

January 20, 2011

RESS & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Great Lakes Power Transmission LP - Application for 2011 & 2012
Transmission Rates - Amendments to Pre-Filed Evidence (EB-2010-0291)**

We are counsel to Great Lakes Power Transmission LP ("GLPT") in the above-noted proceeding. GLPT filed its application and pre-filed evidence for 2010 transmission rates on September 29, 2010. GLPT would like to amend its pre-filed evidence to reflect certain new information that was not available at the time of filing, as follows:

1. Amendment to Exhibit 5, Tab 1, Schedule 1, Section 5.2 (**See Schedule "A"**)

Between the time GLPT filed its EB-2010-0291 rate application and the time an actual funding mechanism was put in place, a change occurred to the mechanism that affects GLPT's new funding requirements. GLPT has included in Schedule A the following update to Section 5.2 found on page 4 of Exhibit 5, Tab 1, Schedule 1. The section should be titled "New / Forecasted Equity", and should read:

GLPT will require additional funding in the test years to finance the proposed capital program and day to day operations. GLPT will raise the additional funds by means of a capital investment from its Partners, which will be treated as an equity transaction. Interest will not be paid on the equity investments.

2. Amendment to Exhibit 10, Tab 2, Schedule 1 (Response to Board Staff Interrogatory #37(i)) (**See Schedule "B"**)

Further to the amendment to Exhibit 5, Tab 1, Schedule 1, Section 5.2, GLPT has included in Schedule B the following information which is an expansion of its response to Board Staff Interrogatory #37 (i):

Confirmed.

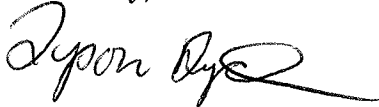
GLPT notes that its pre-filed evidence indicated that there would be additional funding received in the test years from its Partners and treated as affiliate debt. However, the actual funding mechanism that has been put in place involves funding the partnership through equity transactions. As a result, GLPT will not incur additional debt in the test years in any form. Therefore, any deemed debt amounts that are above and beyond GLPT's actual third party debt should be treated as notional debt.

3. Amendment to Exhibit 1, Tab 3, Schedule 2 (**See Schedule "C"**)

Given the above, GLPT is also providing clarification of the pro-forma financial statements found at Exhibit 1, Tab 3, Schedule 2 of the pre-filed evidence. The pro-forma Balance Sheet on page 4 of this Schedule indicates that certain funds received in the test years would be recorded as an "Intercompany loan". However, this intercompany loan will not exist during the test years, as the funds received are a capital contribution and will instead be recorded as an addition to GLPT's Capital account, forming part of the pro-forma Statement of Partners' Equity. This change should also be reflected in the pro-forma Statement of Cash Flows found on page 7 of Exhibit 1, Tab 3, Schedule 2. In that Schedule, under financing activities, the "Increase in borrowings" heading should instead be "Capital contributions". The changes described in this paragraph are reflected in the amended pro-forma financial statements attached hereto in Schedule C.

Clean and, where possible, blackline copies for each amendment to the pre-filed evidence is provided in Schedules "A", "B" and "C". In addition, GLPT has filed the amendments through RESS and will be submitting hard copies to the Board.

Yours truly,



Tyson Dyck

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tdyck@torys.com

cc Duane Fecteau, GLPT
Charles Keizer, Torys LLP
Intervenors

SCHEDULE "A"

Exhibit 5, Tab 1, Schedule 1, Section 5.2 - New / Forecasted Equity

COST OF CAPITAL AND RATE OF RETURN

1.0 Cost of Capital

The purpose of this evidence is to summarize the method and cost of financing GLPT's capital requirements for the 2011 and 2012 test years. GLPT has adopted the capital structure and the methodology outlined in the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities dated December 11, 2009 (EB-2009-0084) and the applicable return on equity ("ROE") and short term interest rate provided in Hydro One's 2011/2012 Transmission rate application (EB-2010-0002).

2.0 Capital Structure

GLPT's deemed capital structure for rate making purposes is 60% debt and 40% common equity. This capital structure is the same as established in the Board Approved Settlement Agreement in EB-2009-0408. The 60% debt component is comprised of 4% deemed short term debt and 56% long term debt

3.0 Cost of Equity

GLPT's currently approved ROE is 9.85%¹.

GLPT's evidence reflects an ROE of 10.16% for the 2011 test year and 10.41% for the 2012 test year. These figures are consistent with Hydro One's proposed ROE figures for 2011 and 2012, which are based on the Board's formulaic approach in the Report of the Board (EB-2009-0084), using the Long Canada Bond Forecast for 2011 and 2012, based

¹ Per Approved Settlement Agreement in EB-2009-0408, and per the Board's Cost of Capital Parameter Update letter dated February 24, 2010

1 on the September Consensus Forecast and Bank of Canada data which was available in
2 October 2009 and the change in the spread of A-rated Utility Bond Yield. Prior to
3 implementing a 2011 or 2012 revenue requirement, GLPT will update the ROE for each
4 test year with the Board-approved figure, in accordance with the December 11, 2009 Cost
5 of Capital Report. For rates effective January 1, 2011, the Board would determine the
6 ROE for GLPT based on the September 2010 Consensus Forecasts and Bank of Canada
7 data which would be available in October 2010 and the change in the spread of the A-
8 rated Utility Bond Yield which is available on Bloomberg. For rates effective January 1,
9 2012, the Board would determine the ROE based upon the September 2011 Consensus
10 Forecasts and Bank of Canada data which would be available in October 2011 and the
11 change in the spread of the A-rated Utility Bond Yield which is available on Bloomberg.

12 **4.0 Cost of Short Term Debt**

13 The Board has determined that the deemed amount of short-term debt that should be
14 factored into rate setting be fixed at 4% of rate base. The Board has indicated in
15 Appendix D of the December 11, 2009 Cost of Capital Report, once a year, in January,
16 Board staff will obtain real market quotes from major banks, for issuing spreads over
17 Bankers Acceptance rates to calculate an average spread. The short term rate will be
18 calculated as the average Bankers' Acceptance for the 3 months in advance of the
19 effective date for the rates, plus the average spread calculated above. Variable rate debt
20 which pays interest based on the bankers' acceptance rate, has been included as part of
21 the deemed short term debt amount of 4%. For GLPT the deemed short-term rate is

3.99% for 2011 using the November 2009 Global Insight Forecast plus a spread of 150 bps, which is an estimate of the spread that would be charged to GLPT to obtain a short-term loan in the bank market. The deemed short term rate is 5.00% for 2012 using the November 2009 Global Insight forecast plus a spread of 150 bps, which is an estimate of the spread that would be charged to GLPT to obtain a short term loan in the bank market.

GLPT assumes that the deemed short term debt rate for each test year will be updated in accordance with the December 11, 2009 Cost of Capital Report, upon the final decision in this case. Specifically, for rates effective January 1, 2011, the Board would determine the deemed short term debt rate for GLPT based on the September 2010 Bank of Canada data which would be available in October 2010 plus the average spread. For rates effective January 1, 2012, the Board would determine the deemed short term debt rate based upon the September 2011 Bank of Canada data which would be available in October 2011 plus the average spread calculated in 2011.

5.0 Cost of Long Term Debt

The Board has determined that the deemed amount of long-term debt that should be factored into rate setting be fixed at 56% of rate base. GLPT's long term debt rate is calculated to be 6.86% for 2011 and 6.82% for 2012. The long term debt rate is calculated as the weighted average rate on embedded debt, new debt and forecast debt planned to be issued in 2010, 2011 and 2012.

5.1 Embedded Debt

1 GLPT currently holds \$120 million in long term debt in the form of third party, Series 1
2 bonds, with interest payable at a rate of 6.60%. Interest is paid semi-annually on June
3 16th and December 16th of each year. Principal will be reimbursed on maturity in June
4 2023.

5 The Board has determined in its December 11, 2009 Cost of Capital Report that for
6 embedded debt, the rate approved in prior Board decisions shall be maintained for the life
7 of each active instrument, unless a new rate is negotiated, in which case it will be treated
8 as new debt. The rate on embedded debt was approved by the Board as part of EB-2009-
9 0408 at 6.874%.

10 **5.2 New / Forecasted Equity**

11 GLPT will require additional funding in the test years to finance the proposed capital
12 program and day to day operations. GLPT will raise the additional funds by means of a
13 capital investment from its Partners, which will be treated as an equity transaction.²
14 Interest will not be paid on the equity investments.

15 **5.3 Calculation of Weighted Average Rate**

16 GLPT calculates the weighted average rate for long term debt in the test year based first
17 on the level of actual embedded debt, with the remaining deemed debt drawing the
18 Board's deemed rate. To the extent the deemed long-term debt (56% of rate base) is
19 greater than the actual third party debt of \$120,000,000, GLPT has applied the Board's

² GLPT's two partners are Great Lakes Power Transmission Inc. and Brookfield Infrastructure Holdings (Canada) Inc.. Additional information on GLPT's corporate structure can be found at Exhibit 1, Tab 1, Schedule 12

deemed long term debt rate to the incremental amount. GLPT's evidence reflects a deemed interest rate of 5.87%, which is based on the Board's formulaic approach in the Report of the Board (EB-2009-0084). GLPT assumes that the deemed debt rate will be updated in accordance with the December 11, 2009 Cost of Capital Report, upon the final decision in this case. For rates effective January 1, 2011 and 2012, the Board would determine the deemed debt rate for GLPT based on the long Government of Canada bond yield plus the average spread between A-rated Canadian utility bond yield and 30-year Government of Canada bond yield to determine the updated deemed long-term debt rate.

The calculation of the weighted average rate on long term debt is set out in *Table 5-1-1 A* below.

Table 5-1-1 A – Weighted Average Rate of Long-Term Debt

2011:

Debt Description	Coupon Rate	Maturity Date	Principal Amount	Effective Rate	2011 Deemed Long Term Debt	2011 Carrying Cost	Weighted Average Rate
Embedded Debt	6.60%	June 2023	120,000,000	6.87%	120,000,000	8,248,800	
Deemed Debt	5.87%	Jan 2013	1,686,314	5.87%	1,686,314	98,987	
Total					121,686,314	8,347,787	6.86%

2012:

Debt Description	Coupon Rate	Maturity Date	Principal Amount	Effective Rate	2012 Deemed Long Term Debt	2012 Carrying Cost	Weighted Average Rate
Embedded Debt	6.60%	June 2023	120,000,000	6.87%	120,000,000	8,248,800	
Deemed Debt	5.87%	Jan 2013	6,627,453	5.87%	6,627,453	389,031	
Total					126,627,453	8,637,831	6.82%

1 **Cost of Capital Summary**

2 GLPT's 2011 and 2012 cost of capital is summarized in the table below.

3 *Table 5-1-1 B – Cost of Capital – 2011*

2011 Test Year	Capital Component (\$000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component (\$000's)
Deemed Debt	\$ 130,378.2	60.00%			
Long Term	\$ 121,686.3	56.00%	6.86%	3.84%	\$ 8,347.7
Short Term	\$ 8,691.9	4.00%	3.99%	0.16%	\$ 346.8
Deemed Equity	\$ 86,918.8	40.00%	10.16%	4.06%	\$ 8,830.9
Rate Base:	\$ 217,297.0	100.00%		8.07%	\$ 17,525.4

4

5

6 *Table 5-1-1 C – Cost of Capital - 2012*

2012 Test Year	Capital Component (\$000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component (\$000's)
Deemed Debt	\$ 135,672.3	60.00%			
Long Term	\$ 126,627.5	56.00%	6.82%	3.82%	\$ 8,636.0
Short Term	\$ 9,044.8	4.00%	5.00%	0.20%	\$ 452.2
Deemed Equity	\$ 90,448.2	40.00%	10.41%	4.16%	\$ 9,415.7
Rate Base:	\$ 226,120.5	100.00%		8.18%	\$ 18,503.9

7

COST OF CAPITAL AND RATE OF RETURN

1.0 Cost of Capital

The purpose of this evidence is to summarize the method and cost of financing GLPT's capital requirements for the 2011 and 2012 test years. GLPT has adopted the capital structure and the methodology outlined in the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities dated December 11, 2009 (EB-2009-0084) and the applicable return on equity ("ROE") and short term interest rate provided in Hydro One's 2011/2012 Transmission rate application (EB-2010-0002).

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GLPT's deemed capital structure for rate making purposes is 60% debt and 40% common equity. This capital structure is the same as established in the Board Approved Settlement Agreement in EB-2009-0408. The 60% debt component is comprised of 4% deemed short term debt and 56% long term debt

3.0 Cost of Equity

GLPT's currently approved ROE is 9.85%¹.

GLPT's evidence reflects an ROE of 10.16% for the 2011 test year and 10.41% for the 2012 test year. These figures are consistent with Hydro One's proposed ROE figures for 2011 and 2012, which are based on the Board's formulaic approach in the Report of the Board (EB-2009-0084), using the Long Canada Bond Forecast for 2011 and 2012, based

1 on the September Consensus Forecast and Bank of Canada data which was available in
2 October 2009 and the change in the spread of A-rated Utility Bond Yield. Prior to
3 implementing a 2011 or 2012 revenue requirement, GLPT will update the ROE for each
4 test year with the Board-approved figure, in accordance with the December 11, 2009 Cost
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12 **4.0 Cost of Short Term Debt**

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14 factored into rate setting be fixed at 4% of rate base. The Board has indicated in
15 Appendix D of the December 11, 2009 Cost of Capital Report, once a year, in January,
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19 effective date for the rates, plus the average spread calculated above. Variable rate debt
20 which pays interest based on the bankers' acceptance rate, has been included as part of

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2 3.99% for 2011 using the November 2009 Global Insight Forecast plus a spread of 150
3 bps, which is an estimate of the spread that would be charged to GLPT to obtain a short-
4 term loan in the bank market. The deemed short term rate is 5.00% for 2012 using the
5 November 2009 Global Insight forecast plus a spread of 150 bps, which is an estimate of
6 the spread that would be charged to GLPT to obtain a short term loan in the bank market.

7 GLPT assumes that the deemed short term debt rate for each test year will be updated in
8 accordance with the December 11, 2009 Cost of Capital Report, upon the final decision
9 in this case. Specifically, for rates effective January 1, 2011, the Board would determine
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15 **5.0 Cost of Long Term Debt**

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18 calculated to be 6.86% for 2011 and 6.82% for 2012. The long term debt rate is
19 calculated as the weighted average rate on embedded debt, new debt and forecast debt
20 planned to be issued in 2010, 2011 and 2012.

Update letter dated February 24, 2010

1 **5.1 Embedded Debt**

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3 bonds, with interest payable at a rate of 6.60%. Interest is paid semi-annually on June
4 16th and December 16th of each year. Principal will be reimbursed on maturity in June
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8 of each active instrument, unless a new rate is negotiated, in which case it will be treated
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10 0408 at 6.874%.

11 **5.2 New / Forecasted ~~Debt~~Equity**

12 GLPT will require additional funding in the test years to finance the proposed capital
13 program and day to day operations. GLPT will raise the additional funds by means of a
14 capital investment from its Partners, which will be treated as an equity transaction.²
15 ~~Interest on the new affiliate debt will~~ not ~~be paid at the Board's deemed Long Term Debt~~
16 ~~rate~~ on the equity investments.

17 **5.3 Calculation of Weighted Average Rate**

18 GLPT calculates the weighted average rate for long term debt in the test year based first
19 on the level of actual embedded debt, with the remaining deemed debt drawing the

Board's deemed rate. To the extent the deemed long-term debt (56% of rate base) is greater than the actual third party debt of \$120,000,000, GLPT has applied the Board's deemed long term debt rate to the incremental amount. GLPT's evidence reflects a deemed interest rate of 5.87%, which is based on the Board's formulaic approach in the Report of the Board (EB-2009-0084). GLPT assumes that the deemed debt rate will be updated in accordance with the December 11, 2009 Cost of Capital Report, upon the final decision in this case. For rates effective January 1, 2011 and 2012, the Board would determine the deemed debt rate for GLPT based on the long Government of Canada bond yield plus the average spread between A-rated Canadian utility bond yield and 30-year Government of Canada bond yield to determine the updated deemed long-term debt rate.

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Total					<u>121,686,314</u>	<u>8,347,787</u>	<u>6.86%</u>

2012:

² GLPT's two partners are Great Lakes Power Transmission Inc. and Brookfield Infrastructure Holdings (Canada) Inc.. Additional information on GLPT's corporate structure can be found at Exhibit 1, Tab 1,

Debt Description	Coupon Rate	Maturity Date	Principal Amount	Effective Rate	2012 Deemed Long Term Debt	2012 Carrying Cost	Weighted Average Rate
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Total					126,627,453	8,637,831	6.82%

1

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Deemed Equity	\$ 86,918.8	40.00%	10.16%	4.06%	\$ 8,830.9
Rate Base:	\$ 217,297.0	100.00%		8.07%	\$ 17,525.4

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7 *Table 5-1-1 C – Cost of Capital - 2012*

<u>2012 Test Year</u>	Capital Component (\$000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component (\$000's)
Deemed Debt	\$ 135,672.3	60.00%			
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Short Term	\$ 9,044.8	4.00%	5.00%	0.20%	\$ 452.2
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Rate Base:	\$ 226,120.5	100.00%		8.18%	\$ 18,503.9

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SCHEDULE "B"

Exhibit 10, Tab 2, Schedule 1 - Response to Board Staff Interrogatory #37(i)

Interrogatory 37 – Capital Structure and Long-term Debt Rate (Methodology)**References:**

- Ref: (a) Exh. 5/Tab 1/Sch. 1/pp. 5-6
Ref: (b) Hydro One Networks Inc. Decision with Reasons, EB-2007-0272, pp. 51, 54-55
Ref: (c) Hydro One Remote Communities Decision with Reasons, EB-2008-0232, pg. 12
Ref: (d) London Hydro Inc. Decision with Reasons, EB-2008-0235, pp. 36-37

Preamble (1):

In Ref: (a), GLPT states that:

To the extent the deemed long-term debt (56% of rate base) is greater than the actual third party debt of \$120,000,000, GLPT has applied the Board's deemed long term debt rate to the incremental amount.

Questions/Request:

- (i) Please confirm whether GLPT's definition of the incremental amount of deemed long-term debt capitalization, beyond the \$120 million of actual debt, is the same as that of "notional debt" as used in the Hydro One Networks Inc.-Transmission [Ref: (b)], Hydro One Remote Communities Inc. [Ref: (c)], and London Hydro Inc. rate applications [Ref: (d)]. Please explain your answer.

Response:

- (i) Confirmed.

GLPT notes that its pre-filed evidence indicated that there would be additional funding received in the test years from its Partners and treated as affiliate debt. However, the actual funding mechanism that has been put in place involves funding the partnership through equity transactions. As a result, GLPT will not incur additional debt in the test years in any form. Therefore, any deemed debt amounts that are above and beyond GLPT's actual third party debt should be treated as notional debt.

Preamble (2):

Board staff note that the Board's decisions in the noted electricity transmitter [Ref: (b)] and distributor rate applications [Ref: (c) and Ref: (d)], the Board determined that notional debt should attract the actual or embedded weighted average cost of debt if available, and would only attract the deemed debt rate if the utility had no actual debt

Questions/Requests:

- (ii) In view of the Board's decisions in outlined in Preamble (2), please provide GLPT's reasons for proposing that the unfunded portion of debt capitalization should attract the deemed debt rate rather than GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years.

Response:

- (ii) In view of the Board's decisions outlined in Preamble (2), GLPT agrees that the unfunded portion of debt capitalization should attract GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years (6.87% for each year). As such, GLPT has utilized GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years when calculating the response to Board staff Interrogatories 38 and 39. GLPT requests that the Board consider this as an update to GLPT's evidence in this proceeding.

Interrogatory 37 – Capital Structure and Long-term Debt Rate (Methodology)**References:**

- Ref: (a) Exh. 5/Tab 1/Sch. 1/pp. 5-6
Ref: (b) Hydro One Networks Inc. Decision with Reasons, EB-2007-0272, pp. 51, 54-55
Ref: (c) Hydro One Remote Communities Decision with Reasons, EB-2008-0232, pg. 12
Ref: (d) London Hydro Inc. Decision with Reasons, EB-2008-0235, pp. 36-37

Preamble (1):

In Ref: (a), GLPT states that:

To the extent the deemed long-term debt (56% of rate base) is greater than the actual third party debt of \$120,000,000, GLPT has applied the Board's deemed long term debt rate to the incremental amount.

Questions/Request:

- (i) Please confirm whether GLPT's definition of the incremental amount of deemed long-term debt capitalization, beyond the \$120 million of actual debt, is the same as that of "notional debt" as used in the Hydro One Networks Inc.-Transmission [Ref: (b)], Hydro One Remote Communities Inc. [Ref: (c)], and London Hydro Inc. rate applications [Ref: (d)]. Please explain your answer.

Response:

- (i) Confirmed.

GLPT notes that its pre-filed evidence indicated that there would be additional funding received in the test years from its Partners and treated as affiliate debt. However, the actual funding mechanism that has been put in place involves funding the partnership through equity transactions. As a result, GLPT will not incur additional debt in the test years in any form. Therefore, any deemed debt amounts that are above and beyond GLPT's actual third party debt should be treated as notional debt.

Preamble (2):

Board staff note that the Board's decisions in the noted electricity transmitter [Ref: (b)] and distributor rate applications [Ref: (c) and Ref: (d)], the Board determined that notional debt should attract the actual or embedded weighted average cost of debt if available, and would only attract the deemed debt rate if the utility had no actual debt

Questions/Requests:

- (ii) In view of the Board's decisions in outlined in Preamble (2), please provide GLPT's reasons for proposing that the unfunded portion of debt capitalization should attract the deemed debt rate rather than GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years.

Response:

- (ii) In view of the Board's decisions outlined in Preamble (2), GLPT agrees that the unfunded portion of debt capitalization should attract GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years (6.87% for each year). As such, GLPT has utilized GLPT's forecasted weighted average cost of debt for each of the 2011 and 2012 test years when calculating the response to Board staff Interrogatories 38 and 39. GLPT requests that the Board consider this as an update to GLPT's evidence in this proceeding.

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<u>Insertion</u>	
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Format changed	0
Total changes	2

SCHEDULE "C"

Exhibit 1, Tab 3, Schedule 2 - Pro-Form Financial Statements

Pro-Forma
Financial Statements

GREAT LAKES POWER TRANSMISSION LP
For the years ended December 31

GREAT LAKES POWER TRANSMISSION LP **PRO-FORMA BALANCE SHEET**

As at December 31

<i>thousands of CDN dollars</i>	2012	2011	2010
Assets			
Current assets			
Cash	\$ 4,781	\$ 2,835	\$ 1,122
Accounts receivable	3,210	3,051	2,970
Materials and supplies	250	250	250
Prepaid expenses and other	150	150	150
	8,391	6,286	4,492
Pension asset	1,587	1,587	1,587
Regulatory asset	1,500	1,200	981
Property, plant and equipment	233,403	233,595	219,431
	\$ 244,881	\$ 242,668	\$ 226,491
Liabilities and Capital Account			
Current liabilities			
Accounts and other payables	\$ 1,000	\$ 1,000	\$ 1,083
Current portion of regulatory liability	1,189	1,189	1,189
	2,189	2,189	2,272
Pension liability	1,837	1,837	1,837
Regulatory liability	1,234	2,423	3,611
Trans senior bonds	117,515	117,341	117,177
Intercompany loan	-	-	-
	122,775	123,789	124,897
Capital account	122,106	118,879	101,594
	\$ 244,881	\$ 242,668	\$ 226,491

GREAT LAKES POWER TRANSMISSION LP
PRO-FORMA STATEMENT OF PARTNERS' EQUITY
Years ended December 31

<i>thousands of CDN dollars</i>	2012	2011	2010
Partners' equity, beginning of year	\$ 118,879	\$ 101,594	\$ 97,229
Allocation of net income	12,227	11,285	6,865
Capital contributions	-	15,000	7,500
Distributions	(9,000)	(9,000)	(10,000)
Partners' equity, end of year	\$ 122,106	\$ 118,879	\$ 101,594

GREAT LAKES POWER TRANSMISSION LP
PRO-FORMA STATEMENT OF INCOME
Years ended December 31

<i>thousands of CDN dollars</i>	2012	2011	2010
Revenues	\$ 38,338	\$ 36,416	\$ 35,100
Expenses			
Operating and administrative	7,459	7,276	7,849
Maintenance	2,137	2,085	2,034
Taxes, other than income taxes	131	128	125
	9,727	9,489	10,008
	28,611	26,927	25,092
Interest	7,761	7,661	7,696
Depreciation	8,653	8,012	7,498
Loss (gain) on disposal of property, plant and equipment	-	-	3,064
Other income, net	(31)	(31)	(31)
Net income before income taxes	12,227	11,285	6,865
Income taxes - current	-	-	-
Income taxes - future	-	-	-
Net income and comprehensive income	\$ 12,227	\$ 11,285	\$ 6,865

GREAT LAKES POWER TRANSMISSION LP
PRO-FORMA STATEMENT OF CASH FLOWS
Years ended December 31

<i>thousands of CDN dollars</i>	2012	2011	2010
Operating activities			
Net income (loss)	\$ 12,227	\$ 11,285	\$ 6,865
Items not affecting cash			
Depreciation	8,653	8,012	7,498
Amortization of prepaid expenses	-	-	65
Non-cash interest expense	174	164	152
Loss (gain) on disposal of property, plant and equipment	-	-	3,064
Net change in non-cash working capital and other	(159)	(164)	(696)
	20,895	19,297	16,948
Investing activities			
Additions to property, plant and equipment	(8,461)	(22,176)	(11,528)
Net changes in regulatory assets and liabilities	(1,489)	(1,408)	(2,191)
	(9,950)	(23,584)	(13,719)
Financing activities			
Distributions paid	(9,000)	(9,000)	(10,000)
Capital contributions	-	15,000	7,500
	(9,000)	6,000	(2,500)
Increase (decrease) in cash	1,946	1,714	729
Cash, beginning of year	2,835	1,122	393
Cash, end of year	\$ 4,781	\$ 2,835	\$ 1,122