0.0111	\$ 16.65	1,500	\$ 0.0135	\$ 20.21	\$ 3.5630	21.40%	12.52%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	1,500	\$ 0.0028	\$ 4.20	1,500	\$ 0.0009	\$ 1.35	\$ 5.55	-132.14%	-0.84%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 33.18			\$ 32.85	\$ 0.33	-1.00%	20.35%
Other Charges (kWh)	1554	\$ 0.0242	\$ 37.61	1554	\$ 0.0242	\$ 37.61	\$ -	0.00%	23.30%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	600	\$ 0.0530	\$ 31.80	600	\$ 0.0530	\$ 31.80	\$ -	0.00%	19.70%
Cost of Power Commodity (kW)	954	\$ 0.0620	\$ 59.15	954	\$ 0.0620	\$ 59.15	\$ -	0.00%	36.65%
Total Bill before Taxes			\$ 161.73			\$ 161.40	\$ 0.33	-0.21%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 9.70			\$ 9.68	\$ 0.02	-0.21%	
Total Bill after Taxes			\$ 171.44			\$ 171.09	\$ 0.35	-0.21%	

Residential

Consumption	2,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 12.33			\$ 13.98	\$ 1.65	13.42%	6.59%
Distribution (kWh)	2,000	\$ 0.0111	\$ 22.20	2,000	\$ 0.0135	\$ 26.95	\$ 4.7506	21.40%	12.69%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	2,000	\$ 0.0028	\$ 5.60	2,000	\$ 0.0009	\$ 1.80	\$ 7.40	-132.14%	-0.85%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 40.13			\$ 39.14	\$ 0.99	-2.48%	18.43%
Other Charges (kWh)	2072	\$ 0.0242	\$ 50.14	2072	\$ 0.0242	\$ 50.14	\$ -	0.00%	23.61%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	600	\$ 0.0530	\$ 31.80	600	\$ 0.0530	\$ 31.80	\$ -	0.00%	14.98%
Cost of Power Commodity (kW)	1,472	\$ 0.0620	\$ 91.26	1,472	\$ 0.0620	\$ 91.26	\$ -	0.00%	42.98%
Total Bill before Taxes			\$ 213.34			\$ 212.34	\$ 0.99	-0.47%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 12.80			\$ 12.74	\$ 0.06	-0.47%	
Total Bill after Taxes			\$ 226.14			\$ 225.08	\$ 1.05	-0.47%	

GS < 50 kW

Consumption	1,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 29.93			\$ 47.62	\$ 17.69	59.09%	33.63%
Distribution (kWh)	1,000	\$ 0.0149	\$ 14.90	1,000	\$ 0.0140	\$ 14.04	\$ 0.8622	-5.79%	9.92%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	1,000	\$ 0.0011	\$ 1.10	1,000	\$ 0.0015	\$ 1.50	\$ 2.60	-236.36%	-1.06%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 45.93			\$ 60.15	\$ 14.22	30.97%	42.49%
Other Charges (kWh)	1036	\$ 0.0231	\$ 23.93	1036	\$ 0.0231	\$ 23.93	\$ -	0.00%	16.90%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	28.08%
Cost of Power Commodity (kW)	286	\$ 0.0620	\$ 17.73	286	\$ 0.0620	\$ 17.73	\$ -	0.00%	12.53%
Total Bill before Taxes			\$ 127.34			\$ 141.57	\$ 14.22	11.17%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 7.64			\$ 8.49	\$ 0.85	11.17%	
Total Bill after Taxes			\$ 134.98			\$ 150.06	\$ 15.08	11.17%	

GS < 50 kW

Consumption	2,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 29.93			\$ 47.62	\$ 17.69	59.09%	19.65%
Distribution (kWh)	2,000	\$ 0.0149	\$ 29.80	2,000	\$ 0.0140	\$ 28.08	-\$ 1.7244	-5.79%	11.59%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	2,000	\$ 0.0011	\$ 2.20	2,000	-\$ 0.0015	-\$ 3.00	-\$ 5.20	-236.36%	-1.24%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 61.93			\$ 72.69	\$ 10.76	17.38%	30.00%
Other Charges (kWh)	2072	\$ 0.0231	\$ 47.86	2072	\$ 0.0231	\$ 47.86	\$ -	0.00%	19.76%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	16.41%
Cost of Power Commodity (kW)	1,322	\$ 0.0620	\$ 81.96	1,322	\$ 0.0620	\$ 81.96	\$ -	0.00%	33.83%
Total Bill before Taxes			\$ 231.51			\$ 242.27	\$ 10.76	4.65%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 13.89			\$ 14.54	\$ 0.65	4.65%	
Total Bill after Taxes			\$ 245.40			\$ 256.81	\$ 11.41	4.65%	

GS < 50 kW

Consumption	5,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 29.93			\$ 47.62	\$ 17.69	59.09%	8.75%
Distribution (kWh)	5,000	\$ 0.0149	\$ 74.50	5,000	\$ 0.0140	\$ 70.19	-\$ 4.3110	-5.79%	12.89%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	5,000	\$ 0.0011	\$ 5.50	5,000	-\$ 0.0015	-\$ 7.50	-\$ 13.00	-236.36%	-1.38%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 109.93			\$ 110.31	\$ 0.38	0.34%	20.26%
Other Charges (kWh)	5180	\$ 0.0231	\$ 119.66	5180	\$ 0.0231	\$ 119.66	\$ -	0.00%	21.98%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	7.30%
Cost of Power Commodity (kW)	4,430	\$ 0.0620	\$ 274.66	4,430	\$ 0.0620	\$ 274.66	\$ -	0.00%	50.45%
Total Bill before Taxes			\$ 544.00			\$ 544.37	\$ 0.38	0.07%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 32.64			\$ 32.66	\$ 0.02	0.07%	
Total Bill after Taxes			\$ 576.64			\$ 577.04	\$ 0.40	0.07%	

GS < 50 kW

Consumption	10,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 29.93			\$ 47.62	\$ 17.69	59.09%	4.54%
Distribution (kWh)	10,000	\$ 0.0149	\$ 149.00	10,000	\$ 0.0140	\$ 140.38	-\$ 8.6221	-5.79%	13.40%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	10,000	\$ 0.0011	\$ 11.00	10,000	-\$ 0.0015	-\$ 15.00	-\$ 26.00	-236.36%	-1.43%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 189.93			\$ 172.99	-\$ 16.94	-8.92%	16.51%
Other Charges (kWh)	10360	\$ 0.0231	\$ 239.32	10360	\$ 0.0231	\$ 239.32	\$ -	0.00%	22.84%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	3.79%
Cost of Power Commodity (kW)	9,610	\$ 0.0620	\$ 595.82	9,610	\$ 0.0620	\$ 595.82	\$ -	0.00%	56.86%
Total Bill before Taxes			\$ 1,064.82			\$ 1,047.88	-\$ 16.94	-1.59%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 63.89			\$ 62.87	-\$ 1.02	-1.59%	
Total Bill after Taxes			\$ 1,128.70			\$ 1,110.75	-\$ 17.95	-1.59%	

GS < 50 kW

Consumption	15,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 29.93			\$ 47.62	\$ 17.69	59.09%	3.07%
Distribution (kWh)	15,000	\$ 0.0149	\$ 223.50	15,000	\$ 0.0140	\$ 210.57	-\$ 12.9331	-5.79%	13.57%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	15,000	\$ 0.0011	\$ 16.50	15,000	\$ 0.0015	\$ 22.50	-\$ 39.00	-236.36%	-1.45%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 269.93			\$ 235.68	-\$ 34.25	-12.69%	15.19%
Other Charges (kWh)	15540	\$ 0.0231	\$ 358.97	15540	\$ 0.0231	\$ 358.97	\$ -	0.00%	23.14%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	2.56%
Cost of Power Commodity (kW)	14,790	\$ 0.0620	\$ 916.98	14,790	\$ 0.0620	\$ 916.98	\$ -	0.00%	59.11%
Total Bill before Taxes			\$ 1,585.63			\$ 1,551.39	-\$ 34.25	-2.16%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 95.14			\$ 93.08	-\$ 2.05	-2.16%	
Total Bill after Taxes			\$ 1,680.77			\$ 1,644.47	-\$ 36.30	-2.16%	

Small Commercial and USL

Consumption	15,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 15.32			\$ 13.90	-\$ 1.42	-9.25%	0.85%
Distribution (kWh)	15,000	\$ 0.0257	\$ 385.50	15,000	\$ 0.0244	\$ 366.08	-\$ 19.4213	-5.04%	22.50%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	15,000	\$ 0.0008	\$ 12.00	15,000	\$ 0.0046	\$ 69.00	-\$ 81.00	-675.00%	-4.24%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 412.82			\$ 310.98	-\$ 101.84	-24.67%	19.12%
Other Charges (kWh)	15540	\$ 0.0231	\$ 358.97	15540	\$ 0.0231	\$ 358.97	\$ -	0.00%	22.07%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	2.44%
Cost of Power Commodity (kW)	14,790	\$ 0.0620	\$ 916.98	14,790	\$ 0.0620	\$ 916.98	\$ -	0.00%	56.37%
Total Bill before Taxes			\$ 1,728.52			\$ 1,626.69	-\$ 101.84	-5.89%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 103.71			\$ 97.60	-\$ 6.11	-5.89%	
Total Bill after Taxes			\$ 1,832.24			\$ 1,724.29	-\$ 107.95	-5.89%	

Small Commercial and USL

Consumption	40,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 15.32			\$ 13.90	-\$ 1.42	-9.25%	0.32%
Distribution (kWh)	40,000	\$ 0.0257	\$ 1,028.00	40,000	\$ 0.0244	\$ 976.21	-\$ 51.7902	-5.04%	22.57%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	40,000	\$ 0.0008	\$ 32.00	40,000	\$ 0.0046	\$ 184.00	-\$ 216.00	-675.00%	-4.25%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 1,075.32			\$ 806.11	-\$ 269.21	-25.04%	18.63%
Other Charges (kWh)	41440	\$ 0.0231	\$ 957.26	41440	\$ 0.0231	\$ 957.26	\$ -	0.00%	22.13%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.92%
Cost of Power Commodity (kW)	40,690	\$ 0.0620	\$ 2,522.78	40,690	\$ 0.0620	\$ 2,522.78	\$ -	0.00%	58.32%
Total Bill before Taxes			\$ 4,595.11			\$ 4,325.91	-\$ 269.21	-5.86%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 275.71			\$ 259.55	-\$ 16.15	-5.86%	
Total Bill after Taxes			\$ 4,870.82			\$ 4,585.46	-\$ 285.36	-5.86%	

Small Commercial and USL

Consumption	100,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 15.32			\$ 13.90	-\$ 1.42	-9.25%	0.15%
Distribution (kWh)	10,000	\$ 0.0257	\$ 257.00	10,000	\$ 0.0244	\$ 244.05	-\$ 12.9476	-5.04%	2.71%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	10,000	\$ 0.0008	\$ 8.00	10,000	\$ 0.0046	-\$ 46.00	-\$ 54.00	-675.00%	-0.51%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 280.32			\$ 211.96	-\$ 68.36	-24.39%	2.35%
Other Charges (kWh)	103600	\$ 0.0231	\$ 2,393.16	103600	\$ 0.0231	\$ 2,393.16	\$ -	0.00%	26.53%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.44%
Cost of Power Commodity (kW)	102,850	\$ 0.0620	\$ 6,376.70	102,850	\$ 0.0620	\$ 6,376.70	\$ -	0.00%	70.68%
Total Bill before Taxes			\$ 9,089.93			\$ 9,021.57	-\$ 68.36	-0.75%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 545.40			\$ 541.29	-\$ 4.10	-0.75%	
Total Bill after Taxes			\$ 9,635.33			\$ 9,562.86	-\$ 72.47	-0.75%	

Small Commercial and USL

Consumption	150,000 kWh 0 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 15.32			\$ 13.90	-\$ 1.42	-9.25%	0.09%
Distribution (kWh)	150,000	\$ 0.0257	\$ 3,855.00	150,000	\$ 0.0244	\$ 3,660.79	-\$ 194.2133	-5.04%	22.59%
Distribution (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	150,000	\$ 0.0008	\$ 120.00	150,000	\$ 0.0046	-\$ 690.00	-\$ 810.00	-675.00%	-4.26%
Regulatory Assets (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Sub-Total			\$ 3,990.32			\$ 2,984.69	-\$ 1,005.63	-25.20%	18.42%
Other Charges (kWh)	155400	\$ 0.0231	\$ 3,589.74	155400	\$ 0.0231	\$ 3,589.74	\$ -	0.00%	22.16%
Other Charges (kW)	0	\$ -	\$ -	0	\$ -	\$ -	\$ -	0.00%	0.00%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.25%
Cost of Power Commodity (kW)	154,650	\$ 0.0620	\$ 9,588.30	154,650	\$ 0.0620	\$ 9,588.30	\$ -	0.00%	59.18%
Total Bill before Taxes			\$ 17,208.11			\$ 16,202.48	-\$ 1,005.63	-5.84%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 1,032.49			\$ 972.15	-\$ 60.34	-5.84%	
Total Bill after Taxes			\$ 18,240.60			\$ 17,174.63	-\$ 1,065.97	-5.84%	

GS 50 - 499 kW

Consumption	15,000 kWh 60 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 74.24			\$ 76.60	\$ 2.36	3.18%	4.41%
Distribution (kWh)	15,000	\$ -	\$ -	15,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	60	\$ 4.3900	\$ 263.40	60	\$ 4.5749	\$ 274.49	\$ 11.09	4.21%	15.78%
Regulatory Assets (kWh)	15,000	\$ -	\$ -	15,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	60	\$ 0.3293	\$ 19.76	60	\$ 0.2990	-\$ 17.94	\$ 37.70	-190.80%	-1.03%
Sub-Total			\$ 357.40			\$ 333.16	-\$ 24.24	-6.78%	19.16%
Other Charges (kWh)	15540	\$ 0.0132	\$ 205.13	15540	\$ 0.0132	\$ 205.13	\$ -	0.00%	11.80%
Other Charges (kW)	62	\$ 3.9245	\$ 243.95	62	\$ 3.9245	\$ 243.95	\$ -	0.00%	14.03%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	2.29%
Cost of Power Commodity (kW)	14,790	\$ 0.0620	\$ 916.98	14,790	\$ 0.0620	\$ 916.98	\$ -	0.00%	52.73%
Total Bill before Taxes			\$ 1,763.20			\$ 1,738.96	-\$ 24.24	-1.37%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 105.79			\$ 104.34	-\$ 1.45	-1.37%	
Total Bill after Taxes			\$ 1,869.00			\$ 1,843.30	-\$ 25.70	-1.37%	

GS 50 - 499 kW

Consumption	40,000 kWh 100 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 74.24			\$ 76.60	\$ 2.36	3.18%	1.91%
Distribution (kWh)	40,000	\$ -	\$ -	40,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	100	\$ 4.3900	\$ 439.00	100	\$ 4.5749	\$ 457.49	\$ 18.49	4.21%	11.38%
Regulatory Assets (kWh)	40,000	\$ -	\$ -	40,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	100	\$ 0.3293	\$ 32.93	100	\$ 0.2990	\$ 29.90	\$ 62.83	-190.80%	-0.74%
Sub-Total			\$ 546.17			\$ 504.19	\$ 41.98	-7.69%	12.54%
Other Charges (kWh)	41440	\$ 0.0132	\$ 547.01	41440	\$ 0.0132	\$ 547.01	\$ -	0.00%	13.61%
Other Charges (kW)	104	\$ 3.9245	\$ 406.58	104	\$ 3.9245	\$ 406.58	\$ -	0.00%	10.11%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.99%
Cost of Power Commodity (kW)	40,690	\$ 0.0620	\$ 2,522.78	40,690	\$ 0.0620	\$ 2,522.78	\$ -	0.00%	62.75%
Total Bill before Taxes			\$ 4,062.29			\$ 4,020.31	\$ 41.98	-1.03%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 243.74			\$ 241.22	\$ 2.52	-1.03%	
Total Bill after Taxes			\$ 4,306.02			\$ 4,261.53	\$ 44.50	-1.03%	

GS 50 - 499 kW

Consumption	100,000 kWh 500 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 74.24			\$ 76.60	\$ 2.36	3.18%	0.64%
Distribution (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	500	\$ 4.3900	\$ 2,195.00	500	\$ 4.5749	\$ 2,287.45	\$ 92.45	4.21%	19.01%
Regulatory Assets (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	500	\$ 0.3293	\$ 164.65	500	\$ 0.2990	\$ 149.50	\$ 314.15	-190.80%	-1.24%
Sub-Total			\$ 2,433.89			\$ 2,214.55	\$ 219.34	-9.01%	18.41%
Other Charges (kWh)	103600	\$ 0.0132	\$ 1,367.52	103600	\$ 0.0132	\$ 1,367.52	\$ -	0.00%	11.37%
Other Charges (kW)	518	\$ 3.9245	\$ 2,032.89	518	\$ 3.9245	\$ 2,032.89	\$ -	0.00%	16.90%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.33%
Cost of Power Commodity (kW)	102,850	\$ 0.0620	\$ 6,376.70	102,850	\$ 0.0620	\$ 6,376.70	\$ -	0.00%	53.00%
Total Bill before Taxes			\$ 12,250.75			\$ 12,031.41	\$ 219.34	-1.79%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 735.05			\$ 721.88	\$ 13.16	-1.79%	
Total Bill after Taxes			\$ 12,985.80			\$ 12,753.30	\$ 232.50	-1.79%	

GS 500 - 4999 kW

Consumption	100,000 kWh 500 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 1,240.76			\$ 1,338.95	\$ 98.19	7.91%	11.20%
Distribution (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	500	\$ 1.6906	\$ 845.30	500	\$ 1.8255	\$ 912.75	\$ 67.45	7.98%	7.63%
Regulatory Assets (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	500	\$ 0.0222	\$ 11.10	500	\$ 0.1152	\$ 57.60	\$ 46.50	418.92%	-0.48%
Sub-Total			\$ 2,074.96			\$ 2,194.11	\$ 119.15	5.74%	18.35%
Other Charges (kWh)	103600	\$ 0.0132	\$ 1,367.52	103600	\$ 0.0132	\$ 1,367.52	\$ -	0.00%	11.44%
Other Charges (kW)	518	\$ 3.8168	\$ 1,977.10	518	\$ 3.8168	\$ 1,977.10	\$ -	0.00%	16.54%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.33%
Cost of Power Commodity (kW)	102,850	\$ 0.0620	\$ 6,376.70	102,850	\$ 0.0620	\$ 6,376.70	\$ -	0.00%	53.34%
Total Bill before Taxes			\$ 11,836.03			\$ 11,955.18	\$ 119.15	1.01%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 710.16			\$ 717.31	\$ 7.15	1.01%	
Total Bill after Taxes			\$ 12,546.19			\$ 12,672.49	\$ 126.29	1.01%	

GS 500 - 4999 kW

Consumption	400,000 kWh 1000 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 1,240.76			\$ 1,338.95	\$ 98.19	7.91%	3.51%
Distribution (kWh)	400,000	\$ -	\$ -	400,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	1,000	\$ 1.6906	\$ 1,690.60	1,000	\$ 1.8255	\$ 1,825.50	\$ 134.90	7.98%	4.78%
Regulatory Assets (kWh)	400,000	\$ -	\$ -	400,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	1,000	-\$ 0.0222	-\$ 22.20	1,000	-\$ 0.1152	-\$ 115.20	-\$ 93.00	418.92%	-0.30%
Sub-Total			\$ 2,909.16			\$ 3,049.26	\$ 140.10	4.82%	7.99%
Other Charges (kWh)	414400	\$ 0.0132	\$ 5,470.08	414400	\$ 0.0132	\$ 5,470.08	\$ -	0.00%	14.33%
Other Charges (kW)	1,036	\$ 3.8168	\$ 3,954.20	1,036	\$ 3.8168	\$ 3,954.20	\$ -	0.00%	10.36%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.10%
Cost of Power Commodity (kW)	413,650	\$ 0.0620	\$ 25,646.30	413,650	\$ 0.0620	\$ 25,646.30	\$ -	0.00%	67.21%
Total Bill before Taxes			\$ 38,019.49			\$ 38,159.59	\$ 140.10	0.37%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 2,281.17			\$ 2,289.58	\$ 8.41	0.37%	
Total Bill after Taxes			\$ 40,300.66			\$ 40,449.17	\$ 148.50	0.37%	

GS 500 - 4999 kW

Consumption	1,000,000 kWh 3000 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 1,240.76			\$ 1,338.95	\$ 98.19	7.91%	1.39%
Distribution (kWh)	1,000,000	\$ -	\$ -	1,000,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	3,000	\$ 1.6906	\$ 5,071.80	3,000	\$ 1.8255	\$ 5,476.51	\$ 404.71	7.98%	5.69%
Regulatory Assets (kWh)	1,000,000	\$ -	\$ -	1,000,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	3,000	-\$ 0.0222	-\$ 66.60	3,000	-\$ 0.1152	-\$ 345.60	-\$ 279.00	418.92%	-0.36%
Sub-Total			\$ 6,245.96			\$ 6,469.86	\$ 223.90	3.58%	6.72%
Other Charges (kWh)	1036000	\$ 0.0132	\$ 13,675.20	1036000	\$ 0.0132	\$ 13,675.20	\$ -	0.00%	14.21%
Other Charges (kW)	3,108	\$ 3.8168	\$ 11,862.61	3,108	\$ 3.8168	\$ 11,862.61	\$ -	0.00%	12.33%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.04%
Cost of Power Commodity (kW)	1,035,250	\$ 0.0620	\$ 64,185.50	1,035,250	\$ 0.0620	\$ 64,185.50	\$ -	0.00%	66.70%
Total Bill before Taxes			\$ 96,009.02			\$ 96,232.93	\$ 223.90	0.23%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 5,760.54			\$ 5,773.98	\$ 13.43	0.23%	
Total Bill after Taxes			\$ 101,769.57			\$ 102,006.90	\$ 237.33	0.23%	

GS 500 - 4999 kW

Consumption	1,500,000 kWh 4000 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 1,240.76			\$ 1,338.95	\$ 98.19	7.91%	0.95%
Distribution (kWh)	1,500,000	\$ -	\$ -	1,500,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	4,000	\$ 1.6906	\$ 6,762.40	4,000	\$ 1.8255	\$ 7,302.01	\$ 539.61	7.98%	5.18%
Regulatory Assets (kWh)	1,500,000	\$ -	\$ -	1,500,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	4,000	-\$ 0.0222	-\$ 88.80	4,000	-\$ 0.1152	-\$ 460.80	-\$ 372.00	418.92%	-0.33%
Sub-Total			\$ 7,914.36			\$ 8,180.16	\$ 265.80	3.36%	5.81%
Other Charges (kWh)	1554000	\$ 0.0132	\$ 20,512.80	1554000	\$ 0.0132	\$ 20,512.80	\$ -	0.00%	14.56%
Other Charges (kW)	4,144	\$ 3.8168	\$ 15,816.82	4,144	\$ 3.8168	\$ 15,816.82	\$ -	0.00%	11.23%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.03%
Cost of Power Commodity (kW)	1,553,250	\$ 0.0620	\$ 96,301.50	1,553,250	\$ 0.0620	\$ 96,301.50	\$ -	0.00%	68.37%
Total Bill before Taxes			\$ 140,585.23			\$ 140,851.03	\$ 265.80	0.19%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 8,435.11			\$ 8,451.06	\$ 15.95	0.19%	
Total Bill after Taxes			\$ 149,020.34			\$ 149,302.09	\$ 281.75	0.19%	

Large User > 5000 kW

Consumption	100,000 kWh 5000 kW	Loss Factor 1.0145
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 13,247.54			\$ 10,813.03	-\$ 2,434.51	-18.38%	21.65%
Distribution (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	5,000	\$ 2.7937	\$ 13,968.50	5,000	\$ 2.2804	\$ 11,402.00	-\$ 2,566.50	-18.37%	22.82%
Regulatory Assets (kWh)	100,000	\$ -	\$ -	100,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	5,000	\$ 0.0143	\$ 71.50	5,000	-\$ 0.1100	-\$ 550.00	-\$ 621.50	-869.23%	-1.10%
Sub-Total			\$ 27,287.54			\$ 21,665.03	-\$ 5,622.51	-20.60%	43.37%
Other Charges (kWh)	101450	\$ 0.0132	\$ 1,339.14	101450	\$ 0.0132	\$ 1,339.14	\$ -	0.00%	2.68%
Other Charges (kW)	5,073	\$ 4.0744	\$ 20,667.39	5,073	\$ 4.0744	\$ 20,667.39	\$ -	0.00%	41.37%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.08%
Cost of Power Commodity (kW)	100,700	\$ 0.0620	\$ 6,243.40	100,700	\$ 0.0620	\$ 6,243.40	\$ -	0.00%	12.50%
Total Bill before Taxes			\$ 55,577.22			\$ 49,954.71	-\$ 5,622.51	-10.12%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 3,334.63			\$ 2,997.28	-\$ 337.35	-10.12%	
Total Bill after Taxes			\$ 58,911.86			\$ 52,951.99	-\$ 5,959.86	-10.12%	

Large User > 5000 kW

Consumption	400,000 kWh 6000 kW	Loss Factor 1.0145
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 13,247.54			\$ 10,813.03	-\$ 2,434.51	-18.38%	13.66%
Distribution (kWh)	400,000	\$ -	\$ -	400,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	6,000	\$ 2.7937	\$ 16,762.20	6,000	\$ 2.2804	\$ 13,682.40	-\$ 3,079.80	-18.37%	17.29%
Regulatory Assets (kWh)	400,000	\$ -	\$ -	400,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	6,000	\$ 0.0143	\$ 85.80	6,000	-\$ 0.1100	-\$ 660.00	-\$ 745.80	-869.23%	-0.83%
Sub-Total			\$ 30,095.54			\$ 23,835.43	-\$ 6,260.11	-20.80%	30.12%
Other Charges (kWh)	405800	\$ 0.0132	\$ 5,356.56	405800	\$ 0.0132	\$ 5,356.56	\$ -	0.00%	6.77%
Other Charges (kW)	6,087	\$ 4.0744	\$ 24,800.87	6,087	\$ 4.0744	\$ 24,800.87	\$ -	0.00%	31.34%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.05%
Cost of Power Commodity (kW)	405,050	\$ 0.0620	\$ 25,113.10	405,050	\$ 0.0620	\$ 25,113.10	\$ -	0.00%	31.73%
Total Bill before Taxes			\$ 85,405.82			\$ 79,145.71	-\$ 6,260.11	-7.33%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 5,124.35			\$ 4,748.74	-\$ 375.61	-7.33%	
Total Bill after Taxes			\$ 90,530.17			\$ 83,894.45	-\$ 6,635.72	-7.33%	

Large User > 5000 kW

Consumption	1,000,000 kWh 10000 kW	Loss Factor 1.0145
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 13,247.54			\$ 10,813.03	-\$ 2,434.51	-18.38%	7.20%
Distribution (kWh)	1,000,000	\$ -	\$ -	1,000,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	10,000	\$ 2.7937	\$ 27,937.00	10,000	\$ 2.2804	\$ 22,804.00	-\$ 5,133.00	-18.37%	15.19%
Regulatory Assets (kWh)	1,000,000	\$ -	\$ -	1,000,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	10,000	\$ 0.0143	\$ 143.00	10,000	-\$ 0.1100	-\$ 1,100.00	-\$ 1,243.00	-869.23%	-0.73%
Sub-Total			\$ 41,327.54			\$ 32,517.03	-\$ 8,810.51	-21.32%	21.66%
Other Charges (kWh)	1014500	\$ 0.0132	\$ 13,391.40	1014500	\$ 0.0132	\$ 13,391.40	\$ -	0.00%	8.92%
Other Charges (kW)	10,145	\$ 4.0744	\$ 41,334.79	10,145	\$ 4.0744	\$ 41,334.79	\$ -	0.00%	27.53%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.03%
Cost of Power Commodity (kW)	1,013,750	\$ 0.0620	\$ 62,852.50	1,013,750	\$ 0.0620	\$ 62,852.50	\$ -	0.00%	41.86%
Total Bill before Taxes			\$ 158,945.98			\$ 150,135.46	-\$ 8,810.51	-5.54%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 9,536.76			\$ 9,008.13	-\$ 528.63	-5.54%	
Total Bill after Taxes			\$ 168,482.74			\$ 159,143.59	-\$ 9,339.15	-5.54%	

Large User > 5000 kW

Consumption	1,500,000 kWh 15000 kW	Loss Factor 1.0145
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 13,247.54			\$ 10,813.03	-\$ 2,434.51	-18.38%	4.92%
Distribution (kWh)	1,500,000	\$ -	\$ -	1,500,000	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	15,000	\$ 2.7937	\$ 41,905.50	15,000	\$ 2.2804	\$ 34,205.99	-\$ 7,699.51	-18.37%	15.56%
Regulatory Assets (kWh)	1,500,000	\$ -	\$ -	1,500,000	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	15,000	\$ 0.0143	\$ 214.50	15,000	-\$ 0.1100	-\$ 1,650.00	-\$ 1,864.50	-869.23%	-0.75%
Sub-Total			\$ 55,367.54			\$ 43,369.02	-\$ 11,998.52	-21.67%	19.73%
Other Charges (kWh)	1521750	\$ 0.0132	\$ 20,087.10	1521750	\$ 0.0132	\$ 20,087.10	\$ -	0.00%	9.14%
Other Charges (kW)	15,218	\$ 4.0744	\$ 62,002.18	15,218	\$ 4.0744	\$ 62,002.18	\$ -	0.00%	28.21%
Cost of Power Commodity (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0530	\$ 39.75	\$ -	0.00%	0.02%
Cost of Power Commodity (kW)	1,521,000	\$ 0.0620	\$ 94,302.00	1,521,000	\$ 0.0620	\$ 94,302.00	\$ -	0.00%	42.90%
Total Bill before Taxes			\$ 231,798.57			\$ 219,800.06	-\$ 11,998.52	-5.18%	100%
GST (2007 - 6%, 2008 - 6%)			\$ 13,907.91			\$ 13,188.00	-\$ 719.91	-5.18%	
Total Bill after Taxes			\$ 245,706.49			\$ 232,988.06	-\$ 12,718.43	-5.18%	

Streetlights

Consumption	70 kWh 2 kW	Loss Factor 1.036
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	2007 BILL			2008 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge			\$ 0.36			\$ 1.44	\$ 1.08	301.20%	4.32%
Distribution (kWh)	70	\$ -	\$ -	70	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	2	\$ 2.7462	\$ 5.49	2	\$ 11.0178	\$ 22.04	\$ 16.54	301.20%	65.85%
Regulatory Assets (kWh)	70	\$ -	\$ -	70	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	2	\$ 0.0143	\$ 0.03	2	-\$ 0.2813	-\$ 0.56	-\$ 0.59	-2067.13%	-1.68%
Sub-Total			\$ 5.88			\$ 22.92	\$ 17.04	289.69%	68.48%
Other Charges (kWh)	73	\$ 0.0132	\$ 0.96	73	\$ 0.0132	\$ 0.96	\$ -	0.00%	2.86%
Other Charges (kW)	2	\$ 2.7731	\$ 5.75	2	\$ 2.7731	\$ 5.75	\$ -	0.00%	17.17%
Cost of Power Commodity (kWh)	73	\$ 0.0530	\$ 3.84	73	\$ 0.0530	\$ 3.84	\$ -	0.00%	11.49%
Cost of Power Commodity (kW)	0	\$ 0.0620	\$ -	0	\$ 0.0620	\$ -	\$ -	0.00%	0.00%
Total Bill before Taxes			\$ 16.43			\$ 33.46	\$ 17.04	103.71%	100%
GST (2006 - 7%, 2007 - 6%)			\$ 0.99			\$ 2.01	\$ 1.02	103.71%	
Total Bill after Taxes			\$ 17.41			\$ 35.47	\$ 18.06	103.71%	

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Detailed Derivation of Proposed Base Distribution Rates
Using the cost allocation outlined in SEC # 48

Customer Class	2008 Projected Data			Revenue Requirement	Percentage Allocation of Fixed / Variable						Base Rates		
				Proportion				Revenue Requirement			Fixed	Variable	Variable
	Connections	kWh	kW		Fixed	Variable	Total	Fixed	Variable	Total		kWh	kW
RESIDENTIAL	166,825	1,547,398,184		38.44%	56.29%	43.71%	100.00%	26854.72	20851.68	47706.4	13.41	0.013475	
GENERAL SERVICE Less than 50 kW	16,081	646,726,132		14.63%	50.00%	50.00%	100.00%	9078.608	9078.608	18157.22	47.05	0.014038	
GS < 50 kW Small Commercial	3,288	11,905,587		0.66%	64.42%	35.58%	100.00%	526.0539	290.5588	816.6126	13.33	0.024405	
GENERAL SERVICE 50 kW - 499 kW	3,986		6,415,732	26.58%	11.02%	88.98%	100.00%	3636.804	29351.3	32988.1	76.03		4.574895
GENERAL SERVICE 500 kW - 4999 kW	470		5,310,121	13.89%	43.78%	56.22%	100.00%	7548.49	9693.637	17242.13	1,338.38		1.825502
GENERAL SERVICE > 5000 Kw	9		1,720,956	4.10%	22.93%	77.07%	100.00%	1167.746	3924.467	5092.213	10,812.46		2.280400
STREET LIGHTING	48,255		115,190	1.70%	39.72%	60.28%	100.00%	836.3544	1269.145	2105.499	1.44		11.017839
Total	238,914				36.75%	63.25%	100.00%	49648.78	74459.39	124108.2			

Less: Transformer Allow 2041.752

Total Revenue Require 122066.4

Enersource
SEC #48

Enersource Hydro Mississauga Inc.

Computed Results
per the Cost Allocation Review - Informational Filing

	Total	Residential	Small Commercial	GS < 50 kW	GS 50 - 499 kW	GS 500 - 4,999 kW	Large User	Street Lighting
Revenue:Cost ratio	100.00%	87.69%	149.92%	113.60%	120.64%	86.78%	137.16%	25.22%
Revenue	\$112,654,466	\$40,761,211	\$1,010,255	\$17,020,916	\$32,840,065	\$14,722,920	\$5,763,541	\$535,557
Cost	\$112,653,305	\$46,483,306	\$673,863	\$14,983,201	\$27,221,539	\$16,965,799	\$4,202,057	\$2,123,541

Scenario

- All Revenue:Cost ratios < 110%
- Street Lighting Revenue:Cost ratios = 90%
- Residential and GS 500 - 4,999 kW Revenue:Cost ratios increase
- GS < 50 kW fixed charge recovers 50% of the class' costs

Revised Revenue:Cost Ratios

	Total	Residential	Small Commercial	GS < 50 kW	GS 50 - 499 kW	GS 500 - 4,999 kW	Large User	Street Lighting
Revenue:Cost ratio			110%	110%	110%		110%	90%
Step 1								
Cost	\$112,653,305	\$46,483,306	\$673,863	\$14,983,201	\$27,221,539	\$16,965,799	\$4,202,057	\$2,123,541
Associated Revenues	\$53,699,912		\$741,249	\$16,481,521	\$29,943,693		\$4,622,262	\$1,911,187
Step 2								
Revenue Differential	-\$3,470,422		-\$269,006	-\$539,395	-\$2,896,372		-\$1,141,279	\$1,375,630
Step 3								
Proportional Rev Diff	\$3,470,422	\$2,542,458				\$927,964		
Revised Revenue	\$58,954,553	\$43,303,669				\$15,650,884		
Step 4								
Revised Revenue	\$112,654,465	\$43,303,669	\$741,249	\$16,481,521	\$29,943,693	\$15,650,884	\$4,622,262	\$1,911,187
Proportion of Rev Rqm	100.00%	38.44%	0.66%	14.63%	26.58%	13.89%	4.10%	1.70%
Revised Revenue:Cost	100.00%	93.16%	110.00%	110.00%	110.00%	92.25%	110.00%	90.00%

Enersource Hydro Mississauga
IESO Invoices
January to December, 2006

IMO Invoice Detail

	January	February	March	April	May	June	July	August	September	October	November	December	Totals
101 Net Energy Market Settlt for Non-Dispatchable Load	\$ 39,467,715	\$ 31,376,926	\$ 34,326,594	\$ 27,464,640	\$ 32,720,499	\$ 33,787,499	\$ 42,840,046	\$ 42,104,377	\$ 23,250,640	\$ 26,808,027	\$ 33,370,173	\$ 28,111,265	\$ 395,628,401
112 OPGI Market Power Mitigation Rebate	\$ -	\$ 439,770	\$ (25,417,945)	\$ -	\$ 53,605	\$ -	\$ (1,860,863)	\$ -	\$ -	\$ (1,952,607)	\$ 23,074	\$ -	\$ (28,714,965)
140 Fixed Energy Rate Settlement Amount	\$ -	\$ 12,934	\$ 3,171,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,184,389
142 Regulated Price Plan Settlement Amount	\$ (767,164)	\$ 279,216	\$ (92,915)	\$ 153,469	\$ 1,107,700	\$ 4,894,834	\$ 2,333,884	\$ 1,186,423	\$ 3,306,585	\$ 2,130,136	\$ 106,622	\$ 2,214,842	\$ 16,895,633
149 Regulated Price Plan Retailer Settlement Amount	\$ (86,214)	\$ (544,702)	\$ (281,257)	\$ (423,511)	\$ (230,183)	\$ (469,206)	\$ (197,348)	\$ (94,737)	\$ (655,022)	\$ (508,447)	\$ (204,977)	\$ (641,083)	\$ (4,336,687)
146 Global Adjustment Settlement Amount	\$ (1,658,123)	\$ 2,726,520	\$ 1,615,899	\$ 3,695,347	\$ 2,010,083	\$ 1,986,011	\$ 796,770	\$ (483,567)	\$ 8,441,574	\$ 6,762,408	\$ 2,452,428	\$ 6,809,640	\$ 35,154,990
118 Emergency Energy Rebate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (424)	\$ (3)	\$ -	\$ (427)
141 Fixed Wholesale Charge Rate Settlement Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (103,667)	\$ -	\$ -	\$ -	\$ (103,667)
150 Net Energy Market Settlement Uplift	\$ 993,039	\$ 746,791	\$ 884,528	\$ 749,160	\$ 927,067	\$ 813,299	\$ 1,061,803	\$ 1,048,307	\$ 491,047	\$ 801,482	\$ 1,145,520	\$ 841,303	\$ 10,503,345
155 Congestion Management Settlement Uplift	\$ 549,481	\$ 402,672	\$ 400,721	\$ 754,871	\$ 796,566	\$ 673,324	\$ 649,829	\$ 878,540	\$ 275,323	\$ 298,926	\$ 571,464	\$ 368,756	\$ 6,620,474
163 Market Suspension Additional Compensation Settlement D	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ 336	\$ -	\$ -	\$ 104	\$ 40	\$ -	\$ (0)	\$ 479
164 Outage Cancellation / Deferral Debit	\$ -	\$ -	\$ -	\$ 241	\$ (0)	\$ -	\$ -	\$ -	\$ 84,473	\$ 18	\$ (0)	\$ -	\$ 84,732
167 Emergency Energy Debit	\$ 486	\$ 0	\$ 18	\$ -	\$ 18,478	\$ (3)	\$ 16,413	\$ 1,241	\$ 1	\$ 137	\$ -	\$ -	\$ 36,770
169 Station Service Reimbursement debit	\$ 30,987	\$ 20,983	\$ 14,485	\$ 19,563	\$ 21,275	\$ 25,793	\$ 22,360	\$ 23,936	\$ 21,306	\$ 13,952	\$ 12,780	\$ 20,553	\$ 247,973
170 Local Market Power Rebate	\$ (26,444)	\$ (6,494)	\$ (6,906)	\$ (6,415)	\$ (10,643)	\$ (23,713)	\$ (9,011)	\$ 2,938	\$ (3,280)	\$ (11,736)	\$ (18,884)	\$ (12,969)	\$ (133,556)
182 Hour Ahead Dispatchable Load Offer Guarantee Debit	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ 0
193 Generation Cost Guarantee Recovery Debit	\$ 217,468	\$ 36,977	\$ 23,387	\$ 29,560	\$ 21,552	\$ 56,883	\$ 111,415	\$ 127,061	\$ 94,224	\$ 69,152	\$ 113,369	\$ 110,233	\$ 1,011,291
184 Demand Response Debit	\$ 8,329	\$ 1,396	\$ 1,122	\$ 437	\$ (329)	\$ 752	\$ 0	\$ 2,366	\$ 3,500	\$ 9	\$ -	\$ 95	\$ 17,678
186 Intertie Failure Charge Rebate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,252)	\$ (21,041)	\$ (8,918)	\$ (7,111)	\$ (10,925)	\$ (38,033)	\$ (9,928)	\$ (103,209)
250 10-minute Spinning Market reserve Hourly Uplift	\$ 40,523	\$ 28,563	\$ 30,992	\$ 107,931	\$ 53,696	\$ 14,011	\$ 28,236	\$ 32,527	\$ 33,026	\$ 27,740	\$ 37,158	\$ 30,648	\$ 465,049
252 10-minute non-Spinning Market reserve Hourly Uplift	\$ 34,050	\$ 22,447	\$ 34,206	\$ 112,340	\$ 60,490	\$ 8,514	\$ 13,212	\$ 16,940	\$ 5,826	\$ 13,583	\$ 17,099	\$ 27,061	\$ 365,768
254 30-minute Operating Reserve Market Hourly Uplift	\$ 22,597	\$ 17,654	\$ 21,248	\$ 82,960	\$ 46,216	\$ 3,514	\$ 4,122	\$ 7,146	\$ 2,968	\$ 8,274	\$ 16,138	\$ 18,016	\$ 250,852
450 Black Start Capability Settlement debit	\$ 5,533	\$ 5,646	\$ 5,721	\$ 5,696	\$ 5,892	\$ 6,220	\$ 6,359	\$ 6,094	\$ 6,103	\$ 6,012	\$ 6,139	\$ 5,975	\$ 71,579
452 Reactive Support and Voltage Control Settlement Debit	\$ 49,054	\$ 40,035	\$ 50,938	\$ 47,256	\$ 56,676	\$ 71,187	\$ 195,124	\$ 165,347	\$ 116,256	\$ 85,540	\$ 71,850	\$ 72,524	\$ 1,021,785
454 Regulation Service Settlement debit	\$ 127,244	\$ 127,450	\$ 127,441	\$ 126,380	\$ 763,964	\$ 157,147	\$ 116,696	\$ 125,920	\$ 103,357	\$ 103,357	\$ 120,316	\$ 187,664	\$ 2,215,854
550 Must Run Contract Settlement Debit	\$ -	\$ -	\$ 1,509,641	\$ 212,854	\$ 258,067	\$ 221,613	\$ 431,954	\$ 193,138	\$ 71,868	\$ 51,405	\$ (2)	\$ -	\$ 2,950,538
650 Network	\$ 2,699,262	\$ 2,676,523	\$ 2,588,287	\$ 2,383,151	\$ 3,613,613	\$ 3,250,855	\$ 3,612,467	\$ 3,802,878	\$ 2,667,190	\$ 2,477,535	\$ 2,625,697	\$ 2,847,088	\$ 35,244,545
651 Connection	\$ 812,604	\$ 822,386	\$ 780,638	\$ 770,600	\$ 1,061,880	\$ 965,867	\$ 1,118,774	\$ 1,116,215	\$ 814,076	\$ 758,614	\$ 790,503	\$ 845,051	\$ 10,657,209
652 Connection	\$ 1,486,472	\$ 1,504,365	\$ 1,427,996	\$ 1,409,634	\$ 1,942,464	\$ 1,766,829	\$ 2,046,539	\$ 2,041,857	\$ 1,489,164	\$ 1,387,709	\$ 1,446,042	\$ 1,545,825	\$ 19,494,894
753 Rural Rate Settlement Charge	\$ 688,500	\$ 638,062	\$ 681,191	\$ 597,501	\$ 646,930	\$ 693,464	\$ 781,327	\$ 732,203	\$ 625,413	\$ 639,458	\$ 644,690	\$ 669,938	\$ 8,038,676
9990 IMO Administration	\$ 625,847	\$ (106,246)	\$ 619,203	\$ 543,129	\$ 588,059	\$ 630,358	\$ 710,226	\$ 665,572	\$ 568,500	\$ 581,267	\$ 586,023	\$ 608,974	\$ 6,620,913
Total before GST	\$ 45,321,346	\$ 41,269,875	\$ 22,516,695	\$ 38,836,796	\$ 46,533,706	\$ 49,528,136	\$ 54,809,292	\$ 53,693,803	\$ 41,835,925	\$ 40,437,039	\$ 43,897,223	\$ 44,671,471	\$ 523,351,308

Analysis by RSVAs, Rebates Payable

Invoice summary	January	February	March	April	May	June	July	August	September	October	November	December	Totals
1588 - Net Energy	\$ 39,467,715	\$ 31,376,926	\$ 34,326,594	\$ 27,464,640	\$ 32,720,499	\$ 33,787,499	\$ 42,840,046	\$ 42,104,377	\$ 23,250,640	\$ 26,808,027	\$ 33,370,173	\$ 28,111,265	\$ 395,628,401
1588 - Monthly rate rebate, spot vs fixed	\$ (853,378)	\$ (252,552)	\$ 2,797,282	\$ (270,042)	\$ 877,517	\$ 4,425,628	\$ 2,136,537	\$ 1,091,686	\$ 2,651,563	\$ 1,621,266	\$ (96,359)	\$ 1,573,760	\$ 15,702,907
1588 - Global Adjustment	\$ (1,658,123)	\$ 2,726,520	\$ 1,615,899	\$ 3,695,347	\$ 2,010,083	\$ 1,986,011	\$ 796,770	\$ (483,567)	\$ 8,441,574	\$ 6,762,408	\$ 2,452,428	\$ 6,809,640	\$ 35,154,990
1588 = Energy COP	\$ 36,956,214	\$ 33,850,894	\$ 38,739,775	\$ 30,889,946	\$ 35,608,099	\$ 40,199,138	\$ 45,773,353	\$ 42,712,497	\$ 34,343,777	\$ 35,191,702	\$ 35,726,242	\$ 36,494,665	\$ 446,486,299
1580 WHMS portion (including rural)	\$ 3,366,794	\$ 1,975,936	\$ 4,397,945	\$ 3,383,464	\$ 4,254,045	\$ 3,345,448	\$ 4,119,023	\$ 4,020,357	\$ 2,521,717	\$ 2,574,087	\$ 3,285,665	\$ 2,938,843	\$ 40,183,325
1584 - Network	\$ 2,699,262	\$ 2,676,523	\$ 2,588,287	\$ 2,383,151	\$ 3,613,613	\$ 3,250,855	\$ 3,612,467	\$ 3,802,878	\$ 2,667,190	\$ 2,477,535	\$ 2,625,697	\$ 2,847,088	\$ 35,244,545
1586 - Connection	\$ 2,299,076	\$ 2,326,751	\$ 2,208,633	\$ 2,180,234	\$ 3,004,344	\$ 2,732,696	\$ 3,165,313	\$ 3,158,072	\$ 2,303,240	\$ 2,146,322	\$ 2,236,545	\$ 2,390,876	\$ 30,152,103
Customer Rebates Payable	\$ -	\$ 439,770	\$ (25,417,945)	\$ -	\$ 53,605	\$ -	\$ (1,860,863)	\$ -	\$ -	\$ (1,952,607)	\$ 23,074	\$ -	\$ (28,714,965)
Total	\$ 45,321,346	\$ 41,269,875	\$ 22,516,695	\$ 38,836,796	\$ 46,533,706	\$ 49,528,136	\$ 54,809,292	\$ 53,693,803	\$ 41,835,925	\$ 40,437,039	\$ 43,897,223	\$ 44,671,471	\$ 523,351,308

Enersource Hydro Mississauga
IESO Invoices
January to October, 2007

IMO Invoice Detail

	January	February	March	April	May	June	July	August	September	October	Totals / Averages
101 Net Energy Market Settlmt for Non-Dispatchable Load	32,820,671	40,712,367	38,990,424	30,316,585	27,188,580	34,955,116	34,811,175	44,513,034	32,061,771	33,910,832	350,280,554
102 TR Clearing Account Credit	-	-	-	(694,978)	(244,541)	(253,932)	(250,721)	(255,594)	(251,840)	(247,613)	(2,199,219)
112 OPGI Market Power Mitigation Rebate	(769,884)	-	-	(861,748)	-	27,969	(3,342,406)	-	-	(656,014)	(5,602,083)
134 Demand Response Credit	-	-	-	-	-	-	-	-	(1,025)	-	(1,025)
140 Fixed Energy Rate Settlement Amount	-	-	-	-	-	-	-	-	-	-	-
142 Regulated Price Plan Settlement Amount	1,349,347	799,328	843,316	1,065,264	1,167,697	512,475	1,307,019	201,269	977,755	203,565	8,427,036
149 Regulated Price Plan Retailer Settlement Amount	(415,943)	32,850	(89,885)	(284,073)	(360,939)	(222,859)	(163,503)	(23,756)	(48,812)	(24,321)	(1,601,239)
146 Global Adjustment Settlement Amount	4,841,625	(3,683,309)	(252,485)	2,961,967	2,040,120	9,246,065	4,652,627	227,899	3,183,506	2,321,848	25,539,862
1,410 Standard Offer Program Settlement Amount	-	-	-	(203,913)	(222,819)	(180,545)	(220,112)	(196,386)	(162,895)	(148,243)	(1,372,361)
118 Emergency Energy Rebate	-	-	-	0	-	-	-	(3,916)	207	0	(3,709)
141 Fixed Wholesale Charge Rate Settlement Amount	-	-	-	-	-	-	-	-	-	-	-
150 Net Energy Market Settlement Uplift	868,636	975,049	1,066,691	705,061	715,464	953,017	895,141	1,146,961	917,513	359,055	8,602,588
155 Congestion Management Settlement Uplift	367,331	452,675	393,555	359,335	528,905	1,160,313	458,066	826,974	681,561	612,953	5,841,668
163 Market Suspension Additional Compensation Settlement D	-	-	-	-	-	69	102	2,453	18	1	2,642
164 Outage Cancellation / Deferral Debit	-	-	-	(2)	-	1,028	0	-	3,835	0	4,861
167 Emergency Energy Debit	-	-	(1,325)	(0)	-	19,087	2	-	(0)	(24)	17,739
169 Station Service Reimbursement debit	14,717	18,060	18,375	23,382	17,700	22,175	29,906	21,126	25,887	24,828	216,155
170 Local Market Power Rebate	(26,304)	(27,933)	(20,029)	(5,132)	(17,699)	(46,440)	(47,310)	(10,087)	(6,471)	(8,553)	(215,957)
182 Hour Ahead Dispatchable Load Offer Guarantee Debit	-	-	-	-	-	-	-	-	-	0	0
183 Generation Cost Guarantee Recovery Debit	125,670	139,047	106,733	88,221	64,680	112,555	132,625	88,398	90,255	105,718	1,053,902
184 Demand Response Debit	179	1	349	671	0	458	76	133	454	-	2,322
186 Intertie Failure Charge Rebate	(13,921)	(8,443)	(12,659)	(12,113)	(20,985)	(12,629)	(11,395)	(13,107)	(19,330)	(17,995)	(142,576)
250 10-minute Spinning Market reserve Hourly Uplift	40,454	36,900	18,118	26,280	20,492	31,657	20,008	18,160	18,702	19,402	250,172
252 10-minute non-Spinning Market reserve Hourly Uplift	36,505	38,682	18,966	30,224	20,574	19,361	24,339	9,255	16,147	16,068	230,122
254 30-minute Operating Reserve Market Hourly Uplift	30,631	33,093	14,988	18,022	11,467	19,091	16,537	6,214	8,115	10,192	168,350
450 Black Start Capability Settlement debit	5,593	5,358	5,518	5,526	5,856	6,082	6,005	6,122	6,032	5,933	59,025
452 Reactive Support and Voltage Control Settlement Debit	56,808	57,965	71,214	59,358	68,051	72,018	67,095	80,732	64,560	67,319	665,119
454 Regulation Service Settlement debit	178,725	147,710	211,191	202,618	113,945	178,566	127,937	117,038	145,433	119,960	1,544,122
550 Must Run Contract Settlement Debit	1,076,421	390,577	341,478	169,623	320,053	326,066	328,915	310,764	285,473	(194,337)	3,355,033
650 Network	2,813,883	2,887,630	2,826,448	2,551,633	2,927,417	3,633,697	3,496,270	3,777,925	3,509,732	2,547,405	30,972,041
651 Connection	844,258	869,413	858,702	788,089	900,807	1,115,777	1,088,117	1,116,537	1,027,818	788,526	9,398,043
652 Connection	1,544,375	1,590,390	1,570,796	1,441,626	1,647,818	2,041,056	1,990,458	2,042,445	1,880,154	1,442,426	17,191,542
753 Rural Rate Settlement Charge	708,257	666,939	680,957	627,958	650,322	716,407	727,542	766,496	664,894	655,289	6,865,059
754 OPA Administration Charge	263,467	248,101	253,316	233,600	241,920	266,503	270,645	285,137	247,341	243,767	2,553,797
9990 IMO Administration	577,231	543,555	(85,977)	511,786	530,013	583,871	592,946	624,694	541,889	534,060	4,954,068
Total before GST	47,339,729	46,926,006	47,791,328	40,124,870	38,314,896	55,304,074	47,008,108	55,686,921	45,868,677	42,692,045	467,056,653

Analysis by RSVAs, Rebates Payable, CDM (Demand Response Debit)

Invoice summary											
1588 - Net Energy	32,820,671	40,712,367	38,990,424	30,316,585	27,188,580	34,955,116	34,811,175	44,509,119	32,061,978	33,910,832	350,276,845
1588 - Monthly rate rebate, spot vs fixed	933,404	832,178	753,431	781,191	806,758	289,616	1,143,517	177,514	928,844	179,245	6,825,796
1588 - Global Adjustment	4,841,625	(3,683,309)	(252,485)	2,961,967	2,040,120	9,246,065	4,652,627	227,899	3,183,506	2,321,848	25,539,862
1588 - SOP	-	-	(37,448)	(203,913)	(222,819)	(180,545)	(220,112)	(196,386)	(162,895)	(148,243)	(1,372,361)
1588 - Energy COP	38,595,699	37,861,236	39,453,923	33,855,830	29,812,639	44,310,251	40,387,206	44,718,145	36,011,532	36,263,681	381,270,142
1580 - WHMS portion (including rural)	4,311,398	3,717,336	3,081,460	2,349,440	3,026,216	4,175,323	3,388,463	4,031,869	3,440,466	2,306,023	33,827,993
1584 - Network	2,813,883	2,887,630	2,826,448	2,551,633	2,927,417	3,633,697	3,496,270	3,777,925	3,509,732	2,547,405	30,972,041
1584 - Connection	2,388,633	2,459,803	2,429,497	2,229,715	2,548,624	3,156,833	3,078,575	3,158,982	2,907,972	2,230,951	26,589,585
Customer Rebates Payable	(769,884)	-	-	(861,748)	-	27,969	(3,342,406)	-	-	(656,014)	(5,602,083)
CDM	-	-	-	-	-	-	-	-	(1,025)	-	(1,025)
Total	47,339,729	46,926,006	47,791,328	40,124,870	38,314,896	55,304,074	47,008,108	55,686,921	45,868,677	42,692,045	467,056,653
	-	-	-	(0)	-	-	-	-	-	-	-

Enersource Hydro Mississauga

Hydro One Invoices

January to December, 2006

	<u>Connection Charge</u>	<u>Network Charge</u>	<u>Shared LV Line Charge</u>	<u>Cost of Power</u>	<u>Regulatory Asset Recovery</u>	<u>Total</u>
January	411,382	517,670	-	929,052	29,159	958,211
February	384,878	484,946	-	869,823	29,159	898,982
March	438,590	526,030	-	964,620	29,159	993,779
April	479,901	598,287	-	1,078,189	54,228	1,132,417
May	491,220	582,470	177,148	1,250,838	40,283	1,291,121
June	476,752	570,074	163,733	1,210,560	40,283	1,250,843
July	517,335	611,496	178,320	1,307,150	40,283	1,347,433
August	484,204	557,704	160,508	1,202,416	40,283	1,242,699
September	431,590	537,952	137,790	1,107,332	40,283	1,147,615
October	471,188	580,633	160,970	1,212,792	40,283	1,253,075
November	441,660	553,611	146,382	1,141,653	40,283	1,181,936
December	427,414	546,510	203,191	1,177,115	40,283	1,217,398
	5,456,113	6,667,383	1,328,043	13,451,539	463,969	13,915,508

January to October, 2007

	<u>Connection Charge</u>	<u>Network Charge</u>	<u>Shared LV Line Charge</u>	<u>Cost of Power</u>	<u>Regulatory Asset Recovery</u>	<u>Total</u>
January	426,599	548,355	140,554	1,115,508	40,283	1,155,791
February	435,488	558,331	151,123	1,144,943	40,283	1,185,226
March	416,534	531,355	161,407	1,109,296	40,283	1,149,579
April	462,219	583,907	155,773	1,201,898	40,283	1,242,181
May	425,847	530,137	146,037	1,102,022	40,283	1,142,305
June	446,068	539,620	152,315	1,138,003	40,283	1,178,286
July	447,514	543,889	148,339	1,139,742	40,283	1,180,025
August	476,299	562,406	154,030	1,192,735	40,283	1,233,018
September	499,382	614,414	131,461	1,245,257	40,283	1,285,540
October	419,433	527,257	147,327	1,094,018	40,283	1,134,301
	4,455,384	5,539,671	1,488,367	11,483,421	402,830	11,886,251

Source - Data from Settlements Hydro Transmission Reports. October 2007 is still being updated and the actuals may change based on update from Settlements

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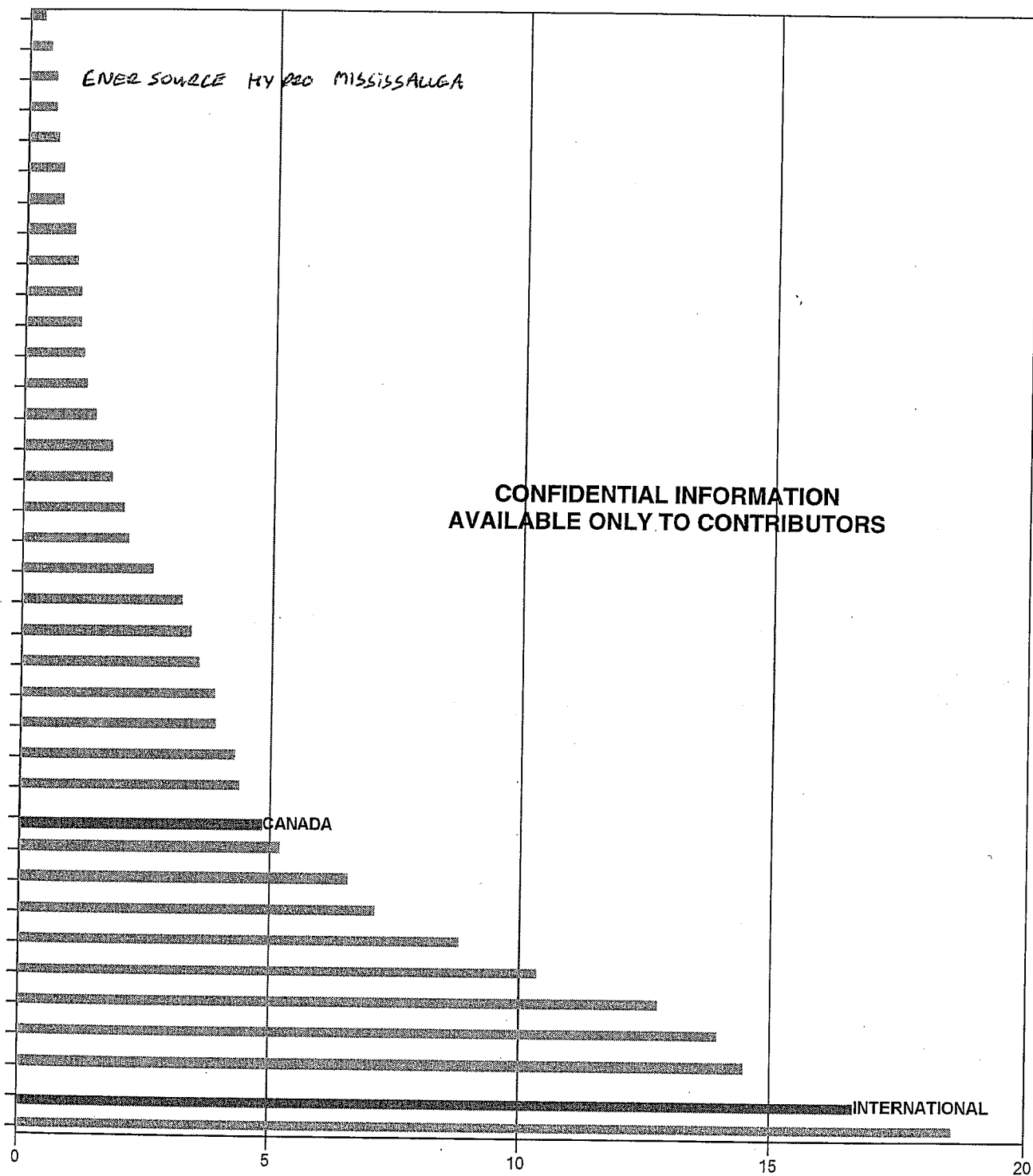
2005

**ANNUAL SERVICE CONTINUITY REPORT ON DISTRIBUTION
SYSTEM PERFORMANCE IN ELECTRICAL UTILITIES**

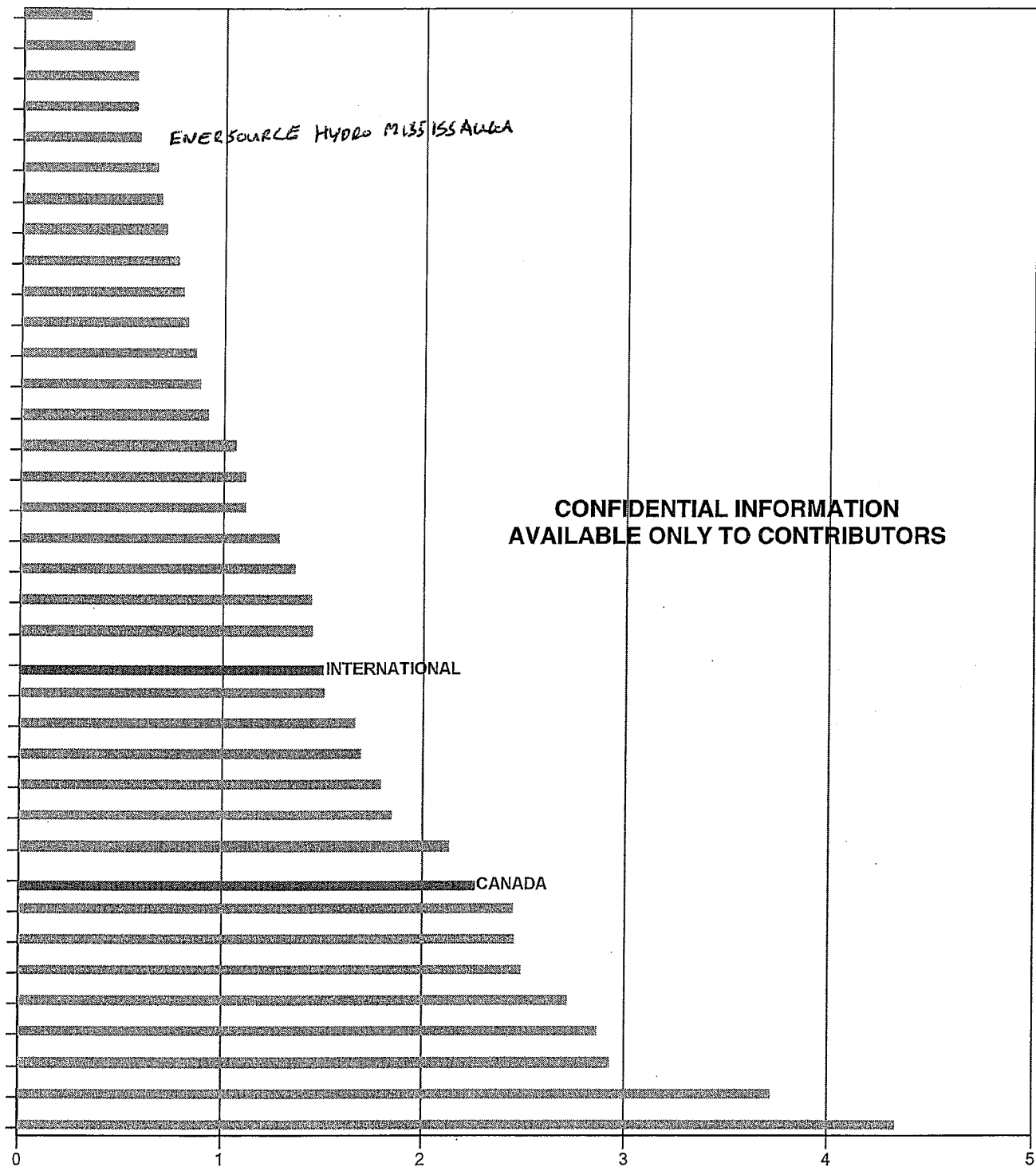
Composite Version

September 2006

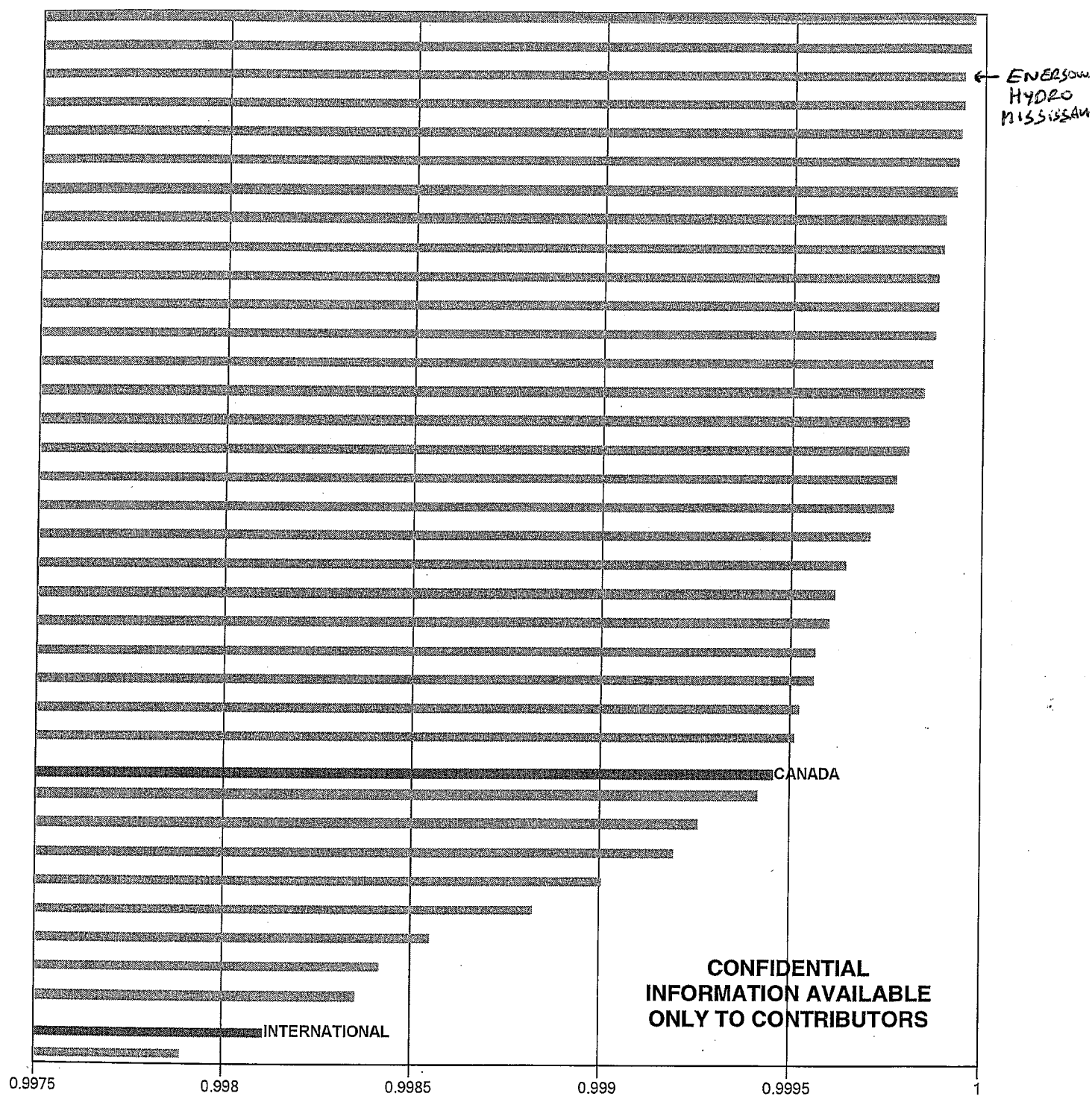




Graph 3-3 Utility Distribution of 2005 SAIDI (hours/year)



Graph 3-4 Utility Distribution of 2005 CAIDI (hours/interruption)



Graph 3-5 Utility Distribution of 2005 IOR

2005

**ANNUAL SERVICE CONTINUITY REPORT ON DISTRIBUTION
SYSTEM PERFORMANCE IN ELECTRICAL UTILITIES**

Confidential Participant Version

September 2006

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Front Cover

Control Room photo was provided courtesy of Hydro One.

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Staffing Changes and reason

<u>Rate s</u>	<u>Position Name</u>	<u>2005- 2007</u>	<u>2007 - 2008</u>	<u>2008</u>	<u>Reason for position</u>	<u>New / Replacemen t</u>	<u>Current Status as of November 28, 2007</u>
No	Billing Analyst Customer Service Admin	1			This position assumes the responsibility of reporting and analysis requirements for Enersource Hydro Customer Care and Billing Operations Division.	New	Filled - 03/27/2006
No	Billing Supervisor Customer Service Admin			1	A new Billing Supervisor position has been authorized to help the Manager, Billing Operations deal with:• the increased administrative complexity expected as a result of Smart Metering, billing at Time of Use rates, Standard Offer Program;	New - 2008	Vacant
No	Customer Service Supervisor Customer Service Admin		1		Increased demands and aging workforce.	New	Filled - 01/15/2007
No	Billing Quality Analyst Settlements		1		This person is responsible for insuring and validating metering and settlement system configurations, meter data and meter billing for MIST (Metered Inside Settlement Timeframe) customers. Responsibilities include auditing, validating and reporting results	New	Filled - 11/20/2006
No	Office Services Clerk Customer Accounts	1			Responsibilities: • Assign postage to all outgoing corporate mail and deliver the mail daily to the Post Office • Co-ordinate the equipment maintenance requirements and operate the Mail Inserter & Postage Machines for corporate outgoing mail and bills.	Replacement	Filled 12/05/2005 Became vacant again 10/10/2006, Filled 12/06/2006
No	System Admin Customer Accounts			1	The administrative duties related to Kubra services will grow to encompass user security, reporting, payment tracking and an e-bill bill inserts marketing segment with the upgrade early 2008. SharePoint will be our new document management software which	New - 2008	Vacant

				will require an administrator.		
No	Meter Technician Apprentice	Metering	1	Required to meet the quality assurance targets for Enersource.	Replacement left 12/20/2005	Filled
No	Apprentice	Metering		1 The new apprentice is required to meet the mandates of the OEB for our Smart Meter initiative, which would include the installation of network communication collector meters; smart meters for C/I customers and our IMS projects.	New - 2008	Vacant
No	Middleware Tech	Information systems		1 Managing the new "middleware" framework that will be implemented later this year.	New - 2008	Vacant
No	New Network Specialist	Information systems		1 Additional position required due to increased demands and system complexity.	Replacement	Filled – 06/04/2007
No	New Data Base Analyst	Information systems		1 Database Administrator for managing the new CC&B system.	New	Filled – 06/18/2007
No	New - IOM programmer	Information systems		1 The IOM System will be installed in 2008 and will require a Senior Programmer/Analyst for its support and maintenance. This is a new system, so we do not currently have anyone in this position.	New - 2008	Vacant
No	Operating Model Engineer	Information systems	1	Ensure the availability and integrity of the operating model, complex data set compile from our AM.FM/GIS and scada systems and utilized by the system control operator to operate the distribution system.	Replacement	Vacant
No	New Standards Clerk	Admin	1	ESA Regulation 22/04 has come into effect and significantly increased the due diligence requirements for Enersource. The bulk of the compliance work is in the standards group. It also presented an opportunity to sell Standards and now upgrades to other LDCs.	New	Filled by Construction Clerk position – 07/16/2007

No	Design Tech	System Planning		1	The Design Tech position is new to allow for the training of a new person to fill an upcoming retirement. Training of this nature is highly specialized and takes several years. The position is also required as a result of increased capital expenditures.	Replacement Of retiree	Filled - starting December 3, 2007
No	Grid planner/analyst	Corporate Records	1		The Grid Planner position was proposed as a new position that would perform the short term planning of the switching activities on the power grid. Typically, a system operator would be viewed as going into this position, however, with retirement and new a	New – 2007 vacancy	Vacant (This position is for Control Room)
No	Apprentice	Control System	1		New apprentices required to move from an 8 person rotation to a nine person rotation. The second position is to prepare an apprentice for the upcoming planned retirement of existing staff.	New	Filled 05/14/2007
No	Apprentice	Control System		1	New apprentices required to move from an 8 person rotation to a nine person rotation. The second position is to prepare an apprentice for the upcoming planned retirement of existing staff.	New - 2008	Vacant
No	Mapping engineer	Corporate Records		1	The Systems & Mapping Engineer is a new position necessitated by the implementation of the IOM System, and support the GIS middleware software and manages aspects of import/export workflow.	New - 2008	Will be filled (Start date not known at this time)
No	Apprentice	Substation Operations	1		The Apprenticeship Program is intended to provide additional line staff resources to replace employees that have been lost through attrition.	Replacement	Filled - 11/12/2007
No	Apprentice	Substation Operations		1	The Apprenticeship Program is intended to provide additional line staff resources to replace employees that have been lost through attrition.	Replacement	Filled – 01/08/2007

No	Materials Planner	System Planning	1		This position is responsible for preparing, maintaining, and coordinating construction schedules for capital, subdivision, industrial/ commercial and some maintenance service orders in a multiple project environment in the E&O division of Enersource.	New	Will be filled (Start Date not known)
No	Weekend Shift TTK	U/G Maint. & Repairs	1		This is an additional night permanent night shift crew to allow full 7 day a week 24 hour trouble truck coverage, which will improve response time to outage on weekend nights and help maintain our system reliability.	New	Filled
No	Weekend Shift TTK	O/H Maint. & Repairs	1		This is an additional night permanent night shift crew to allow full 7 day a week 24 hour trouble truck coverage, which will improve response time to outage on weekend nights and help maintain our system reliability. It will also ensure that we are able	New	Filled
No	Apprentice	U/G Maint. & Repairs		1	The Apprenticeship Program is intended to provide additional staff resources to replace employees that have been lost through attrition.	Replacement	Vacant
No	Apprentice	Tree Trimming	1		The Apprenticeship Program is intended to provide additional staff resources to replace employees that have been lost through attrition.	Replacement	Filled - 11/12/2007
No	Apprentice	Tree Trimming	1		The Apprenticeship Program is intended to provide additional line staff resources to replace employees that have been lost through attrition.	Replacement	Filled
No	Clerk	Industry/Commercial inspections	1		This position was budgeted to meet increasing requirements to process time charges from numerous Dept's.	New	Filled - 07/04/2006
No	Storekeeper	Stores	1		New projects. Also tool recording safety history, with regards to maintenance and repair. Safety reporting, monitoring gloves and safety wear.	New	Filled 05/15/2006
No	ESA Compliance	Stores		1	Dealing with Ministry of Environment with regards to transformer history monitoring.	New - 2008	Vacant
			12	5	13		