WATERLOO NORTH HYDRO INC.

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February 23, 2011

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario
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Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms Walli:

Re: May 1, 2011 Cost of Service Technical Conference Questions Responses/ EB-2010-0144

Pursuant to the Board's Procedural Order of January 21, 2011, Waterloo North Hydro Inc. (WNH) is enclosing two copies of its Responses to the Board Staff Technical Conference Questions of February 14, 2011 and Responses to Technical Conference Questions from Energy Probe, dated February 11, 2011, School Energy Coalition, dated February 14, 2011 and Vulnerable Energy Consumers Coalition, dated February 14, 2011.

WNH has filed an electronic copy of this document via the Board's web portal RESS.

If there are any questions, please contact Albert Singh at 519-888-5542, asingh@wnhydro.com or myself, Rene Gatien at 519-888-5544, rgatien@wnhydro.com.

Yours truly,

Original Signed By

Rene W. Gatien, P.Eng, MBA
President & C.E.O.

Supplementary Questions for Technical Conference – Board Staff

1. *Ref: SEC IR # 4 – Capital Expenditures and Additions*

a) Please confirm whether the data shown in the response to SEC IR # 4 is capital <u>additions</u> added to rate base in the year or capital <u>expenditures</u> in the year.

The data shown in the response to SEC IR # 4 is capital additions added to rate base in the year.

b) If the data shown is capital additions, please provide capital expenditures by USoA account for each year.

WNH has provided the capital expenditures by USoA account for each year in the table below.

Table TCQ # 1 – Capital Expenditures

USoA	Description	Board Approved	Actual				Forecast	
		2006	2006	2007	2008	2009	2010	2011
1805	Land	-	17,783	-	248,399	1,948,075	-	89,925
1806	Land Rights	10,642	6,455	90,888	35,659	15,448	15,805	16,350
1808	Building and Fixtures	215,152	937,824	646,561	124,665	915,436	11,149,992	11,945,625
1815	Transformer Station Equipment	219,039	1,971,344	(30,544)	778,737	2,218,932	4,064,407	265,871
1820	Distribution System Equipment	46,951	502,762	11,114	35,856	31,527	59,882	15,171
1830	OH - Poles, Towers and Fixtures	2,159,591	2,412,721	3,475,886	3,781,556	4,190,522	4,087,212	4,594,638
1835	OH - Conductors and Devices	925,409	1,327,003	1,864,804	2,096,102	2,301,807	2,421,466	3,127,193
1840	UG - Conduit	448,120	690,436	702,850	262,011	540,071	598,844	743,761
1845	UG - Conductors and Devices	1,727,618	1,568,801	989,921	1,690,354	1,463,778	2,615,643	2,609,612
1850	Line Transformers	2,299,758	2,334,236	1,657,998	2,645,280	3,537,938	2,821,973	4,323,985
1855	Services	785,284	808,838	854,591	1,282,845	1,238,340	1,834,948	676,804
1860	Meters	712,830	(72,097)	356,804	377,224	229,984	386,860	315,250
1915	Office Equipment	31,822	113,142	54,173	7,050	18,821	6,500	1,710,204
1920	Computer Hardware	525,656	145,409	159,842	91,002	152,428	137,339	349,544
1925	Computer Software	435,360	405,911	333,495	231,044	582,457	626,875	647,615
1930	Transportation Equipment	389,488	523,360	453,245	316,057	938,157	492,671	680,468
1935	Stores Equipment	-	-	-	99,191	2,811	-	53,500
1940	Tools, Shop and Garage Equipment	60,789	-	17,337	114,754	46,535	166,770	162,037
1945	Measurement and Testing Equipment	7,317	29,230	13,367	14,066	33,434	16,600	115,278
1955	Communication Equipment	49,174	17,942	47,680	216,739	74,139	-	-
1960	Miscellaneous Equipment	2,122	8,611	58,930	25,550	11,983	-	-
1980	System Supervisory Equipment	64,304	85,994	27,303	-	447,524	221,905	961,159
Capital Expenditures before Contributed Capital		**11,116,428**	**13,835,703**	**11,786,247**	**14,474,141**	**20,940,149**	**31,725,691**	**33,403,989**
1995	Contributed Capital	(4,452,189)	(2,156,723)	(1,682,172)	(1,993,133)	(1,779,037)	(1,818,299)	(2,142,609)
Capital Expenditures Net of Contributed Capital		**6,664,239**	**11,678,980**	**10,104,075**	**12,481,008**	**19,161,112**	**29,907,392**	**31,261,380**

Supplementary Questions for Technical Conference – Board Staff

2. Ref: Board staff IR # 4 – Capital Expenditures

In its response to Board staff IR # 5, Waterloo North Hydro indicates that it views Guelph Hydro Electric Systems Inc's ("Guelph Hydro's") 2008 application filed in EB-2007-0742 as being more analogous to its situation with respect to the new operations and administration centre and treatment of the disposition of the existing Northfield Drive facility.

The following is taken from Guelph Hydro's pre-filed evidence in that application:

BUILDINGS AND FIXTURES

Guelph Hydro originally constructed Phase I of the Southgate Drive facility in 1995 as a service centre to support its Control Room, Line Construction, Vehicle Maintenance, Metering, Electrical Maintenance, Purchasing and Stores work groups.

The Applicant initiated the construction of the Phase II addition to its 395 Southgate Drive Service Centre building in spring of 2005. The Phase II project added 37,000 square feet of administrative office space built to a LEED standard for environmental energy efficiency. This building addition project also included the installation of a 500 kW natural gas fired backup generator to ensure the facility could support all emergency LDC operations in the event of an extended major power interruption, such as the one experienced in August 2003. With the completion of the Phase II addition in June 2006, all of Guelph Hydro's staff were consolidated into a single work location at the 395 Southgate Drive facility.[1]

The following is also taken from Guelph Hydro's application regarding the level of costs for the Southgate addition replacing the Dawson Road facility.

Supplementary Questions for Technical Conference – Board Staff

Guelph Hydro Electric Systems Inc. Capital Budget Summary for the Years 2006, 2007 and 2008

Description	Budget 2006	Budget 2007	Projection 2007	Budget 2008
Land	$ -	$ -	$	
Building and Fixtures			-	$ -
- Dawson Road	-$ 1,500,000	-$ 1,000,000	$ -	$ -
- Southgate	$ 2,521,000	$ 145,000	$ 245,000	$ 100,000
Total	$ 1,021,000	-$ 855,000	$ 245,000	$ 100,000

Source: Guelph Hydro, Application, Exhibit 2/Tab 3/Schedule 1/Appendix A/page 1, February 22, 2008

Board staff observes that, in the case of Guelph Hydro's 2008 application, the Dawson Road facility was being replaced by an addition to its existing operations centre, the original portion of which had been constructed more than ten years previously.

While Guelph Hydro's proposal was intended to benefit ratepayers through operational efficiencies due to consolidation of staff under one roof and with newer facilities that are more energy efficient and better suited given the customer base served, similar to Waterloo North Hydro's proposal, Toronto Hydro's proposal for operations centres' refurbishment and construction in its 2008 EDR application, referenced in Board staff IR # 4, was also intended to have similar benefits.

Given that Guelph Hydro's situation was replacement of an existing facility by an addition to its existent main operations and administration centre, rather than full replacement of its existing facility by a new facility, as was part of the situation for Toronto Hydro, please provide further explanation of why Waterloo North Hydro considers the Guelph Hydro situation a more suitable precedent than that of Toronto Hydro with respect to addition of the new operations centre and treatment of net proceeds upon the disposition of the existing Northfield Drive centre.

[1] Guelph Hydro Electric Systems Inc., Application, Exhibit 2/Tab 3/Schedule 2/page 1, February 22, 2008

Supplementary Questions for Technical Conference – Board Staff

Response:

The Northfield Drive facility is being disposed of because it has reached the end of its service life and is no longer useful in its current condition without significant capital investment. WNH is in the process of constructing a new facility and the Northfield Drive property will serve no operational purpose after WNH moves all employees and equipment to the new facility. WNH understands that this is similar to Guelph Hydro selling its Dawson Road facility, as that facility had reached the end of its useful service life and it was no longer operationally useful. Guelph Hydro built new facilities to replace the Dawson Road facilities. The circumstances of Toronto Hydro's sale of its properties was different (as found by the Board in its Decision on the Toronto Hydro application) as some of the properties were still operationally useful, but were made redundant as part of an overall plan to construct a new facility to consolidate its operations. WNH offers the following comments in support of this conclusion.

In the Board's decision in Guelph Hydro's 2008 rate application, EB-2007-0742, one of the issues considered was the following (taken from the Board Decision):

> "***Lease and Sale of Building***
>
> *Prior to June 2006, the Company operated out of facilities at Dawson Road and Southgate Centre. In June 2006, after the completion of Phase II of Southgate centre, all of Guelph's facilities were consolidated into the Southgate office. Since then, the Dawson road property was vacated and declared as surplus. The Company confirmed that the book value of the Dawson road property is still included in the 2008 rate base.*[1] *The company also stated that the Dawson road property is currently being leased with revenues used to cover the operating, maintenance and amortization/depreciation expenses. Lease revenues are reflected as revenue offsets in the determination of the revenue requirement on which distribution rates are based.*
>
> *Board staff stated that it is unclear whether the lease revenues also recover the cost of capital and associated taxes/PILs related to the Dawson Road property. If not, these costs are being borne by rate payers even though the facility is no longer "used and useful" for providing electricity distribution services.*

[1] Response to Board staff interrogatory 3.3 b

Supplementary Questions for Technical Conference – Board Staff

In reply, the Company confirmed that the lease payments being collected do not recover the cost of capital and associated PILs. The Company stated that the property was sold on June 30, 2008 at a gross sale price of $1 million, with the net gain still to be determined. As a mitigation measure for ratepayers, the Company proposed to apply one-half of the net gain generated from the sale of the property against its revenue requirement over three years.

Board Findings

It is clear that the property did not serve any operational purpose for the utility in 2008 and it is now sold. *(Bold emphasis added). As such, it should not form part of rate base for 2008. Therefore the costs of its inclusion and the lease revenues should be removed from determining the Company's revenue requirement. Consistent with the Board policy and practice, the net gains from the sale are to be equally shared between the shareholder and ratepayers. The amount owed to ratepayers shall be in a form of a rate rider from the effective date of the new rates to the end of the 2008 rate year (April 30, 2009). The Company shall reflect these findings in its Draft Rate Order.*"

In Board IR#4, Board Staff suggest that the buildings sold by Toronto Hydro were no longer "used and useful". The following is an excerpt from Board Staff IR#4:

"In the case of Toronto Hydro-Electric System Limited's ("THESL's") 2008 Cost of Service application considered under File No. EB-2007-0680, the Board determined that 100% of the net proceeds from the sale of existing administration and operations centre no longer "used and useful" would be refunded to customers upon replacement by newer or refurbished centres to effect consolidation of staff...."

However, Waterloo North Hydro believes that the Board actually determined that the 100% of the net proceeds should be refunded to customers since the buildings were still useful and could have been used by Toronto Hydro if not for the consolidation plan, as noted in the excerpt below:

"The Company's reply argument confirms that the 228 Wilson Ave. and 175 Goddard St. work centres were not sold in 2007. The Board agrees with intervenors that these two properties, as well as 28 Underwriters Road and 60 Eglinton West, have been rendered redundant and have been or will be sold as part of the Company's Facilities Consolidation and Renewal Plan (the "Plan"). If it were not for the Plan, the properties would continue to be used and useful. The properties' functions are useful and will be transferred to or replaced by other facilities, at a substantial cost to the ratepayer. The total capital cost of the Plan to 2011 is estimated at $105 Million. The estimated capital cost of the Plan up to and including 2009 is $62.5 Million.

Supplementary Questions for Technical Conference – Board Staff

> *To defray these substantial costs to the ratepayer, the Board finds that 100% of the net after tax gains from the sale of 228 Wilson Avenue, 175 Goddard Street, and 28 Underwriters Road, the properties that are planned to be sold in 2008, should go to the ratepayer."*

WNH submits that the evidence provided in its original rate filing and the subsequent responses to interrogatories demonstrates that the Northfield Drive facility has reached the end of its useful service. The Northfield Drive property will serve no operational purpose after WNH moves all employees and equipment to the new facility on Country Squire Road, similar to the Guelph Hydro situation with the Dawson Road facility.

The Northfield Drive facility does not continue to be useful in its current condition. It would require substantial investment to replace existing building systems, and the facility would require a significant addition in order for WNH to continue to use the Northfield Drive facility. These circumstances differ from the Toronto Hydro circumstances noted above.

Further, from the May 11, 2005 Report of the Board on the 2006 Electricity Distribution Rate Handbook, (RP-2004-0188), WNH notes the following:

> *"<u>Treatment of Capital Gains and Losses</u>*
>
> *The Board received submissions on the regulatory treatment of capital gains and losses. This subject matter attracted strong views on both sides. Some parties argued for the entitlement of ratepayers to some or all of the proceeds of sales of assets. In their view, ratepayers have created the assets used by the distributor through the payment of rates, and therefore should have a share in sale proceeds. On the other hand, distributors argued that ratepayers have an entitlement to just and reasonable rates, but not to any divisible share in the assists used by the distributor. This discussion assumes that the sale price is equal to or greater than the fair market value of the asset.*

Supplementary Questions for Technical Conference – Board Staff

<u>Conclusions</u>

In the Board's view, there is a preliminary issue. A Board consideration of the distribution of proceeds of sale should only be undertaken when the proceeds exceed a threshold amount. Elsewhere in this Report, The Board has adopted a materiality threshold with respect to distributor assets for a variety of purposes. The Board concludes that the thresholds found in section 4.2 of the Handbook should apply to the consideration of the distribution of the gain or loss arising from sales of assets. For assets sold to a non-affiliate, where the fair market value of the gain or loss falls below the materiality threshold in the chart, the gain or loss shall be shared between the ratepayers and the shareholders on a 50 / 50 basis. For assets sold to an affiliate, the threshold applies to the value of the asset, not to the value of the gain or loss. The same 50 / 50 split between ratepayers and shareholders applies to assets falling below the threshold.

In the Board's view, all other cases should be determined case-by-case. The Board will generally expect that any capital gains or losses on the transfer of utility assets should be shared 50 / 50 between ratepayers and utility shareholders. However, each rate panel will need to determine if there are circumstances that justify a different treatment. "

On the basis of the foregoing, WNH believes that the sale of the Northfield Drive property is more similar to the Guelph Hydro situation and that the Board should follow the guidance of that proceeding and its Report on the 2006 Electricity Distribution Rate Handbook to share capital gains or losses on the sale of utility assets on a 50/50 basis between ratepayers and the utility.

WNH notes that the property will not be sold until 2012.

3. Ref: Energy Probe IR # 26 – OM&A

In response to Energy Probe IR # 26, Waterloo North Hydro provided OM&A expenses for the period January to October 2010 inclusive, compared against the same period in 2009.

a) Please explain the year-over-year increases in 2010 relative to 2009 for each of the categories: Operations; Maintenance; and Billing & Collections.

Supplementary Questions for Technical Conference – Board Staff

The year-over-year increases in 2010 relative to 2009 are a result of:

Operations – the increase in 2010 is a result of an increase in apprentice line personnel and system control staff compliment; personal protective equipment for these new line personnel; increased testing and inspection activities; and contract personnel to provide coverage for an extended medical leave.

Maintenance – the increase in 2010 is a result of increased overhead distribution system inspections and maintenance repairs and the associated material required to complete the repairs; staff labour and contracted resources to assist in an accident investigation; and the forestry work group was fully staffed in 2010, however, in 2009 it was only fully staffed for a portion of the year.

Billing/Collecting – the increase in 2010 is a result of the cessation of WNH billing water and sewer for the City of Waterloo. Water and sewer billing costs were recovered in 2009; however, they were no longer recovered in 2010.

b) Please explain the year-over-year decrease in Administration & General expenses in 2010 relative to 2009.

WNH incorrectly stated the October 2009 Administration & General Expenses. In order to be comparable the 2009 expenses should have been reduced by USoA 5625. After the adjustment of USoA 5625, the comparable information is provided in the following table. As is demonstrated by the table below, there is no material variance between 2009 and 2010.

Supplementary Questions for Technical Conference – Board Staff

Table TCQ # 3 (b) – Restated OM&A Expenses YTD at October 2009 and October 2010

OM&A Expenses	January to October 2009 Actual	January to October 2010 Actual
Operation	2,743,366	2,965,211
Maintenance	973,463	1,212,017
Billing and Collections	1,322,613	1,774,434
Community Relations	138,792	158,265
Administrative and General Expenses	1,719,899	1,742,006
Total OM&A Expenses	**6,898,133**	**7,851,933**

4. Ref: Energy Probe IRs # 38, 39, 40, 41 – PILs

In its responses to Energy Probe IRs, Waterloo North Hydro has advised of changes (such as computer hardware should be classified in CCA Class 50 rather than Class 10) or other omissions. Please provide an updated estimate of PILs reflecting any changes or corrections that Waterloo North Hydro is proposing or agreeing with. Please indicate which correction or changes are made in the response.

Please refer to Energy Probe TCQ # 27 (a) and (b).

5. Ref: Board staff IR # 13 – Non-Labour Expense Inflation

Board staff IR # 13 asked Waterloo North Hydro to "provide the source for the 2.0% estimate for inflation in 2011 for OM&A costs other than labour." In its reply, Waterloo North Hydro stated that: "WNH uses the Conference Board of Canada Economic Forecasts, as well as Economic Forecasts from the major Canadian banks."

Supplementary Questions for Technical Conference – Board Staff

As requested in Board staff IR # 13, please provide copies of all source documents that Waterloo North Hydro has relied on for its estimate of non-labour expense inflation for 2011.

WNH has provided, as Appendix A to this response, the TD Economics Provincial Economic Forecast dated May 26, 2010 in which the Ontario Consumer Price Index (CPI) for 2011 Forecast was 2.1%. WNH conservatively used 2.0% in its application.

WNH has also attached a September 2010 Provincial Forecast Table from TD Economics, which forecasts the Ontario CPI for 2011 as 2.0%, in Appendix A.

6. Ref: SEC IR # 10 – Meter Expenses

In its response to SEC IR # 10, Waterloo North Hydro states: The variance of $169,165] in meter expenses represents commercial and industrial metering assets (>50 kW) that are in need of inspection and maintenance. Due to the installation of new residential smart meters, some of the work in this area has been deferred into 2011.

Please confirm whether this increase is thus a one-time cost to "catch up" on deferred inspection and maintenance of commercial and industrial meters that will not be needed beyond 2011, or if this represents an ongoing increase in metering maintenance expenses. Please explain your response.

The meter expense proposed in the application represent an ongoing increase in meter maintenance expense beyond 2011, the increase is not a one-time cost.

Inspection and maintenance of meter assets is an ongoing cost, the amount included in 2011 is representative of an ongoing annual amount.

Supplementary Questions for Technical Conference – Board Staff

7. Ref: Board Staff IR # 18 – HST

a) Please provide an explanation for the difference in the amounts related to OM&A adjustments due to the impact of HST between the five months in 2010 (July to November - reported as approximately $50,000) and the amount for the entire 12-month Test Year (estimated as $76,691).

WNH provided its best available information in Board Staff IR # 18, WNH has provided a table below which updates the July to December 2010 HST impact. An additional table provides information to assist in the reconciliation of the July to December 2010 HST impact and WNH's removal of HST in its 2011 test year application.

Table TCQ # 7 (a) Reconciliation of OM&A PST Adjustments

	OM&A
Direct Acquisitions	37,091
Inventory	4,684
Trucking	4,571
HST OM&A Impact July to December 2010	**46,346**

Reconciliation of HST Impact	
HST OM&A Impact July to December 2010	46,346
Adjust to reflect portion of annual maintenance contracts paid in July - December	(8,571)
	37,775
Annualize	75,550
Add back portion of annual maintenance previously deducted	8,571
	84,121
Adjustments not made in 2011:	
HST Impact on Overhead Accounts	(3,883)
HST Impact on Meals and Entertainment	(1,536)
HST Reconcilied Amount	**78,703**
HST Amount OM&A reduced by in 2011 Application	**76,691**

WNH has also provided an updated USoA #1592 PIL/PST Sub-Account at December 2010 below.

Table TCQ # 7 (a) USoA #1592 PILs/PST Sub-Account

Calculation of Reduction of 2010 Cap Assets & # USoA 1592 PILs/PST				
PST Avoided July - Dec 2010		**Capital**	**OM&A**	**Total**
Direct Acquisitions		192,010	37,091	
Inventory		174,557	4,684	
Trucking		11,448	4,571	
		378,015	46,346	
		-	-	
Est # Yrs Deprec	25	15,121		
Net Capital Reduce 2010		**362,895**		
USoA #1592 PILs/PST, Dec 2010		**15,121**	**46,346**	**61,467**

b) ***In response to Board staff IR #18 b) ii), which requested an estimate of the increase of costs due the ITC restrictions, Waterloo North Hydro stated that: "WNH increased OM&A $163 directly, and identified an additional $10,193 in the Building costs, however as these impact capital and OM&A, an adjustment was not made". Please explain what is meant by "an adjustment was not made".***

Building costs are allocated to capital and OM&A directly, or indirectly through overheads charged. WNH had identified the additional $10,193 in Building Costs; however, as the adjustment of this amount would impact many areas in Capital and OM&A, and as each area would be impacted by an immaterial amount, WNH did not adjust its application to reflect this amount.

APPENDIX A

TD ECONOMICS PROVINCIAL ECONOMIC FORECAST

REAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change						
	95-08	2007	2008	2009E	2010F	2011F
CANADA	3.0	2.5	0.4	-2.6	3.5	2.9
N. & L.	3.7	9.1	0.5	-9.0	3.8	3.2
P.E.I.	2.6	2.5	0.5	0.5	2.2	2.5
N.S.	2.4	1.2	2.2	-0.2	2.5	2.5
N.B.	2.4	0.4	0.0	-0.6	2.8	2.6
Québec	2.5	2.8	1.0	-1.2	3.5	2.5
Ontario	3.1	2.3	-0.5	-3.2	4.0	2.7
Manitoba	2.5	3.6	2.0	-0.8	2.7	3.0
Sask.	2.4	3.6	4.2	-4.8	3.0	3.5
Alberta	3.6	2.5	0.0	-4.4	2.8	4.0
B.C.	2.8	2.9	0.0	-2.0	3.7	3.1

E: Estimate; F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

NOMINAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change						
	95-08	2007	2008	2009E	2010F	2011F
CANADA	5.4	5.8	4.4	-4.5	6.4	5.5
N. & L.	8.4	12.2	7.0	-15.0	8.0	6.1
P.E.I.	4.5	5.7	3.0	0.5	4.0	4.5
N.S.	4.4	3.7	3.8	-0.6	4.0	5.0
N.B.	4.3	4.3	1.4	-0.6	4.3	4.6
Québec	4.2	5.4	1.6	-0.4	5.1	4.3
Ontario	4.7	4.5	0.4	-2.8	6.0	5.0
Manitoba	4.9	8.2	4.3	-0.3	4.3	4.9
Sask.	7.2	11.7	25.0	-8.7	7.0	6.5
Alberta	9.1	7.8	13.4	-12.1	8.5	8.0
B.C.	5.0	5.1	3.3	-4.4	7.0	6.0

E: Estimate; F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

EMPLOYMENT Annual, % change						
	2006	2007	2008	2009	2010F	2011F
CANADA	1.9	2.3	1.5	-1.6	1.2	1.6
N. & L.	0.7	0.6	1.4	-2.4	2.6	1.4
P.E.I.	0.5	1.1	1.3	-1.1	4.2	1.5
N.S.	-0.3	1.3	1.3	0.0	0.3	1.0
N.B.	1.4	2.0	1.0	0.1	0.6	1.2
Québec	1.3	2.3	0.7	-0.9	1.5	1.2
Ontario	1.5	1.6	1.4	-2.4	1.2	1.7
Manitoba	1.1	1.6	1.8	0.0	1.7	1.6
Sask.	1.6	2.1	2.2	1.5	1.5	1.8
Alberta	4.8	4.7	2.7	-1.2	0.0	2.3
B.C.	3.0	3.2	2.1	-2.3	2.0	1.8

F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

UNEMPLOYMENT RATE Annual, %						
	2006	2007	2008	2009	2010F	2011F
CANADA	6.3	6.0	6.2	8.3	8.1	7.6
N. & L.	14.7	13.6	13.3	15.5	14.6	14.0
P.E.I.	11.1	10.4	10.7	12.0	11.0	10.3
N.S.	7.9	8.0	7.7	9.2	9.1	8.6
N.B.	8.8	7.6	8.6	8.8	8.8	8.1
Québec	8.0	7.2	7.3	8.5	7.9	7.5
Ontario	6.3	6.4	6.5	9.0	8.8	8.2
Manitoba	4.3	4.4	4.1	5.2	5.0	4.6
Sask.	4.6	4.2	4.1	4.8	5.1	4.7
Alberta	3.4	3.5	3.6	6.6	7.5	7.0
B.C.	4.7	4.2	4.6	7.6	7.0	6.5

F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

CONSUMER PRICE INDEX (CPI) Annual average per cent change						
	92-09	2007	2008	2009	2010F	2011F
CANADA	1.8	2.1	2.4	0.3	1.7	1.9
N. & L.	1.7	1.4	2.9	0.3	2.6	1.7
P.E.I.	1.9	1.8	3.4	-0.1	3.0	0.9
N.S.	1.9	1.9	3.0	-0.1	2.4	1.7
N.B.	1.7	1.9	1.7	0.3	2.5	1.4
Québec	1.6	1.6	2.1	0.6	1.5	1.6
Ontario	1.8	1.8	2.3	0.4	2.1	2.1
Manitoba	2.0	2.1	2.2	0.6	1.4	1.8
Sask.	2.1	2.9	3.2	1.1	1.2	2.0
Alberta	2.4	4.9	3.2	-0.1	1.4	2.6
B.C.	1.7	1.7	2.1	0.0	1.5	2.0

F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

RETAIL TRADE Annual average per cent change						
	2005-09	2007	2008	2009	2010F	2011F
CANADA	3.8	5.9	3.7	-2.9	4.5	4.0
N. & L.	4.4	8.6	7.4	1.6	5.0	3.6
P.E.I.	4.0	7.4	5.1	-1.3	5.6	3.1
N.S.	3.3	4.3	4.1	0.1	4.9	4.0
N.B.	4.9	6.2	6.5	0.7	5.5	5.0
Quebec	3.7	4.5	4.9	-1.1	4.9	3.5
Ontario	2.8	3.8	3.9	-2.5	4.4	3.7
Manitoba	5.1	8.9	6.9	-0.4	4.0	4.0
Sask.	7.5	13.6	11.8	-0.5	3.1	4.7
Alberta	5.8	9.9	0.2	-8.3	4.0	5.1
B.C.	3.3	7.1	1.5	-4.4	5.3	3.9

F: Forecast by TD Economics as at April 2010
Source: Statistics Canada / Haver Analytics

REAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change						
	95-08	2008	2009E	2010F	2011F	2012F
CANADA	3.0	0.5	-2.5	3.0	2.0	2.8
N. & L.	3.7	0.5	-9.5	4.2	1.3	2.5
P.E.I.	2.6	0.5	0.7	2.0	1.8	2.2
N.S.	2.4	2.2	-0.3	2.2	1.5	2.1
N.B.	2.4	0.0	-0.5	2.5	1.7	2.4
Québec	2.5	1.0	-0.8	2.9	1.8	2.5
Ontario	3.1	-0.5	-2.9	3.2	1.9	2.6
Manitoba	2.5	2.0	0.0	2.8	2.5	2.5
Sask.	2.4	4.2	-5.9	2.0	3.0	3.6
Alberta	3.6	0.0	-4.9	2.7	2.8	3.3
B.C.	2.8	0.0	-2.0	3.5	2.0	2.5

E: Estimate for provinces; F: Forecast by TD Economics as at Sep. 2010
Source: Statistics Canada / Haver Analytics

NOMINAL GROSS DOMESTIC PRODUCT (GDP) Annual average per cent change						
	95-08	2008	2009E	2010F	2011F	2012F
CANADA	5.4	4.6	-4.5	5.7	3.7	4.6
N. & L.	8.4	7.0	-15.5	8.2	2.6	4.6
P.E.I.	4.5	3.0	0.9	4.0	3.6	3.8
N.S.	4.4	3.8	-0.5	4.4	3.0	4.0
N.B.	4.3	1.4	-0.6	4.3	3.3	4.1
Québec	4.2	1.6	-0.2	4.6	3.4	4.2
Ontario	4.7	0.4	-2.5	5.5	3.6	4.5
Manitoba	4.9	4.3	0.6	4.8	4.1	4.4
Sask.	7.2	25.0	-10.0	6.0	4.7	5.6
Alberta	9.1	13.4	-12.0	7.6	4.3	5.7
B.C.	5.0	3.3	-4.4	6.9	4.1	4.6

E: Estimate for provinces; F: Forecast by TD Economics as at Sep. 2010
Source: Statistics Canada / Haver Analytics

EMPLOYMENT Annual average per cent change						
	2007	2008	2009	2010F	2011F	2012F
CANADA	2.3	1.5	-1.6	1.6	1.3	1.7
N. & L.	0.6	1.4	-2.4	3.2	0.9	2.4
P.E.I.	1.1	1.3	-1.1	4.0	0.8	2.0
N.S.	1.3	1.3	0.0	0.9	0.7	1.5
N.B.	2.0	1.0	0.1	0.4	1.3	1.8
Québec	2.3	0.7	-0.9	1.7	0.9	1.5
Ontario	1.6	1.4	-2.4	1.9	1.3	1.6
Manitoba	1.6	1.8	0.0	2.0	1.2	1.9
Sask.	2.1	2.2	1.5	1.2	1.6	2.2
Alberta	4.7	2.7	-1.2	0.7	1.8	1.9
B.C.	3.2	2.1	-2.3	1.8	1.3	2.0

F: Forecast by TD Economics as at September 2010
Source: Statistics Canada / Haver Analytics

UNEMPLOYMENT RATE Annual, per cent						
	2007	2008	2009	2010F	2011F	2012F
CANADA	6.0	6.2	8.3	8.1	7.9	7.4
N. & L.	13.6	13.3	15.5	14.8	14.5	13.7
P.E.I.	10.4	10.7	12.0	10.7	10.4	9.8
N.S.	8.0	7.7	9.2	9.0	8.8	8.5
N.B.	7.6	8.6	8.8	8.7	8.2	7.5
Québec	7.2	7.3	8.5	8.0	7.9	7.6
Ontario	6.4	6.5	9.0	8.9	8.5	8.1
Manitoba	4.4	4.1	5.2	5.6	5.6	4.9
Sask.	4.2	4.1	4.8	5.0	4.8	4.3
Alberta	3.5	3.6	6.6	6.6	6.5	6.0
B.C.	4.2	4.6	7.6	7.8	7.5	7.1

F: Forecast by TD Economics as at September 2010
Source: Statistics Canada / Haver Analytics

CONSUMER PRICE INDEX (CPI) Annual average per cent change						
	92-09	2008	2009	2010F	2011F	2012F
CANADA	1.8	2.4	0.3	1.7	1.8	1.8
N. & L.	1.7	2.9	0.3	2.3	1.3	2.3
P.E.I.	1.9	3.4	-0.1	2.1	1.0	2.1
N.S.	1.9	3.0	-0.1	2.3	1.6	1.8
N.B.	1.7	1.7	0.3	2.1	1.3	2.0
Québec	1.6	2.1	0.6	1.3	1.4	1.6
Ontario	1.8	2.3	0.4	2.1	2.0	1.8
Manitoba	2.0	2.2	0.6	0.6	1.4	2.0
Sask.	2.1	3.2	1.1	1.0	1.6	2.1
Alberta	2.4	3.2	-0.1	1.3	2.1	2.5
B.C.	1.7	2.1	0.0	2.0	2.0	1.8

F: Forecast by TD Economics as at September 2010
Source: Statistics Canada / Haver Analytics

RETAIL TRADE Annual average per cent change						
	91-09	2008	2009	2010F	2011F	2012F
CANADA	4.6	3.7	-2.9	4.6	3.6	4.1
N. & L.	4.1	7.4	1.6	3.5	3.2	3.8
P.E.I.	4.6	5.1	-1.3	4.7	2.9	4.3
N.S.	3.9	4.1	0.1	5.5	2.7	3.6
N.B.	4.3	6.5	0.7	4.3	3.4	3.8
Québec	4.2	4.9	-1.1	4.9	3.3	3.8
Ontario	4.3	3.9	-2.5	4.0	3.5	4.0
Manitoba	5.0	6.9	-0.4	4.8	3.8	4.0
Sask.	5.8	11.8	-0.5	2.5	4.1	4.6
Alberta	6.5	0.2	-8.3	3.9	4.0	4.5
B.C.	4.6	1.5	-4.4	5.7	3.6	3.9

F: Forecast by TD Economics as at September 2010
Source: Statistics Canada / Haver Analytics