2011 IRM Retail Transmission Service Rates ("RTSR") Workform

Staff IR#1 Ref: "Sheet B1.2 2009 Distributor Billing Determinants" of the workform is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	No
Loss Adjusted Metered kW	No

Update Sheet

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)
Residential	kWh	608,088,215	0		
General Service Less Than 50 kW	kWh	221,722,944	338,169		
General Service 50 to 4,999 kW	kW	909,055,054	2,411,700		51.66%
General Service 3,000 to 4,999 kW	kW	51,306,802	130,057		54.07%
Large Use - Regular	kW	271,865,804	550,085		67.74%
Large Use - 3TS	kW	326,211,300	739,223		60.65%
Large Use - Ford Annex	kW	50,208,449	95,070		72.38%
Unmetered Scattered Load	kWh	4,647,072	0		
Sentinel Lighting	kW	1,013,069	2,791		49.75%
Street Lighting	kW	16,930,328	48,739		47.61%
Total		2,463,049,038	4,315,835		

a) Please confirm that the data entered in Column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A, please re-file the data for Column A and Board staff will make the relevant corrections to the RTSR Workform.

b) Board staff has been unable to verify whether the billing determinants entered in for the Large Use rate classes are correct. Please provide evidence supporting these billing determinants.

Response

a) *ENWIN* confirms that the data entered in Column A (metered kWh) is metered data (i.e. no loss factor applied).

b) The billing determinants entered in for the Large Use rate classes are correct. The OEB Filing 2.1.5 Performance Based Regulation is only data for Non-Market Participants. Below is the breakdown by Market Participant/Non-Market Participant of the "Sheet B1.2 2009 Distributor Billing Determinants".

2011 IRM Retail Transmission Service Rates ("RTSR") Workform	**Metered kWh**	**Metered kW**
Total Large Use - Regular	**271,865,804**	**550,085**
Large Use - Regular, Non-Market Participants	171,710,153	356,455
Large Use - Regular, Market Participants	100,155,651	193,630
Total Large Use - 3TS	**328,211,300**	**739,223**
Large Use - 3TS, Non-Market Participants	233,023,510	541,928
Large Use - 3TS, Market Participants	95,187,791	197,295
Large Use - Ford Annex, Market Participant	**50,208,449**	**95,070**
Total Large Use Non-Market Participants	404,733,663	898,383

OEB Filing 2.1.5 Performance Based Regulation	**Metered kWh**	**Metered kW**
Large Use (>5,000 kW) Customers*	404,733,663	898,383
* excludes Market Participants		

2011 IRM3 Shared Tax Savings Workform

Staff IR#2 Ref: Sheet "B1.1 Rate Class and Re-Based Billing Determinants & Rates" of the workform is reproduced below.

Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year	2009
Last COS OEB Application Number	EB-2008-0227

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	78,317	641,214,701		10.70	0.0199	
GSLT50	General Service Less Than 50 kW	Customer	kWh	7,013	238,896,501		25.17	0.0162	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,189	946,836,557	2,431,358	101.96		4.7075
GSGT50	General Service 3,000 to 4,999 kW	Customer	kW	3	55,374,071	141,807	2,068.29		1.9306
LU	Large Use - Regular	Customer	kW	6	277,467,527	539,536	7,570.28		2.1824
LU	Large Use - 3TS	Customer	kW	3	339,147,496	837,577	26,806.00		2.7236
LU	Large Use - Ford Annex	Customer	kW	1	75,421,895	133,262	101,526.13		0.0000
USL	Unmetered Scattered Load	Connection	kWh	893	4,199,811		10.16	0.0000	
Sen	Sentinel Lighting	Connection	kW	748	984,529	2,596	11.66		0.0000
SL	Street Lighting	Connection	kW	23,413	16,887,318	46,555	4.70		0.0000

a) It appears the rebalanced fixed and volumetric charges for the general service 50 to 4,999 kW and street lighting class has not been entered from sheet "E1.1 Rate Rebalanced Base Distribution Rates" of the 2011 IRM3 Rate Generator model. Please confirm the correct figures and Board staff will make the necessary changes.

Response

The correct figures for 2011 IRM3 Shared Tax Savings Workform, Sheet B1.1 Rate class and Re-Based Billing Determinants & Rates are:

	Fixed Charge	Volumetric Charge
GS 50 to 4,999 kW	99.95	4.7075
Street Lighting	4.70	0

2011 IRM3 Revenue Cost Ratio Adjustment Workform

Staff IR#3 Ref: Sheet "C1.2 Revenue Offsets Allocation" of the workform is reproduced below.

Revenue Offsets Allocation

The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.

Rate Class	Informational Filing Revenue Offsets A	Percentage Split C= A / B	Allocated Revenue Offsets E = D * C
Residential	1,973,377	64.10%	1,566,414
General Service Less Than 50 kW	428,570	13.92%	340,187
General Service 50 to 4,999 kW	537,062	17.44%	426,305
General Service 3,000 to 4,999 kW	14,840	0.48%	11,780
Large Use - Regular	55,002	1.79%	43,659
Large Use - 3TS	594	0.02%	472
Large Use - Ford Annex	332	0.01%	264
Unmetered Scattered Load	6,838	0.22%	5,428
Sentinel Lighting	5,307	0.17%	4,213
Street Lighting	56,795	1.84%	45,082
	3,078,717	100.00%	2,443,803

a) Board staff is unable to verify the informational filing revenue offsets. Please provide supporting evidence for these inputs.

Response

The informational filing revenue offsets are correct. These are the same values used in *ENWIN*'s 2010 IRM filing (EB-2009-0221) and *ENWIN*'s 2009 COS filing (EB-2008-0227).

2011 IRM Deferral and Variance Account Workform

Staff IR#4 Ref: Sheet "D1.6 Deferral Variance – Continuity Schedule Final" of the workform is reproduced below.

Deferral Variance - Continuity Schedule Final

Account Description	Account Number	Opening Principal Amounts as of Jan-1-10	Adjustments - Please explain	Principal Amounts to be disposed	Opening Interest Amounts as of Jan-1-10	Interest on Board-approved 2009 amounts prior to transfer Jan-1, 2010 to Date of Transfer	Adjustments - Please explain	Projected Interest on Dec 31 -09 balance from Jan 1, 2010 to Dec 31, 2010 1	Projected Interest on Dec 31 -09 balance from Jan 1, 2011 to April 30, 2011 1	Interest Amounts to be disposed	Total Claim
		A	B	C = A + B	D	E	F	G	H	I = D + E + F + G + H	J = C + I
LV Variance Account	1550	0		0	0			0	0	0	0
RSVA - Wholesale Market Service Charge	1580	(589,074)		(589,074)	(186,853)	184,377		(4,398)	(1,728)	(8,602)	(598,631)
RSVA - Retail Transmission Network Charge	1584	(20,604)		(20,604)	(13,120)	11,801		(181)	(81)	(1,498)	(22,300)
RSVA - Retail Transmission Connection Charge	1586	84,807		84,807	86,104	(85,877)		872	248	1,347	86,154
RSVA - Power (Excluding Global Adjustment)	1588	(28,873)		(28,873)	(383,407)	380,500		(184)	(79)	(10,587)	(37,450)
RSVA - Power (Global Adjustment Sub-account)		4,679,083		4,679,083	308,632	(318,734)		33,747	13,088	88,533	4,764,598
Recovery of Regulatory Asset Balances	1590	(39)		(39)	3,886	(3,886)		(0)	(0)	(0)	(39)
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	0		0	0			0	0	0	0
Total		4,125,120	0	4,125,120	(187,383)	172,214	0	28,759	12,075	46,666	4,172,100

Account 1586 currently has a debit balance of $86,154, which would imply that EnWin has been undercharging the retail transmission connection charge. However, according to EnWin's RTSR Adjustment Workform a decrease to the retail transmission connection charge has been calculated, which would imply that EnWin has been overcharging customers.

a) Please explain why there appears to be a difference.

Response

Account 1586 currently has a debit balance of $86,154. This represents the balance as a result of the 2009 activity, plus interest projections to Apr 30, 2011. This reflects the difference between the 2009 billing rates to customers and the 2009 wholesale rates.

The RTSR Adjustment Workform shows a decrease for the retail transmission connection charge being calculated, however, the RTSR workform is performing the calculation comparing the 2010 RTSR billing rates to the 2010 RTSR wholesale rates.

The balance in account 1586 does not reflect 2010 activity and therefore would not necessarily follow the same pattern of required adjustments to the rate as shown in the RTSR workform. The reason for the difference is the comparison of the balances at different points in time.

2011 IRM3 Rate Generator Model

Staff IR#5 Ref: Sheet "J2.7 Tax Change Rate Rider" of the model is reproduced below.

Tax Change Rate Rider

Rate Rider	Tax Change
Sunset Date	30/04/2012 DD/MM/YYYY
Metric Applied To	All Customers
Method of Application	Both Distinct

Rate Class	Applied to Class	Fixed Amount	Fixed Metric	Vol Amount	Vol Metric
Residential	Yes	0.000000	Customer - 12 per year	-0.000300	kWh
General Service Less Than 50 kW	Yes	0.000000	Customer - 12 per year	-0.000200	kWh
General Service 50 to 4,999 kW	Yes	0.000000	Customer - 12 per year	-0.040200	kW
General Service 3,000 to 4,999 kW	Yes	0.000000	Customer - 12 per year	-0.018700	kW
Large Use - Regular	Yes	0.000000	Customer - 12 per year	-0.024200	kW
Large Use - 3TS	Yes	0.000000	Customer - 12 per year	-0.032100	kW
Large Use - Ford Annex	Yes	0.000000	Customer - 12 per year	-0.069300	kW
Unmetered Scattered Load	Yes	-0.080000	Connection -12 per year	0.000000	kWh
Sentinel Lighting	Yes	-0.090000	Connection - 12 per year	0.000000	kW
Street Lighting	Yes	-0.040000	Connection - 12 per year	0.000000	kW
Standby Power - APPROVED ON AN INTERIM BASIS	No	0.000000	NA	0.000000	NA

Sheet "F1.3 Calculate Tax Change Rate Rider Volumetric" of the 2011 IRM3 Shared Tax Savings Workform is reproduced below.

Calculate Tax Change Rate Rider Volumetric

Rate Class	Total Revenue $ by Rate Class A	Total Revenue % by Rate Class B = A / $H	Total Z-Factor Tax Change$ by Rate Class C = $I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	$22,559,275.3499	46.06%	-$171,075	641,214,701	0	-$0.0003	
General Service Less Than 50 kW	$5,989,982	12.23%	-$45,424	238,998,501	0	-$0.0002	
General Service 50 to 4,999 kW	$12,900,374	26.34%	-$97,828	946,836,557	2,431,356		-$0.0402
General Service 3,000 to 4,999 kW	$348,951	0.71%	-$2,646	55,374,071	141,807		-$0.0187
Large Use - Regular	$1,722,542	3.52%	-$13,063	277,467,527	539,536		-$0.0242
Large Use - 3TS	$2,701,529	5.52%	-$20,487	339,147,498	637,577		-$0.0321
Large Use - Ford Annex	$1,218,338	2.49%	-$9,239	75,421,886	133,262		-$0.0693
Unmetered Scattered Load	$108,875	0.22%	-$826	4,199,811	0	-$0.0002	
Sentinel Lighting	$104,680	0.21%	-$794	964,529	2,586		-$0.3069
Street Lighting	$1,320,493	2.70%	-$10,014	16,887,318	48,556		-$0.2062
	$48,975,019	100.00%	-$371,396				

According to the 2011 IRM3 Shared Tax Savings Workform, a credit volumetric rate rider has been calculated for all rate classes.

a) Please explain why EnWin has adjusted the monthly fixed charge for the unmetered scattered load, sentinel lighting and street lighting rate classes, but not the volumetric charge in the rate generator.

Response

The billing determinant for unmetered scattered load, sentinel lighting and street lighting rate classes is "per connection", not volumetric. Board Staff provided *ENWIN* with access to sheet F1.2 to allow for calculation of the Tax Change Rate Rider on a "per connection" basis for unmetered scattered load, sentinel lighting and street lighting rate classes.

IRM Off-ramp

Board Staff IR#6 Ref: Manager's Summary, Applicant's Extraordinary Circumstances

EnWin states that "despite the Board's IRM to COS off-ramp methodology, in this particular circumstance a more efficient method of implementing just and reasonable rates is to eliminate the Stretch Factor, which the Board may do in its discretion."

Chapter 3 of the Filing Requirements for Transmission and Distribution Applications, dated July 9, 2010, states "For IRM3, the Board has determined that the plan will include a trigger mechanism with an annual ROE dead band of +/-300 basis points. When a distributor performs outside of this earnings dead band, a regulatory review may be initiated. As such, a distributor will be required to report to the Board no later than 60 days after the company's receipt of its annual audited financial statements, in the event that the distributor's earnings falls short of or exceeds its ROE by 300 basis points. A review of the report will be carried out by the Board to determine if further action by the Board is warranted. Any such review would be prospective in nature, and could result in modifications to the IRM3 plan, a termination of the IRM3 plan or the continuation of the IRM3 plan for that distributor"

a) Please file evidence that would demonstrate whether EnWin would have triggered an off-ramp based on its latest audited financial statements.

Response
ENWIN did not request an IRM off-ramp.

Enclosed please find a copy of *ENWIN*'s 2009 audited financial statements.

Financial Statements of

ENWIN UTILITIES LTD.

Year ended December 31, 2009

KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

Telephone (519) 251-3500
Telefax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

AUDITORS' REPORT

To the Shareholder

We have audited the balance sheet of Enwin Utilities Ltd. as at December 31, 2009 and the statements of retained earnings, earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Canada
February 26, 2010

ENWIN UTILITIES LTD.

Balance Sheet
(In thousands of dollars)

December 31, 2009, with comparative figures for 2008

		2009		2008
Assets				
Current assets:				
Cash	$	6,725	$	-
Accounts receivable		14,788		17,492
Unbilled revenue		15,111		17,271
Payments in lieu of income taxes receivable		-		312
Due from related party (note 5)		-		403
Inventories		2,244		2,189
Prepaid expenses		772		734
		39,640		38,401
Property, plant and equipment (note 2)		179,860		174,098
Work in progress		379		139
Future payments in lieu of income taxes (note 11)		19,213		15,971
		199,452		190,208
	$	239,092	$	228,609

		2009		2008

Liabilities and Shareholder's Equity

Current liabilities:				
Bank indebtedness (note 4)	$	-	$	8,502
Accounts payable and accrued liabilities		27,964		24,700
Due to related parties (note 5)		23,458		5,982
Payments in lieu of income taxes payable		969		-
Current portion of customer deposits		1,045		964
Current portion of long term borrowings		-		3,256
		53,436		43,404
Long-term liabilities:				
Customer deposits		7,361		7,449
Vested sick leave		20		19
Regulatory liabilities (note 3)		19,800		9,717
Long-term borrowings (note 6)		49,528		49,348
Employee future benefits (note 7)		33,188		33,161
		109,897		99,694
Shareholder's equity:				
Common shares (note 9)		62,008		62,008
Contributed capital		516		516
Retained earnings		13,235		22,987
		75,759		85,511
Contingencies and commitments (notes 12,13 and 14)				
	$	239,092	$	228,609

See accompanying notes to financial statements.

On behalf of the Board:

_____________________________ Director

_____________________________ Director

ENWIN UTILITIES LTD.

Statement of Retained Earnings
(In thousands of dollars)

Year ended December 31, 2009, with comparative figures for 2008

		2009		2008
Retained earnings, beginning of year	$	22,987	$	19,430
Change in accounting policy for the recognition of future tax assets and liabilities (note 1(a))		(15,971)		-
Retained earnings, beginning of the year as restated		7,016		19,430
Net earnings for the year		10,219		7,557
Dividends declared		(4,000)		(4,000)
Retained earnings, end of year	$	13,235	$	22,987

See accompanying notes to financial statements.

ENWIN UTILITIES LTD.

Statement of Earnings
(In thousands of dollars)

Year ended December 31, 2009, with comparative figures for 2008

		2009		2008
Revenue:				
Customer billing for electricity and services charges	$	222,799	$	224,245
Cost of electricity purchased		177,007		179,720
		45,792		44,525
Services provided to Windsor Utilities Commission (note 5)		9,178		9,329
Services provided to Enwin Energy Ltd. (note 5)		1,071		859
Other income from operations (note 16)		5,116		4,684
		61,157		59,397
Operating expenses		31,043		32,542
Earnings before the undernoted items and taxes		30,114		26,855
Amortization		11,413		11,139
Gain on sale of capital assets		(97)		(172)
Settlement of regulatory assets		(1,369)		-
Interest		3,935		4,456
		13,882		15,423
Earnings before taxes		16,232		11,432
Payments in lieu of taxes (note 11):				
Current		6,013		4,133
Future		-		(258)
		6,013		3,875
Net earnings for the year	$	10,219	$	7,557

See accompanying notes to financial statements.

ENWIN UTILITIES LTD.

Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Net earnings for the year	$ 10,219	$ 7,557
Add items not affecting cash:		
Amortization of property, plant and equipment	11,413	11,139
Change in employee future benefits	27	1,657
Gain on sale of property, plant and equipment	(97)	(172)
Change in future payments in lieu of income taxes	(3,242)	(258)
Change in work in progress	(240)	319
Change in customer deposits	(7)	(402)
Change in vested sick leave	1	2
Change in deferred revenue	-	(329)
Amortization of deferred debt issuance costs	180	180
Change in non-cash working capital (note 10)	9,316	201
	27,570	19,894
Financing:		
Decrease in bank indebtedness	(8,502)	(5,953)
Increase in regulatory liabilities	10,083	4,707
Repayment of long-term borrowings	(3,256)	(3,074)
Change in due to/from related parties, net	17,129	(709)
Dividends paid	(3,250)	(5,000)
	12,204	(10,029)
Investments:		
Acquisition of property, plant and equipment	(17,255)	(10,038)
Proceeds on sale of property, plant and equipment	177	173
	(17,078)	(9,865)
Increase in cash during the year	22,696	-
Change in accounting policy for the recognition of future tax assets and liabilities	(15,971)	-
Cash, beginning of year	-	-
Cash, end of year	$ 6,725	$ -

See accompanying notes to financial statements.

Enwin Utilities Ltd. is a local distribution company responsible for the transmission and distribution of electricity, as well as the service and maintenance of the City of Windsor's powerline infrastructure. Enwin Utilities Ltd. also provides billing, credit, financial and customer service on behalf of Enwin Energy Ltd., Windsor Utilities Commission ("the Commission") and the City of Windsor.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") including accounting guidelines prescribed by the Ontario Energy Board (the "OEB") in the Accounting Procedures Handbook (the "AP Handbook") for Electric Distribution Utilities. The significant accounting policies are summarized below.

a) Rate regulation:

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

Regulatory Accounting:

In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that may differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory liabilities represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. The Corporation's regulatory liabilities represent costs with respect to non-distribution market related charges and variances in recoveries that are expected to be settled in future periods.

1. Significant accounting policies (continued):

Effective January 1, 2009, the Corporation adopted amended Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1100 – "Generally Accepted Accounting Principles" ("Handbook Section 1100"), Handbook Section 3465 – "Income Taxes" ("Handbook Section 3465"), and Accounting Guideline 19 – "Disclosures by Entities Subject to Rate Regulation". These amended standards remove a temporary exemption in Handbook Section 1100 pertaining to the application of that section to the recognition and measurement of assets and liabilities arising from rate regulation.

Following the removal of the temporary exemption for rate-regulated operations included in Handbook Section 1100, the Corporation developed accounting policies for its assets and liabilities arising from rate regulation using professional judgment and other sources issued by bodies authorized to issue accounting standards in other jurisdictions. Upon final assessment and in accordance with Handbook Section 1100, the Corporation has determined that its assets and liabilities arising from rate-regulated activities qualify for recognition under Canadian GAAP and this recognition are consistent with U.S. Statement of Financial Accounting Standards No. 71 – "Accounting for the Effects of Certain Types of Regulation". Accordingly, the removal of the temporary exemption had no effect on the Corporation's results of operations as of December 31, 2009.

Amendments to Handbook Section 3465 remove the choice to record or not record future income tax liabilities and assets. The section requires recognition of a separate regulatory asset or liability balance for the amount of future income taxes expected to be included in future rates and recovered from or paid to customers. Existing requirements to disclose the effects of rate regulation have been retained. The revised standards are effective for fiscal years beginning on or after January 1, 2009.

The impact to the Corporation of the amendment to Handbook Section 3465 requires the recognition of regulatory liabilities and assets for the amount of future income taxes expected to be refunded to, or recovered from, customers in future electricity rates, applied on a retroactive basis without prior period restatement. As a result of the implementation of the changes in Handbook Section 3465, the Corporation has recognized a regulatory liability relating to the difference between the accounting value of property, plant and equipment, intangible assets, employee future benefits and deferred financing costs and their tax values. At December 31, 2009, the Corporation has recorded a regulatory liability of $19,213 of which $15,971 reduced retained earnings and $3,242 increased future payments in lieu of taxes.

1. Significant accounting policies (continued):

On July 28, 2009, the OEB issued its Report of the Board – Transition to IFRS, which contains recommendations on how regulatory reporting requirements should change in response to IFRS (note 18). The OEB has now initiated a second phase in its transition project, which involves amending certain regulatory instruments. The Corporation continues to evaluate the potential impacts of the recommendations contained in the Report of the Board on both the activities of Corporation and its IFRS transition plan.

Smart Meter Initiative:

The Province of Ontario has committed to have “Smart Meter” electricity meters installed in all homes and small businesses throughout Ontario by the end of 2010. Smart Meters permit consumption to be recorded within specific time intervals and specific tariffs to be levied within such intervals.

On September 18, 2008, the Corporation submitted an application to the OEB for the consideration and approval of a Utility-Specific Smart Meter Funding Adder in accordance with the Smart Meter Funding and Cost Recovery Guideline of the OEB. On April 9, 2009, the Application was approved as filed. The Application provided for a new rate adder of $1.00 per metered customer per month, representing an increase of $0.73 per customer per month beginning May 1, 2009. Such new rate adder contributes approximately $1,000 annually towards the Corporation’s investment in Smart Meters and operating costs.

Green Energy and Green Economy Act:

In early 2009, the government tabled the Green Energy and Green Economy Act (“GEGEA”). This new legislation makes fundamental changes to the roles and responsibilities of LDCs in the areas of renewable power generation, conservation and demand management delivery, and the development of smart distribution grids.

The Green Energy and Green Economy Act enables the LDCs to gain new responsibilities in transforming their local distribution networks into smart grids harnessing advanced technologies to facilitate the connection of small-scale generators and the two-way flow of information.

1. Significant accounting policies (continued):

Energy Consumer Protection Act:

In December 2009, the government introduced the Energy Consumer Protection Act, 2009, ("Bill 235") that would amend several statutes, including the Ontario Energy Board Act, 1998, The Electricity Act, 1998, The Consumer Protection Act, 2002, and the Residential Tenancies Act, 2006.

In summary, Bill 235 contains additional measures that are designed to: i) protect consumers from hidden contract costs, excessive cancellation fees and “negative-option” contract renewals; ii) provide greater fairness and transparency for consumers through rate comparisons, and plain language contract disclosure; iii) enhance the ability and rights of consumers to cancel contracts; iv) create a new licensing and training regime that includes mandatory oral disclosure and identification badges for energy retailers; v) enable individual suite metering in apartment buildings; and vi) grant the OEB more authority to set policies on customer security deposits and termination of electricity procedures by local distribution companies.

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

b) Inventories:

Inventories consist principally of construction and maintenance materials and are stated at the lower of cost and net realizable value, with cost determined on an average cost basis and net realizable value determined on replacement cost basis.

c) Property, plant and equipment:

Assets are recorded at cost with cost being determined based on material, purchased services, internal labour and overhead as applicable.

(In thousands of dollars)

1. Significant accounting policies (continued):

c) Property, plant and equipment:

Amortization is calculated on a straight-line basis over the estimated service lives of assets as follows:

Asset	Estimated service life
Buildings	50 years
Transformer station	40 years
Substation equipment	30 years
Distribution system - overhead	25 years
Distribution system - underground	25 years
Transformers	25 years
Meters	25 years
Office equipment	10 years
Rolling stock	4 - 8 years
Computer hardware and software	5-10 years
Other equipment	8 - 20 years
Assets under capital lease	5 years

d) Work in progress:

Work in progress is recorded at cost with cost being determined based on material, purchased services, internal labour and overhead as applicable.

e) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their service. Customer deposits are also refundable to customers demonstrating an acceptable level of credit risk, as determined by the Corporation. Customer deposits also include refundable maintenance deposits from developers, deposits for recoverable work orders, and prudential deposits from retailers.

1. Significant accounting policies (continued):

f) Employee future benefits:

The Corporation provides post employment benefits such as compensated sick leave and post retirement benefits such as life insurance, supplemental health and dental coverage for employees who retire from active employment.

The Corporation accrues its obligations under employee benefit plans and the related costs.

The cost of retirement benefits earned by employees is actuarially determined using the projected unit credit method pro rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

The excess of net actuarial gains (losses) over 10% of the benefit obligation is amortized on a straight-line basis over the average remaining service period of the employees, which is eleven and one-half years at December 31, 2009. Settlement gains or losses are recognized in the year in which they arise.

g) Pension plan:

The Corporation provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is a contributory defined benefit pension plan.

h) Revenue recognition:

Revenue is recognized on the accrual basis and includes an estimate of unbilled revenue representing electricity consumed by customers since the date of each customer's last meter reading.

i) Vested sick leave:

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees hired prior to January 1, 1977 may become entitled to a cash payment when they leave the Corporation's employment. The liability for those accumulated days, to the extent that they have vested and could be taken in cash by an employee upon termination, has been recorded.

1. Significant accounting policies (continued):

j) Debt issuance costs:

Debt issuance costs comprise of expenses relating to issuing long-term borrowings. Such costs are offset against the related debt, and are amortized into income over the life of the related debt.

k) Related party transactions:

Transactions with related parties are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Related parties include Enwin Energy Ltd., Windsor Canada Utilities Ltd., Windsor Utilities Commission and the Corporation of the City of Windsor.

l) Payments in lieu of taxes ("PILs"):

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the *Electricity Act, 1998*, the Corporation is required to make payments in lieu of corporate taxes to Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the ITA and the OCTA as modified by the *Electricity Act, 1998*, and related regulations.

The Corporation provides for amounts in lieu of corporate income taxes using the asset and liability method. 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 the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any future tax asset if it is more likely than not the asset will not be realized.

1. Significant accounting policies (continued):

m) Long-lived assets:

The Corporation periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Corporation reviews for impairment long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Corporation uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

n) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Significant estimates subject to such estimates and assumptions include the carrying value of property, plant and equipment, employee future benefits and valuation allowances for accounts receivable, inventories and future PILs. Due to these uncertainties, actual results reported in future periods may differ from those estimates.

o) Financial instruments:

Under CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement and Section 3861, Financial Instruments – Disclosure and Presentation all financial assets are classified as held-for-trading, held-for-maturity, loans and receivables or available-for-sale and all financial liabilities must be classifies as held-for-trading or other financial liabilities.

All financial instruments are carried on the balance sheet at fair value except for loans and receivables, held-for-maturity investments and other liabilities, which are measured at amortized costs.

(In thousands of dollars)

1. Significant accounting policies (continued):

o) Financial instruments (continued):

The Corporation has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accruals	Other financial liabilities
Accounts payable and accruals to related parties	Other financial liabilities
Long-term borrowing	Other financial liabilities

Effective January 1, 2008, the Corporation adopted CICA Handbook Sections 3862 Financial Instruments Disclosures and 3863 Financial Instruments Presentation. The adoption of the new standards require the disclosure of qualitative and quantitative information about the Corporation's risks associated with recognized and unrecognized financial instruments. The adoption of the new standard on presentation carried forward unchanged the presentation requirements from Section 3861, Financial Instruments Disclosure and Presentation, and therefore did not have any impact on the Financial Statements.

Effective January 1, 2009 the CICA issued Emerging Issues Committee Abstract 173 (EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities). EIC 173 provides further information on the determination of the fair value of financial assets and financial liabilities under Handbook Section 3855, Financial Instruments – Recognition and Measurement. It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not have any impact on the Corporation's results of operations or financial position.

Effective for the 2009 annual reporting period, the Corporation adopted the amended CICA Handbook Sections 3862, Financial Instruments Disclosures, which provide new financial instrument fair value measurement and liquidity risk management disclosures. The amendments require an entity to classify fair value measurements using a fair value hierarchy in levels ranging from 1 to 3 that reflects the significance of the inputs used in making these measurements. The amendments also provide required liquidity risk disclosures. The adoption of these amendments to disclosures carried forward unchanged the disclosures previously provided in the Corporation's 2008 Financial Statements.

(In thousands of dollars)

2. Property, plant and equipment:

						2009
		Cost		Accumulated amortization		Net book value
Land	$	1,423	$	–	$	1,423
Buildings		21,582		4,171		17,411
Transformer station		30,318		6,305		24,013
Substation equipment		2,334		1,121		1,213
Distribution system - overhead		76,020		27,126		48,894
Distribution system - underground		62,987		28,515		34,472
Transformers		49,934		19,674		30,260
Meters		8,297		3,544		4,753
Services		1,956		67		1,889
Office equipment		1,430		1,010		420
Rolling stock		3,415		2,162		1,253
Computer hardware and software		12,423		10,815		1,608
Other equipment		3,237		1,782		1,455
Assets under capital lease		4,360		4,334		26
Assets in progress		10,770		–		10,770
	$	290,486	$	110,626	$	179,860

No amortization is taken on assets in progress until they are placed into use.

						2008
		Cost		Accumulated amortization		Net book value
Land	$	1,426	$	–	$	1,426
Buildings		21,403		3,676		17,727
Transformer station		30,251		5,623		24,628
Substation equipment		2,335		1,040		1,295
Distribution system - overhead		72,738		23,902		48,836
Distribution system - underground		61,706		25,591		36,115
Transformers		47,371		17,174		30,197
Meters		8,090		3,191		4,899
Services		819		17		802
Office equipment		1,344		925		419
Rolling stock		2,909		1,989		920
Computer hardware and software		11,999		10,224		1,775
Other equipment		3,007		1,685		1,322
Assets under capital lease		4,360		4,294		66
Assets in progress		3,671		–		3,671
	$	273,429	$	99,331	$	174,098

(In thousands of dollars)

3. Regulatory liabilities:

The "Electricity Pricing, Conservation and Supply Act, 2002" (Bill 210) deems certain costs and variance account balances to be accounted for as regulatory assets (liabilities) (note 1(a)).

		2009		2008
Post-market opening retail settlement variances	$	2,969	$	(10,719)
Retail cost variances		3		192
Miscellaneous deferred debits		–		11
Smart Meters		(1,472)		(746)
Renewable connection		4		–
Recovery of regulatory assets		(445)		(420)
Disposition and recovery of regulatory balances		(2,838)		–
Other regulatory assets		8		1,349
		(1,771)		(10,333)
Reserves		1,184		616
Regulatory asset related to future PILs (note 1(a))		(19,213)		–
	$	(19,800)	$	(9,717)

4. Bank indebtedness:

The Corporation has a long-term agreement with a Canadian chartered bank for an available line of credit in the amount of $75,000. Interest charged on outstanding borrowings incurred by the Corporation is calculated at the bank's prime rate plus 0.1%.

The line of credit restricts the availability of the Corporation to lien assets.

5. Related party transactions:

a) Under a Managed Services Agreement effective January 1, 2007, the Corporation provides certain finance, administration, human resource, management and other support services to the Commission. The total amount charged to the Commission for the year ended December 31, 2009 was $9,178 (2008 - $9,329).

b) Under a Managed Services Agreement effective January 1, 2000, the Corporation provides certain finance, administration, human resource, management and other support services to Enwin Energy Ltd. The total amount charged to Enwin Energy Ltd. for the year ended December 31, 2009 was $1,071 (2008 - $859).

(In thousands of dollars)

5. Related party transactions (continued):

c) The Corporation provides sewer surcharge billing and collecting for the City of Windsor for which it charges a fee. The total amount charged to the City of Windsor for the year ended December 31, 2009 was $2,051 (2008 - $2,967).

d) The Corporation collects and remits the sewer surcharge on behalf of the City of Windsor. The total amount owing to the City of Windsor at year-end relating to sewer surcharge was $4,416 (2008 - $4,580).

e) The amounts due from related party consists of:

	2009	2008
Due from Windsor Utilities Commission	$ -	$ 403

The amounts due to related parties consist of:

	2009	2008
Due to Enwin Energy Ltd.	$ 112	$ 294
Promissory Note to Enwin Energy Ltd.	15,000	-
Due to Windsor Utilities Commission	1,913	-
Due to Windsor Canada Utilities Ltd.	1,750	1,000
Due to the City of Windsor (net)	4,683	4,688
	$ 23,458	$ 5,982

The Promissory note to Enwin Energy Ltd. is due on demand, unsecured and bears interest at the Royal Bank of Canada prime rate.

The amount due to Windsor Canada Utilities Ltd. represents a dividend payable. Dividends declared during the year were $4,000, with $2,250 of these paid in the year, in addition to $1,000 paid from 2008.

The amount due to the Commission bears interest at the Bank of Canada rate, while the amount due to Windsor Canada Utilities Ltd. and the City of Windsor are non-interest bearing. These amounts have no specified repayment terms.

(In thousands of dollars)

6. Long-term borrowings:

	2009	2008
Debentures payable	$ 50,000	$ 50,000
Promissory note payable to City of Windsor	-	3,256
Less unamortized debt issuance costs	(472)	(652)
	49,528	52,604
Less current portion due	-	3,256
Total long-term borrowings	$ 49,528	$ 49,348

In 2002, the Corporation, along with four other Ontario local distribution companies, entered into an agreement with Electricity Distributors Finance Corporation (‘EDFIN”), whereby EDFIN acquired unsecured debentures in the amount of $175,000 from the participants. The Corporation’s share of these debentures amounted to $50,000. EDFIN, in turn, issued unsecured debentures for these amounts to TD Securities Inc. who sold them to external investors. The Corporation must pay semi-annual payments of interest on February 15 and August 15 in each year until and including maturity on August 15, 2012. Principal repayment is due on maturity and interest will accrue on the outstanding principal amount on the basis of a rate of 6.45% per annum.

Scheduled principal repayments on long-term debt are as follows:

2010	–
2011	–
2012	50,000
	$ 50,000

7. Employee future benefits:

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

The Corporation measures its accrued benefit obligation for accounting purposes as at December 31 each year. A valuation date of December 31, 2008 has been used to calculate the current obligation which was extrapolated to December 31, 2009.

ENWIN UTILITIES LTD.

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2009

7. Employee future benefits (continued):

Information about the Corporation's defined benefit plan is as follows:

		2009		2008
Change in accrued benefit obligation:				
Accrued benefit obligation, beginning of year	$	33,161	$	31,504
Current service cost		465		991
Interest cost		1,587		1,857
Amortization of actuarial loss		-		3
Settlement gain		(800)		-
Benefits paid		(1,225)		(1,194)
Accrued benefit obligation, end of year	$	33,188	$	33,161
Funded status:				
Unfunded benefit obligation	$	(25,804)	$	(21,795)
Unamortized net actuarial gain		(7,384)		(11,366)
Amount recognized in the balance sheet:				
Accrued benefit liability	$	(33,188)	$	(33,161)

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

	2009	2008
Discount rate	6.40%	7.33%
Rate of compensation increase	3%	3%
Medical trend rate:		
Initial	8.5%	9%
Ultimate	5%	5%
Year of ultimate level	2017	2017

(In thousands of dollars)

7. Employee future benefits (continued):

		2009		2008
Components of net periodic benefit cost:				
Current service cost	$	465	$	991
Interest cost		1,587		1,857
Amortization of actuarial loss		-		3
Settlement gain		(800)		-
Net periodic benefit costs	$	1,252	$	2,851

8. Pension plan:

The Corporation participates in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. In 2009, the contribution rates were 6.3% for employee's earnings below the year's maximum pensionable earnings and 9.5% thereafter. During 2009, the Corporation contributed $1,344 (2008 – $1,321) to the fund. The OMERS plan is in a deficit position.

9. Share capital:

		2009		2008
Authorized:				
Unlimited common shares				
Issued:				
22,000 common shares	$	62,008	$	62,008

(In thousands of dollars)

10. Cash flow information:

The change in non-cash working capital is as follows:

	2009	2008
Decrease (increase) in current assets:		
Accounts receivable	$ 2,704	$ 83
Unbilled revenue	2,160	1,181
Payments in lieu of income taxes receivable	312	-
Inventories	(55)	31
Prepaid expenses	(38)	(488)
	5,083	807
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	3,264	1,540
Payments in lieu of income taxes payable	969	(2,146)
	4,233	(606)
	$ 9,316	$ 201

Payments in lieu of income taxes and interest paid during the year amounted to $5,283 (2008 – $4,354) and $3,440 (2008 – $3,902) respectively. Total payments in lieu of taxes paid, life to date, amounted to $18,476.

11. Future payments in lieu of income taxes:

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's future tax liabilities and assets are as follows:

(In thousands of dollars)

11. Future payments in lieu of income taxes (continued):

		2009		2008
Future tax liabilities:				
Deferred debt issuance costs	$	146	$	130
Total future tax liabilities	$	146	$	130
Future tax assets:				
Property, plant and equipment	$	12,257	$	10,697
Employee future benefits		3,812		3,299
Intangible assets		2,323		2,100
Other		967		5
Total future tax assets		19,359		16,101
Net future tax assets	$	19,213	$	15,971

12. Liability insurance:

The Corporation is a member of the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"), a self-insurance plan that pools the liability risks of all the Municipal Electric Utilities in Ontario. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE for the years in which the Corporation was a member.

To December 31, 2009, the Corporation has not been made aware of any additional assessments that have not been accrued.

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2010. Notice to withdraw from MEARIE must be given six months prior the commencement of the next three-year underwriting term.

13. Contingencies:

The Corporation is periodically subject to lawsuits in which it is the defendant. A class action lawsuit claiming $500,000 in restitutionary payments plus interest was served on the former Toronto Hydro-Electric Commission, continuing as Toronto Hydro Corporation, 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 asserts that late payment penalties result in municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of

(In thousands of dollars)

13. Contingencies (continued):

the Criminal Code. The Electricity Distribution Association formally the Municipal Electric Association is undertaking the defense of this class action. A provision for this claim has been made in the financial statements.

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or its ability to carry on any of its business activities.

14. Commitments:

The Corporation is committed to minimum annual lease payments under various operating leases and capital projects as follows:

2010	$	4,334
2011		670
2012		551
2013		393
2014 and thereafter		630
	$	6,578

15. Fair value of financial instruments:

The carrying values of cash, accounts receivable, unbilled revenue and accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments.

The fair value of customer deposits, deferred revenue and amounts due to related parties is not determinable due to the uncertainty of the repayment terms and/or the revenue recognition process.

The debenture payable has a fair value of $51,296 at December 31, 2009, based on market prices for similar debt.

15. Fair value of financial instruments (continued):

The Corporation earns its revenue from a broad base of customers located principally in Windsor. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

Risk Factors

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

i) Credit risk

Financial Assets carry credit risk that a counter-party will fail to discharge and obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. One commercial customer, accounts for 3% (2008 – 6%) of revenue.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the related impairment loss is recognized in the statement of revenues. Subsequent recoveries of receivables previously provisioned are credited to the income statement. The balance of the allowance for doubtful accounts at December 31, 2009 is $1,470.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2009, approximately $1,221 is considered 60 days past due. The Corporation has approximately 85,000 customers, the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2009, the Corporation holds security deposits in the amount of $8,406 (2008 - $8,413).

(In thousands of dollars)

15. Fair value of financial instruments (continued):

ii) Market Risk

Market risks primarily refer to the risk of loss that results from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have commodity or foreign exchange risk. Enwin Utilities is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

iii) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation has access to a line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

16. Other income from operations:

	2009	2008
Change in occupancy	$ 380	$ 208
Late payment and collection charges	1,410	1,038
Other operating revenues	464	521
Pole rental	441	441
Sale of scrap	290	440
Sewer surcharge billing and collecting	2,051	1,914
Scientific research and experimental development recovery	80	122
	$ 5,116	$ 4,684

17. Capital management:

In managing capital, the Corporation focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provided it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the monitoring of cash flows and actual operating results. As at December 31, 2009, the Corporation has met its objective of having sufficient liquid resources to meet its current obligations.

18. Emerging Accounting Changes:

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Accounting Standards Board of Canada ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. On October 14, 2009, the Public Sector Accounting Board released a decision summary confirming that government organizations following commercial practices adhere to standards for publicly accountable entities after January 1, 2011. As such, the Corporation will apply IFRS to its financial statements ending December 31, 2011 with restatement of the amounts recorded on the opening IFRS balance sheet as at January 1, 2010, for comparative purposes.

A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP prior to 2011, with the remaining standards to be adopted at the change over period.

The Corporation has an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS on its financial statements. Although the impact of the adoption of IFRS on the Corporation's financial position and results of operations is not yet reasonably determinable or estimable, the Corporation does expect a significant increase in financial statement disclosure requirements resulting from the adoption of IFRS, and is designing the systems and related process changes, which will be required in order to provide the additional information required to make these disclosures.

19. Comparative figures:

Certain comparative figures have been reclassified to confirm with the financial statement presentation in the current year.