

March 27, 2011

Delivery by RESS and By Hand

Ontario Energy Board  
P.O Box 2319  
27<sup>th</sup> Floor  
2300 Young Street  
Toronto, ON  
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary


Re: Niagara Peninsula Energy Inc. Application for 2011 Distribution Rates  
Board File Number: EB-2010-0138  
Response to Technical Questions – SEC

Dear Ms. Walli

Please find attached Niagara Peninsula Energy Inc.'s responses to the Technical Question Interrogatories on its 2011 Electricity Distribution Cost of Service Rate Application. Two hard copies and a disc will follow by courier subsequent to the Technical Conference being held on March 28, 2011.

If further information is required, please contact myself at 905-353-6004 or email [Suzanne.wilson@npei.ca](mailto:Suzanne.wilson@npei.ca).

Yours truly,



Suzanne Wilson  
VP Finance

Cc: Intervenors of Record

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

AND IN THE MATTER OF an Application by Niagara Peninsula Energy Inc. for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity effective May 1, 2011.

## **TECHNICAL CONFERENCE QUESTIONS**

### **FROM THE**

### **SCHOOL ENERGY COALITION**

(all references are to page numbers in the SEC Interrogatory response package)

#### **Question 1 [p. 5] With respect to the table in IR #4:**

- a. Please restate this table
  - i. including 2010, 2011 existing and 2011 proposed from Table 1-3 of the prefiled evidence; and
  - ii. removing all impacts of the FMV bump, including but not limited to increases in depreciation, rate base, interest cost, ROE, or any other item.
- b. Please provide an Excel version of the restated table.

#### **Response**

a) Please see Appendix A updated for 2010 Actual, 2011 existing and 2011 proposed.

ii. There are no impacts of the FMV bump included in the spreadsheet in Appendix A.

b) An Excel version will be emailed.

**Question 2. [pp. 8-10 and 24-25] Please provide readable versions of these pages, and provide the Excel versions of these tables.**

**Response**

Please see the next pages. The Excel version will be provided.

Niagara Peninsula Energy Purchase Equation of Pen West Assets Valuation date January 1, 2008		Book Values @ December 2007	Fair Values	Difference	Balance Jan 1 2008	2008 Entries Balance Sheet only related to FMV	2008 Entries IS only related to FMV	2008 Pro Forma Balance Sheet Dec 31 2008	Pro Forma Balance
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	2,079,330.49	2,079,330.49	-	2,079,330.49	1,400,000.00				Impact in Cash line- Received July 9th 2008
Accounts Receivable	3,209,591.17	2,993,521.60	(216,069.57)	2,993,521.60					
Unbilled Revenue	4,227,172.34	4,227,172.34	-	4,227,172.34					
Due from Pen West Holdco		1,400,000.00	1,400,000.00	1,400,000.00	(1,400,000.00)			-	Impact in 1200 - AR associated companies Impact in 1330 - Inventory, Offset entry was to Account 5715 - Amortization Other Plant on the IS
Inventories	262,254.46	269,938.80	7,684.34	269,938.80		-	7,684.34		
Prepaid Expenses	83,070.45	83,070.45	-	83,070.45					
	9,861,418.91	11,053,033.68	1,191,614.77	11,053,033.68		-	-	7,684.34	
<b>Regulatory Assets</b>									
Retail Cost Variances	20,654.20	20,654.20	-	20,654.20					
Retail Settlement Variances	(4,703,985.51)	(4,703,985.51)	-	4,703,985.51					
Smart Meters	42,667.10	42,667.10	-	42,667.10					
Regulatory Asset Recovery	554,712.78	554,712.78	-	554,712.78					
Deferred Charges	0.00	0.00	-	-					
	(4,085,951.43)	(4,085,951.43)	-	4,085,951.43					
<b>Future PIL taxes</b>	2,911,000.00	(2,257,552.46)	(5,168,552.46)	(2,257,552.46)	2,935,226.00	618,152.23	1,295,825.77		Impact in 2296 - Future Income Taxes - Current The 2,935,226 was a change in acctg policy to set up former NF Hydro future tax asset. The 618,152 was first year of NPEI's change in future tax asset, offset hit the IS
									The 2009 entry was for 1,035,543 for an ending Balance in 2009 of 2,331,369

**Fixed Assets**

Land	238,719.39	453,195.60	214,476.21	453,195.60			
Land rights	1,591,100.33	1,718,703.75	127,603.42	1,718,703.75			
Buildings	120,252.32	120,252.32	0.00	120,252.32			
Distribution station	873,888.02	3,312,573.91	2,438,685.89	3,312,573.91			
Distribution Lines		0.00					
Overhead	25,911,262.19	49,012,373.19	23,101,111.00	49,012,373.19			
Underground	3,688,846.93	19,805,188.15	16,116,341.22	19,805,188.15			
Distribution Transformers	9,274,769.35	12,583,947.62	3,309,178.27	12,583,947.62			
Distribution Meters	2,187,864.41	3,226,192.55	1,038,328.14	3,226,192.55			
Trucks and Equipment	2,932,314.33	2,322,149.62	(610,164.71)	2,322,149.62			
	46,819,017.27	92,554,576.71	45,735,559.44	92,554,576.71		45,735,559.44	Account 2065 - Other Electric Plant Adjustment
Less: Accumulated Depreciation Land rights	(519,635.50)	(469,821.33)	49,814.17	(469,821.33)	-	11,939.18	
Less: Accumulated Depreciation Buildings	(120,252.32)	(120,252.32)	0.00	(120,252.32)			
' Less: Accumulated Depreciation Distribution Station	(632,181.12)	(2,538,390.85)	(1,906,209.73)	(2,538,390.85)	-	166,816.89	
' Less: Accumulated Depreciation Overhead	(14,907,124.99)	(30,952,770.47)	(16,045,645.48)	(30,952,770.47)	-	366,743.43	
' Less: Accumulated Depreciation Underground	(2,593,025.94)	(7,192,481.60)	(4,599,455.66)	(7,192,481.60)	-	653,351.38	
' Less: Accumulated Depreciation Distribution Transformers	(3,591,450.75)	(4,976,478.26)	(1,385,027.51)	(4,976,478.26)	-	106,824.94	
' Less: Accumulated Depreciation Distribution Meters	(870,791.04)	(1,291,337.73)	(420,546.69)	(1,291,337.73)	-	35,968.36	
' Less: Accumulated Depreciation Trucks and Equipment	(2,004,271.22)	(1,780,353.71)	223,917.51	(1,780,353.71)		185,576.49	
							The (25,239,221) is in Account 2160- Accumulated Amortization of Other Utility Plant
<b>Total Accum Depreciation</b>	<u>(25,238,732.88)</u>	<u>(49,321,886.27)</u>	<u>(24,083,153.39)</u>	<u>(49,321,886.27)</u>	0.00	(1,156,067.69)	(25,239,221.08)
							The 1,156,067 offset was to account 5715 - Amortization Other Plant on the IS
<b>Total Fixed Assets</b>	<u>21,580,284.39</u>	<u>43,232,690.44</u>	<u>21,652,406.05</u>	<u>43,232,690.44</u>	0.00	(1,156,067.69)	20,496,338.36
<b>Total Assets</b>	<u>30,266,751.87</u>	<u>47,942,220.23</u>	<u>17,675,468.36</u>	<u>47,942,220.23</u>	2,935,226.00	(545,599.80)	21,792,164.13

## LIABILITIES AND SHAREHOLDER'S EQUITY

### Current Liabilities

Accounts payable and accrued liabilities	6,863,134.64	6,863,134.64	0.00	6,863,134.64
Current portion of customer deposits	30,585.82	30,585.82	0.00	30,585.82
Current portion of capital lease	21,641.16	21,641.16	0.00	21,641.16
Current portion of long-term liabilities	9,500,000.00	9,500,000.00	0.00	9,500,000.00
	<u>16,415,361.62</u>	<u>16,415,361.62</u>	<u>0.00</u>	<u>16,415,361.62</u>

### Long-term liabilities

Long-term debt			0.00	0.00
Capital lease	43,887.65	43,887.65	0.00	43,887.65
Customer deposits	382,970.96	382,970.96	0.00	382,970.96
	<u>426,858.61</u>	<u>426,858.61</u>	<u>0.00</u>	<u>426,858.61</u>

### Total Liabilities

	<u>16,842,220.23</u>	<u>16,842,220.23</u>	<u>0.00</u>	<u>16,842,220.23</u>
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### Shareholder's Equity

Common shares	12,346,097.91	12,346,097.91	0.00	12,346,097.91		
Contributed Surplus		18,753,902.09	18,753,902.09	18,753,902.09		18,753,902.09
Retained Earnings	1,078,433.73		(1,078,433.73)	0.00	- 1,163,752.03	

Retained Earnings (set up NF future tax asset) 2,935,226.00

NPEI's change in future tax asset 2008 618,152.23 3,038,262.04

**Total Shareholder's Equity** 13,424,531.64 31,100,000.00 17,675,468.36 31,100,000.00 2,935,226.00 (545,599.80) 21,792,164.13

**Total Liabilities and Shareholder's Equity** 30,266,751.87 47,942,220.23 17,675,468.36 47,942,220.23 2,935,226.00 (545,599.80) 21,792,164.13

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	Balance 2009	2009 Entry	Balance 2010 Pro Forma
Account 2160 change from 2008 to 2009	(25,239,221.08)	- 1,108,989.16	(26,348,210.24)
Account 5715 Amortization in 2009		1,111,638.00	
Account 2105 - Accum Amort Property Plant (correct 2008 entry)		- 2,648.84	

IR 13 Readable version

**NPEI**  
**Breakdown of Net new positions by year**

2005	Includes Benefits
3 New lineman full year charged to OM&A	97,697
GIS technologist full year	95,140
Junior buyer position not filled full year	(96,000)
EA position filled Oct 2006 10 months vacancy	(70,667)
JR accountant PW full year	42,336
Billing clerk PW full year	42,336
Contract position left full year PW	(32,256)
	<u>78,586</u>

2006	
Director of Engineering PW hired for 11 months	102,667
Executive Assistant NF replace vacancy from 2005 in November	15,467
2 Engineering Techs 1 PW, 1 NF hired one May one April	96,768
2 Contract Lineman PW hired in May	29,676
Controll room operator hired NF in Sept	28,672
1 Contract Admin/CS PW hired in Oct	12,096
1 Contract Accounting PW hired in Sept	8,820
Director of Engineering NF retired in Aug	(47,563)
GM PW deceased in June	(97,875)
Engineering Mgr PW left in August	(58,000)
	<u>90,726</u>

New positions partial year 2007	
Engineering Manager NF hired	20,800
IT Manager NF hired	10,400
Systems Analysit NF hired	8,667
Director of Engineering PW left August	(46,667)
Operations Manager PW retired March	(73,500)
Operations Lead hand NF left January 31	(102,667)
Billing Supervisor NF retired Dec 31 2007	-
Billing Clerk NF retired June 2007	(35,616)
2 Apprentices NF hired May	22,364
	<u>(196,219)</u>
2 employee Labour Settlements in 2007 only	83,413
	<u>(112,806)</u>

	Includes Benefits
2007 changes from 2006 full year	
Director of Engineering PW hired	112,000
Executive Assistant NF replace vacancy 2005	92,800
2 Engineering Techs 1 PW, 1 NF hired one May one April	134,400
2 Contract Lineman PW hired in May	44,513
Controll room operator hired NF in Sept	86,016
1 Contract Admin/CS PW hired in Oct	36,288
1 Contract Accounting PW hired in Sept	30,240
Director of Engineering NF retired in Aug	(142,690)
GM PW deceased in June	(195,750)
Engineering Mgr PW left in August	(116,000)
	<u>81,817</u>

2008 changes from 2007 full year	
Engineering Manager NF hired	91,000
IT Manager NF hired	91,000
Systems Analysit NF hired	75,833
Director of Engineering PW left	(112,000)
Operations Manager PW retired	(98,000)
Operations Lead hand NF left	(98,000)
Billing Supervisor NF retired Dec 2007	(91,000)
Billing Clerk NF retired June 2007	(62,328)
2 Apprentices NF hired May	29,353
	<u>(174,142)</u>

New positions partial year 2008	
Customer Service clerk Oct 27 2008	8,063
Controller hired June	56,655
2 Apprentices hired September	12,544
Pay equity adjustment management & executive Jan 1 2008	140,000
	<u>217,262</u>

New positions partial year 2009	
Regulatory & Financial Analyst hired	86,333
VP Corporate Service Retired Jan 2009	(141,167)
VP Business Development sick leave August 2009	(46,667)
Lineman retired Jan 2009	(31,476)
3 Apprentices hired	16,848
2 Apprentices hired as lineman full time	21,056
HR clerk hired Jan 19th	49,896
Contract smart meter position hired June 29	27,216
	<u>(17,960)</u>

New positions partial year 2010	
2 Customer Services union retired	(72,495)
Contract 2 Business Analysts hired	47,040
Contract smart meter position hired	23,520
2 Lineman Apprentices hired	19,200
Contract Customer Service/Billing replaced	48,384
Co-op accounting position hired	15,120
	<u>80,769</u>

New positions partial year 2010	
Engineering supervisor new position	91,000
Co-Op not replaced	(15,120)
	<u>75,880</u>

2009 - 2011 changes from 2008 full year	
Customer Service clerk Oct 27 2008	48,381
Controller hired June	94,424
2 Apprentices hired September	37,632
	<u>180,437</u>

2010 - 2011 changes from 2009 full year	
Regulatory & Financial Analyst hired	86,333
VP Corporate Service Retired Jan 2009	(128,333)
VP Business Development sick leave August 2009	(133,333)
EA promoted to Manager CDM	64,167
Assistant EA promoted from customer service	3,000
Customer service vacancy filled in 2010	(3,000)
Lineman retired Jan 2009	(20,439)
3 Apprentices hired	44,928
2 Apprentices hired as lineman full time	35,093
HR clerk hired Jan 19th	45,360
Contract smart meter position hired June 29	45,360
	<u>39,136</u>

2011 changes from 2010 full year	
2 Customer Services union retired	(144,991)
Contract 2 Business Analysts hired	112,896
Contract smart meter position hired	56,448
2 Lineman Apprentices hired	57,600
Contract Customer Service/Billing replaced	72,576
	<u>154,529</u>

**Question 3 [p. 11] Please explain why the PILs installments are so much greater than the expected tax payable.**

**Response**

The 2010 tax installments of \$2,629,064 are based on the Federal Tax installments schedule from the 2009 tax return. The expected 2010 income tax expense in the rate application of \$893,733 which is before the future income tax provision. The \$893,733 is based on Accounting Income of \$2,954,243 and Tax Adjustments to Accounting income of \$93,207 resulting in Taxable income of \$3,047,450. The 2009 Taxable income which the 2010 installments are based on was \$7,621,710 which included an addition for regulatory asset variances of \$2,668,754 which is to be excluded from the tax calculation for the rate application. NPEI's original submission did not exclude this regulatory asset variance change in the Tax adjustments to Accounting income but has identified this as a change to be made resulting from the interrogatory process. Also, the Accounting Income in the rate application uses deemed interest expense as previously discussed in the response to IR 6b).

**Question 4 [p. 13] Please confirm that the RRR filings of the Applicant for 2008 and 2009 have included the impacts of the FMV bump. Please provide a revised version of those filings with all such impacts removed.**

**Response**

The RRR trial balance filings for 2008 and 2009 included the impact of the FMV bump.

Please see the revised RRR trial Balance filings with the FMV bump removed in Appendix B.

**Question 5 [p. 14] Please provide the basis of the pricing of the transformation connection fee, including any documentation, valuation, fairness opinion, or other supporting materials.**

**Response**

The basis for the \$1.50 per kW is the amount invoiced monthly from Niagara West Transformation Corporation to NPEI. The \$1.50 is Niagara West Transformation Corporation currently approved rate by the OEB.

**Question 6 [p. 29] Please confirm that the impact of using this weighted average cost of debt, i.e. 5.25%, would be a reduction in the deficiency of \$740,605.**

Response

All other things being equal NPEI calculates a reduction in the revenue deficiency of \$735,512 before tax using a weighted average cost of debt of 5.25%. Please see the table below.

**Niagara Peninsula Energy  
Revenue Deficiency Determination**

Original

Description	Revised 2011 at 5.25%	2011 Test Existing Rates	Change
<b>Revenue</b>			
Revenue Deficiency	0	0	0
Distribution Revenue	26,857,308	26,857,308	0
Other Operating Revenue (Net)	2,185,747	2,185,747	0
<b>Total Revenue</b>	<b>29,043,055</b>	<b>29,043,055</b>	0
<b>Costs and Expenses</b>			
Administrative & General, Billing & Collecting	8,153,328	8,153,328	0
Operation & Maintenance	6,142,107	6,142,107	0
Depreciation & Amortization	7,143,688	7,143,688	0
Property Taxes	222,474	222,474	0
Capital Taxes	0	0	0
Deemed Interest	3,604,634	4,340,146	735,512
<b>Total Costs and Expenses</b>	<b>25,266,231</b>	<b>26,001,743</b>	735,512
Less OCT Included Above	0	0	0
<b>Total Costs and Expenses Net of OCT</b>	<b>25,266,231</b>	<b>26,001,743</b>	735,512
<b>Utility Income Before Income Taxes</b>	<b>3,776,824</b>	<b>3,041,312</b>	(735,512)
<b>Income Taxes:</b>			
Corporate Income Taxes	1,000,131	798,315	(201,816)
<b>Total Income Taxes</b>	<b>1,000,131</b>	<b>798,315</b>	(201,816)
<b>Utility Net Income</b>	<b>2,776,693</b>	<b>2,242,997</b>	(533,695)
<b>Capital Tax Expense Calculation:</b>			
Total Rate Base	119,144,943	119,144,943	0
Exemption	15,000,000	15,000,000	0
Deemed Taxable Capital	104,144,943	104,144,943	0
Ontario Capital Tax	0	0	0
<b>Income Tax Expense Calculation:</b>			
Accounting Income	3,776,824	3,041,312	(735,512)
Tax Adjustments to Accounting Income	(131,884)	(131,884)	0
<b>Taxable Income</b>	<b>3,644,940</b>	<b>2,909,428</b>	(735,512)
<b>Income Tax Expense</b>	<b>1,000,131</b>	<b>798,315</b>	(201,816)
<b>Tax Rate Reflecting Tax Credits</b>	<b>27.44%</b>	<b>27.44%</b>	
<b>Actual Return on Rate Base:</b>			
Rate Base	119,144,943	119,144,943	0
Interest Expense	3,604,634	4,340,146	735,512
Net Income	2,776,693	2,242,997	(533,695)
<b>Total Actual Return on Rate Base</b>	<b>6,381,327</b>	<b>6,583,143</b>	201,816
<b>Actual Return on Rate Base</b>	<b>5.36%</b>	<b>5.53%</b>	0.17%
<b>Required Return on Rate Base:</b>			
Rate Base	119,144,943	119,144,943	0
<b>Return Rates:</b>			
Return on Debt (Weighted)	5.04%	6.07%	1.03%
Return on Equity	9.85%	9.85%	0.00%
Deemed Interest Expense	3,604,634	4,340,146	735,512
Return On Equity	4,694,311	4,694,311	0
<b>Total Return</b>	<b>8,298,945</b>	<b>9,034,456</b>	735,512
<b>Expected Return on Rate Base</b>	<b>6.97%</b>	<b>7.58%</b>	0.62%
<b>Revenue Deficiency After Tax</b>	<b>1,917,618</b>	<b>2,451,313</b>	<b>533,695</b>
<b>Revenue Deficiency Before Tax</b>	<b>2,642,763</b>	<b>3,378,275</b>	<b>735,512</b>

**Question 7 [p. 31] Please restate Table 5-4 without any of the impacts of the FMV bump.**

**Response**

Please see the restated Table 5-4 below which adjusts the common equity for the FMV bump and the net income for the depreciation on the FMV bump.

						Exclude FMV	Exclude FMV
	2006 Board Approved	2006 Actual PWU + NFH	2007 Actual PWU + NFH	2008 Actual NPEI	2009 Actual NPEI	2008 Actual NPEI	2009 Actual NPEI
Long Term Debt	46,723,851	41,581,832	40,866,482	40,128,864	39,045,645	40,128,864	39,045,645
Common Equity	46,723,851	53,118,111	52,762,015	75,465,648	77,638,272	54,969,309	58,250,951
Actual Debt/Equity							
Long Term Debt Ratio		44%	44%	35%	33%	42%	40%
Equity Ratio		56%	56%	65%	67%	58%	60%
Deemed Debt/Equity	50% / 50%	50% / 50%	50% / 50%	53.3% / 46.7%	56.7% / 43.3%	53.3% / 46.7%	56.7% / 43.3%
Interest on Long Term Debt		2,803,928	2,750,660	2,799,747	2,412,911	2,799,747	2,412,911
Net Income		2,098,189	2,345,915	2,692,941	2,672,624	3,754,045	3,784,262
Actual Long Term Debt Rate		6.74%	6.73%	6.98%	6.18%	6.98%	6.18%
Actual Return on Equity		3.95%	4.45%	3.57%	3.44%	6.83%	6.50%
Deemed Long Term Debt Rate	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%
Deemed Return on Equity	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Actual Cost of Capital		5.18%	5.44%	4.75%	4.36%	6.89%	6.37%
Deemed Cost of Capital	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%	8.06%

**Question 8 [p. 33] Please confirm that, under the terms of the affiliate debt, the creditor can require payment of the debt with one year's notice.**

**Response**

NPEI confirms that under the terms of the affiliate debt, the City or Holdco can require payment of the debt with one year's notice.

**Question 9 [p. 36] Please confirm that there is no approved Strategic Plan applicable to the Test Year.**

**Response**

NPEI confirms that as of March 24, 2011 there is no Strategic Plan applicable to the Test Year. There are approved operating and capital budgets as well as the Asset condition assessment study and asset management plan which will become part of the overall Strategic Plan when it is complete.

**Question 10 [p. 294] Please confirm that this agreement is intended to be a unanimous shareholders agreement under the Business Corporations Act.**

**Response**

NPEI confirms the Shareholder agreement between Niagara Falls Hydro Holding Corporation and Peninsula West Power Inc. is intended to be a unanimous shareholders agreement under the Business Corporations Act (Ontario).

**Question 11 [p. 306] Please provide the original dividend policy referred to in section 5.1(f), together with any approved amendments to that dividend policy since that time.**

**Response**

Prior to the merger neither Niagara Falls Hydro Inc. or Peninsula West Utilities had a dividend policy.

Per section 2.2 of the Shareholder agreement (pages 300 and 301); the shareholder expects that the Board will establish policies for part c Dividends. As at March 24, 2011, the Board has not yet established a dividend policy.

**Question 12 [p. 306] Please provide a copy of the approval by the shareholders of the 2010 change in the capitalization policy of the Applicant, together with any presentation used in support of the request for approval, and any supporting materials.**

## **Response**

The unanimous approval by shareholders on page 306 refers to the change in capitalization policy only and not the change in NPEI's amortization policy. Exhibit 2 page 14 of the rate application should read "Amortization Policy" versus just "Amortization" for clarification purposes. NPEI's change to the half year rule is a change in the estimate for the accounting lives of assets which falls under the amortization policy. The capitalization policy of asset cost, asset recognition, capitalization threshold and spare transformers and meters was not changed in 2010 and therefore no approval was required by the Shareholders.

**Question 13 [p. 307] Please explain why changes to the agreement with Niagara West Transformation Corporation require unanimous shareholder approval.**

**Response**

Changes to the agreement with Niagara West Transformation Corporation requires unanimous shareholder approval because of the guarantee by NPEI on the NWTC loan. NPEI was released from this guarantee by the TD bank in November of 2010.

**Question 14 [p. 434] Please provide, for each of the “benefits” listed on this page, details of the results actually achieved, including where applicable the dollar impact on revenue requirement in the Test Year.**

## **Response**

Please see the table provided below for a quick estimate of the details of the results achieved from the merger.

## Benefits

## Achievements

Elimination of duplication (ie billing systems) and economies of scale will reduce current operational expenses and assist in avoiding future costs which will help mitigate future rate increases in local distribution rates.	The financial accounting, billing and collection and GIS mapping systems have been harmonized. Estimated audit fee savings of \$30k, rate application regulatory costs savings \$310K, rate application preparation savings estimate \$100K Letter of credit fee savings for prudential held with IESO \$40k Computer software and hardware maintenance savings estimate \$125K See Table 4-1 variance from 2008 versus 2007
Improve utilization of existing resources such as employees, technologies and facilities and will improve distribution system planning	One billing system, one telephone system upgraded with IVR, one GIS with upgrade of work outage management, one financial accounting system upgraded with several new modules. Customization of computer systems is completed once. Harmonized mapping of GIS has improved capital budget planning, maintenance and testing repairs and upgrades.
Employee expertise and best practices, the parties expect that there will be improved reliability of the local distribution system for both urban and rural customers, enhanced customer service, and a greater emergency response capability	Best practices in operations, engineering, billing and collecting and financial accounting have all been harmonized with standardized work flow and procedures. Employee expertise exists in the areas of engineering standards and GIS mapping as well as billing system configuration, rate application preparation, creation of one health and safety committee, and smart meter implementation. The conditions of service have also been harmonized to outline best practices.
Larger customer base with reduced operational costs through economies of scale results in a greater financial ability to invest in the maintenance and upgrade of the distribution system	Operational costs have been recognized through economies of scale for example, one billing system one financial accounting system and one GIS mapping system, one audit and one rate application. Economies of scale have also been achieved in on-site training sessions. The capital spending has also remained consistent. Loss factor was improved in the 2011 COS rate application.
Initial study of harmonization of the LDC rates in the two service areas shows a minimal impact on customer rates	Residential, GS<50 and GS>50 customers total bill impacts are all less than 10% on a harmonized basis as outlined in the NPEI COS rate application
Maintain local presence and control over the management of electricity services and distribution rates increasing the customer confidence in the delivery of reliable quality electricity service	With two locations, NPEI is able to be present and in control of its distribution system
Customers of Pen West will benefit from a larger, centrally located service centre in West Lincoln. This will provide for improved customer service and response times.	Niagara Falls location responds to Niagara Falls and Pelham emergencies and the new service centre located in West Lincoln responds to the emergencies in Lincoln and West Lincoln. Peninsula West customers will also benefit from the harmonized conditions of services increasing their basic service entitlement.

**Question 15 [p. 436] Please provide details of how the amount of \$1,140,052 is being recovered for both accounting and regulatory purposes, including the amounts in the Test Year.**

## **Response**

The \$1,140,052 was an estimate of the past service cost of the Peninsula West Utilities employees being included in the actuarial valuation of the Other Employee Benefits.

The estimate was derived using the original creation of the liability divided by the number of eligible Niagara Falls Hydro employees and retirees in 2000 and multiplied by the number of PWU employees anticipated to merge into the new company.

As per Exhibit 4, page 208, the actual past service cost was \$240,599 and not \$1,140,052 as originally estimated. This past service liability is being amortized on a straight-line basis over the Expected Average Remaining Service Life of active employees which is 12 years as of January 1, 2008. The past service cost of \$20,050 ( $\$240,599/12$ ) is included in the other employee benefit expense which is part of the payroll overhead burden. 25% of the labour burden is capitalized resulting in \$5K included in the 2011 additions and 75% or \$15k included in OM&A expenses for the Test year.

**Question 16 [p. 441] Please provide the numerical data behind this graph, together with the calculations supporting that data.**

**Response**

Unfortunately, I was unable to locate this graph (Increase Corporation Value: Financial Benefits) on the computer system.

**Question 17 [p. 598] Please provide a brief explanation of why the capital additions in 2010 were below budget.**

## **Response**

Capital additions were below budget in 2010 due to the delay in completion of one substantial overhead line construction project and the extended delivery time of equipment required to construct a portable substation assembly.

Delay's in municipal approvals for the overhead line construction project resulted in a late year start which has resulted in the construction period carrying into 2011. Our 2010 year end forecast was conceived mid 2010 and at that time we had no indication that this project would be delayed, thus the complete project cost was included in the forecast.

Delay's in the manufacturing of a power transformer, trailer and switchgear components for a portable substation assembly has resulted in the delivery of these items in the first quarter of 2011. The 2010 year end forecast did not account for these delays.

**Question 18 [p. 616] Please identify the net OM&A savings from the merger in this table.**

**Response**

As a result of the merger, as described on page 23 of Exhibit 4, a savings to OM&A of operations and maintenance labour of approximately \$305K was achieved as a result of more capital work being performed in-house versus externally. These OM&A savings are mainly accounted for in line Reduction in expenses Account 5020.

In the 2008 column, line Office equipment and rent savings \$85K.

The audit fee savings of approximately \$30K, and the bank service charge savings of approximately \$40K which includes the letter of credit fee related to the IESO letter of credit are included in the Other line in the 2008 column. Inherently these savings exist in each year from 2008 to 2011.

The computer hardware and software maintenance savings are in the 2009 column, line Computer programming software and maintenance of approximately \$125K. The harmonization of the duplication of systems was completed in 2009.

The rate application duplicate preparation savings are not on this table. Niagara Falls Hydro prepared its rate application internally however the former Peninsula West utilities incurred external consulting fees and legal fees for the preparation of their rate applications. An estimate savings of preparing only one rate application is \$100K. Also related to the preparation of the rate application for 2011, NPEI has included one-quarter of the regulatory fees associated with the rate application in the 2011 column in line Regulatory fee. The total estimate for regulatory expenses

related to the preparation of the rate application is \$310K. Inherent of preparing only one application it is assumed that these regulatory fees are also a savings from the merger, i.e. estimated at \$78K for four year commencing in 2011.

Post retirement costs related to the inclusion of the Peninsula West employees resulted in an increase of approximately \$20K per year of past service costs. Approximately \$15K of these past service costs are included in the labour accounts in OM&A.

Wage and benefit harmonization costs as a result of the merger are included in line Net new positions hired/retired in 2008 of approximately \$151,000. Benefit parity related to wage harmonization and pay equity is approximately \$18K which is included in the Employee Benefits line.

As stated in Exhibit 4 page 50, the annual cost increase as a result of pay equity is approximately, \$35K.

Other cost savings include training, health and safety inspections and audit. These cost savings are a result of economies of scale, i.e. train 30 persons for one cost versus training 20 at Niagara Falls Hydro and 10 at Peninsula West. These costs are not specifically identified in the Cost Drive Table.

**Question 19 [p. 618] Please reconcile the total of \$10,853 for Administration and General, Billing and Collecting with the figure of \$8,153,328 for the same category on page 625.**

## Response

Please see below.

### Reconcile Budget to Revenue Deficiency (000's)

	pg 618 Budget 2011	pg 625 Revenue Deficiency
General & Admin	6,657	3,876
Billing & collectin	4,196	4,196
Community Relations	-	81
	<u>10,853</u>	<u>8,153</u>
Remove Community Relations included in Utiliation Line on Budget 2011		(81)
Interest Expense budget not deemed	(2,559)	
Property taxes shown separately on Revenue Deficiency	(222)	
	<u>8,072</u>	<u>8,072</u>

**Question 20 [p. 618] Please explain where interest expense is included in these figures.**

**Response**

Interest expense is included in the Administration and General line on page 618.

**Question 21 [p. 651] With respect to the decision in 2010 to change capitalization of overheads for IFRS purposes:**

- c. Please identify and quantify all impacts of that accounting change in 2010 and 2011.
- d. Please provide a copy of the accounting order from the Board authorizing the change in accounting policy.

**Response**

a) The change related to stores and garage overhead was not made in the 2010 actuals. Included in the 2010 Bridge Year is \$70K and included in the 2011 Test Year was \$72K of expenses.

b) NPEI does not have an accounting order from the Board.

**Question 22 [p. 666] Please confirm that these items of cost and savings are included in the relevant figures for the Test Year, and confirm that the amounts in 2011 are the same as 2010 (or provide the 2011 amounts if different).**

### **Response**

These cost and savings identified on page 666 are included in the 2010 actuals. The savings of \$100K for bad debt expense were not incorporated into the 2010 Bridge year or the 2011 Test Year. The interest revenue on increased cash flow for 2010 actuals was approximately \$30K versus \$60K. The difference of \$30K was not incorporated into the 2010 Bridge Year or the 2011 Test Year. Net impact on 2011 Test Year would be \$70K.

**Question 23 [p. 678] Please identify which of the “opportunities” have been implemented or are currently planned.**

**Response**

The following opportunities are currently being pursued; CDM, smart meter implementation, employment, training opportunities to grow the workforce and growth infrastructure as new areas and/or customers are developed or increased.

**Question 24 [pp. 679-80] Please provide the “measures” planned for each of 2009 and 2010, if any. For each of the measures listed for 2008, and each provided in response to this question with respect to 2009 and 2010, please provide a brief summary of the status of that measure.**

## **Response**

The measures for 2009 and 2010 are a continuation of the starting measures identified for 2008. NPEI continues to improve these measures identified by way of improved SAIDI, SAIFI, CAIDI, telephone, loss factors etc indices. NPEI is still working towards the EUSA safety silver award. Per Exhibit 4 Table 4-4 the OM&A costs per customer in 2008 were equal to that of 2006 at \$256 and the OM&A cost per FTE in 2008 was less than both 2006 and 2007. NPEI continues to reduce its absenteeism rate however, statistics are not readily available to complete a comparison to industry or year over year. Per Table 3-4 on page 18 of Exhibit 3 total customer counts have increased year over year since 2008. Cost savings of the merger have been achieved as noted above in question 18 particularly the cost savings of duplication of computer hardware and software maintenance, rate application preparation, regulatory costs related to the preparation of a rate application and audit fees. Monthly cash flows were increased by the conversion of Niagara Falls area residents to monthly billing in 2010. Depreciation plus net income after taxes have been reinvested into the distribution system. Continued automation of the billing, accounting, GIS and telephone systems have also occurred over the past three years and smart meter implementation processes were completed in 2010 with no duplication of processes or procedures.

## **Appendix A – Revenue Deficiency 2006 to 2011**

**Niagara Peninsula Energy  
Revenue Deficiency Determination**

Description	2006	2007	2008	2009	2010 Bridge	2010 Actual	Bridge vs 2010 Actual	2011 Test Existing Rates	2011 Test - Required Revenue
<b>Revenue</b>									
Revenue Deficiency	0	0	0	0	0	0		0	3,378,275
Distribution Revenue	24,283,344	25,802,563	25,731,545	25,714,295	25,989,747	25,851,420	(138,327)	26,857,308	26,857,308
Other Operating Revenue (Net)	2,260,825	2,503,646	1,960,023	2,300,073	1,999,852	1,972,628	(27,224)	2,185,747	2,185,747
<b>Total Revenue</b>	<b>26,544,169</b>	<b>28,306,209</b>	<b>27,691,568</b>	<b>28,014,368</b>	<b>27,989,599</b>	<b>27,824,048</b>	<b>(165,551)</b>	<b>29,043,055</b>	<b>32,421,330</b>
<b>Costs and Expenses</b>									
Administrative & General, Billing & Collecting	6,996,933	7,271,213	7,272,731	7,528,149	7,766,452	7,837,306	70,853	8,153,328	8,153,328
Operation & Maintenance	5,555,764	5,950,110	5,519,882	5,542,515	5,935,146	5,690,750	(244,396)	6,142,107	6,142,107
Depreciation & Amortization	6,667,024	6,896,734	7,732,755	7,754,076	7,000,940	7,014,282	13,342	7,143,688	7,143,688
Property Taxes	194,863	201,207	231,271	215,254	232,000	219,631	(12,369)	222,474	222,474
Capital Taxes	219,248	193,300	207,218	250,731	83,846	83,846	0	0	0
Deemed Interest	3,357,626	3,470,003	3,874,940	4,375,681	4,100,818	4,133,886	33,069	4,340,146	4,340,146
<b>Total Costs and Expenses</b>	<b>22,991,458</b>	<b>23,982,567</b>	<b>24,838,797</b>	<b>25,666,406</b>	<b>25,119,202</b>	<b>24,979,700</b>	<b>(139,502)</b>	<b>26,001,743</b>	<b>26,001,743</b>
Less OCT Included Above	(219,248)	(193,300)	(207,218)	(250,731)	(83,846)	(83,846)	0	0	0
<b>Total Costs and Expenses Net of OCT</b>	<b>22,772,210</b>	<b>23,789,267</b>	<b>24,631,579</b>	<b>25,415,675</b>	<b>25,035,356</b>	<b>24,895,854</b>	<b>(139,502)</b>	<b>26,001,743</b>	<b>26,001,743</b>
<b>Utility Income Before Income Taxes</b>	<b>3,771,959</b>	<b>4,516,942</b>	<b>3,059,989</b>	<b>2,598,693</b>	<b>2,954,243</b>	<b>2,928,194</b>	<b>(26,049)</b>	<b>3,041,312</b>	<b>6,419,587</b>
<b>Income Taxes:</b>									
Corporate Income Taxes	1,987,152	1,520,059	918,023	763,489	893,733	698,485	(195,249)	798,315	1,725,276
<b>Total Income Taxes</b>	<b>1,987,152</b>	<b>1,520,059</b>	<b>918,023</b>	<b>763,489</b>	<b>893,733</b>	<b>698,485</b>	<b>(195,249)</b>	<b>798,315</b>	<b>1,725,276</b>
<b>Utility Net Income</b>	<b>1,784,806</b>	<b>2,996,883</b>	<b>2,141,966</b>	<b>1,835,204</b>	<b>2,060,510</b>	<b>2,229,709</b>	<b>169,199</b>	<b>2,242,997</b>	<b>4,694,311</b>
<b>Capital Tax Expense Calculation:</b>									
Total Rate Base	94,183,053	97,335,286	101,964,324	108,236,325	114,503,962	115,427,312	923,350	119,144,943	119,144,943
Exemption	10,000,000	12,500,000	15,000,000	15,000,000	15,000,000	15,000,000	0	15,000,000	15,000,000
Deemed Taxable Capital	<b>84,183,053</b>	<b>84,835,286</b>	<b>86,964,324</b>	<b>93,236,325</b>	<b>99,503,962</b>	<b>100,427,312</b>	<b>923,350</b>	<b>104,144,943</b>	<b>104,144,943</b>
Ontario Capital Tax	219,248	193,300	207,218	250,731	83,846	83,846	0	0	0
<b>Income Tax Expense Calculation:</b>									
Accounting Income	3,771,959	4,516,942	3,059,989	2,598,693	2,954,243	2,928,194	(26,049)	3,041,312	6,419,587
Tax Adjustments to Accounting Income	1,870,700	(167,454)	(167,454)	(167,454)	93,207	(300,064)	(393,270)	(131,884)	(131,884)
<b>Taxable Income</b>	<b>5,642,659</b>	<b>4,349,488</b>	<b>2,892,535</b>	<b>2,431,239</b>	<b>3,047,450</b>	<b>2,628,130</b>	<b>(419,320)</b>	<b>2,909,428</b>	<b>6,287,703</b>
<b>Income Tax Expense</b>	<b>1,987,152</b>	<b>1,520,059</b>	<b>918,023</b>	<b>763,489</b>	<b>893,733</b>	<b>698,485</b>	<b>(195,249)</b>	<b>798,315</b>	<b>1,725,276</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>35.22%</b>	<b>34.95%</b>	<b>31.74%</b>	<b>31.40%</b>	<b>29.33%</b>	<b>26.58%</b>	<b>(2.75)</b>	<b>27.44%</b>	<b>27.44%</b>
<b>Actual Return on Rate Base:</b>									
Rate Base	94,183,053	97,335,286	101,964,324	108,236,325	114,503,962	115,427,312	923,350	119,144,943	119,144,943
Interest Expense	3,357,626	3,470,003	3,874,940	4,375,681	4,100,818	4,133,886	33,069	4,340,146	4,340,146
Net Income	1,784,806	2,996,883	2,141,966	1,835,204	2,060,510	2,229,709	169,199	2,242,997	4,694,311
<b>Total Actual Return on Rate Base</b>	<b>5,142,432</b>	<b>6,466,886</b>	<b>6,016,906</b>	<b>6,210,885</b>	<b>6,161,327</b>	<b>6,363,595</b>	<b>202,268</b>	<b>6,583,143</b>	<b>9,034,456</b>
<b>Actual Return on Rate Base</b>	<b>5.46%</b>	<b>6.64%</b>	<b>5.90%</b>	<b>5.74%</b>	<b>5.38%</b>	<b>5.51%</b>	<b>0.13</b>	<b>5.53%</b>	<b>7.58%</b>
<b>Required Return on Rate Base:</b>									
Rate Base	94,183,053	97,335,286	101,964,324	108,236,325	114,503,962	115,427,312	923,350	119,144,943	119,144,943
<b>Return Rates:</b>									
Return on Debt (Weighted)	6.64%	6.62%	6.85%	6.09%	5.97%	5.97%	0.00	6.07%	6.07%
Return on Equity	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	0.00	9.85%	9.85%
Deemed Interest Expense	3,357,626	3,470,003	3,874,940	4,375,681	4,100,818	4,133,886	33,069	4,340,146	4,340,146
Return On Equity	4,238,237	4,380,088	4,285,561	4,217,970	4,122,143	4,155,383	33,241	4,694,311	4,694,311
<b>Total Return</b>	<b>7,595,863</b>	<b>7,850,091</b>	<b>8,160,501</b>	<b>8,593,650</b>	<b>8,222,960</b>	<b>8,289,269</b>	<b>66,309</b>	<b>9,034,456</b>	<b>9,034,456</b>
<b>Expected Return on Rate Base</b>	<b>8.07%</b>	<b>8.07%</b>	<b>8.00%</b>	<b>7.94%</b>	<b>7.18%</b>	<b>7.18%</b>	<b>0.00</b>	<b>7.58%</b>	<b>7.58%</b>
<b>Revenue Deficiency After Tax</b>	<b>2,453,431</b>	<b>1,383,205</b>	<b>2,143,595</b>	<b>2,382,766</b>	<b>2,061,633</b>	<b>1,925,674</b>	<b>(135,958)</b>	<b>2,451,313</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>3,787,129</b>	<b>2,126,306</b>	<b>3,140,231</b>	<b>3,473,586</b>	<b>2,917,154</b>	<b>2,622,722</b>	<b>(294,432)</b>	<b>3,378,275</b>	<b>0</b>

**Appendix B – RRR filings for 2008 and 2009 with FMV  
bump removed**

Niagara Peninsula Energy Inc.

For the Twelve Months Ending December 31, 2008

	Remove FMV	Original	Change
	Actual	Actual	
	December	December	
	2008	2008	
Current Assets			
1005 Cash	12,742,092.73	12,742,092.73	
1010 Cash Advance and Working Funds	3,286.50	3,286.50	
1020 Interest Special Deposits			
1030 Dividend Special Deposits			
1040 Other Special Deposits			
1060 Term Deposits			
1070 Current Investments			
1100 Custom Accounts Receivable	8,748,314.13	8,748,314.13	
1102 Accounts Receivable - Services			
1104 Accounts Receivable - Recoverable Work	1,742,370.43	1,742,370.43	
1105 Accounts Receivable - Merch and Jobbing			
1110 Other Accounts Receivable	77,055.77	77,055.77	
1120 Accrued Utility Revenues	12,740,520.67	12,740,520.67	
1130 Accumulated Provision for Uncollectible Accts	(970,901.38)	(970,901.38)	
1140 Interest and Dividends Receivable	0.00	0.00	
1150 Rents Receivable			
1170 Notes Receivable			
1180 Prepayments	422,067.16	422,067.16	
1190 Miscellaneous Current and Accrued Assets			
1200 Accounts Receivable from Associated Companies	43,647.57	43,647.57	
1210 Notes Receivable from Associated Companies			
Inventory			
1305 Fuel Stock			
1330 Plant Materials and Operating Supplies	1,550,366.80	1,550,366.80	
1340 Merchandise			
1350 Other Materials and Supplies			
Non-Current Assets			
1405 Long Term Investments in Non-Associated			
1408 Long Term Receivable-Street Lighting Transfer			
1410 Other Special or Collateral Funds			
1415 Sinking Funds			
1425 Unamortized Debt Expense			
1445 Unamortized Discount on Long-Term Debt			
1455 Unamortized Deferred Foreign Currency			
1460 Other Non-Current Assets			
1465 OMERS Past Service costs			
1470 Past Service Costs - Employee Future Benefits			
1475 Past Service Costs - Other Pension Plans			
1480 Portfolio investments - Associated Companies			
1485 Investment in Associated Companies - Significant			
1490 Investment in Subsidiary Companies			
Other Assets and Deferred Charges			
1505 Unrecovered Plant and Regulatory Study Costs			
1508 Other Regulatory Assets	0.00	0.00	
1510 Preliminary Survey and Investigation Charges			
1515 Emission Allowance Inventory			
1516 Emission Allowances Withheld			
1518 RCVA - Retail	420,402.64	420,402.64	
1520 Power Purchase Variance Account			
1525 Miscellaneous Deferred Debits	0.00	0.00	
1530 Deferred Losses from Disposition of Utility Plant			

1540	Unamortized Loss on Reaquired Debt		
1545	Development Charge Deposits/Receivables		
1550	Hydro One Low Voltage Variance	(103,029.63)	(103,029.63)
1548	RCVA - STR	290,275.43	290,275.43
1555	Smart Meter Capital and Recovery Variance	(320,971.24)	(320,971.24)
1556	Smart Meter OM&A Variance	21,750.15	21,750.15
1560	Deferred Development Costs		
1562	Deferred Payments in Lieu of taxes	(4,713,754.27)	(4,713,754.27)
1563	Deferred PILS contra Account	3,972,809.21	3,972,809.21
1565	Conservation and Demand Management and Recoveries	0.28	0.28
1571	Pre-Market Opening Energy Variances	0.00	0.00
1574	Deferred Rate Impact Amounts		
1580	RSVA - WMS	(1,628,147.31)	(1,628,147.31)
1582	RSVA - One Time	7,192.76	7,192.76
1584	RSVA - NW	(1,190,582.19)	(1,190,582.19)
1586	RSVA - CN	(1,948,930.14)	(1,948,930.14)
1588	RSVA - Power	341,326.24	341,326.24
1590	Recovery of Regulatory Asset Balances	(108,601.46)	(108,601.46)
Electric Plant in Service - Detailed Accounts			
A. Intangible Plant			
1605	Electric Plant in Service - Control Account		
1606	Organization	1,926.45	1,926.45
1608	Franchises and Consents		
1610	Miscellaneous Intangible Plant		
B. Generation Plants			
1615	Land		
1616	Land Rights		
1620	Buildings and Fixtures		
1630	Leasehold Improvements		
1635	Boiler Plant Equipment		
1640	Engines and Engine-Driven Generators		
1645	Turbogenerator Units		
1650	Reservoirs, Dams and Waterways		
1655	Water Wheels, Turbines, and Generators		
1660	Roads, Railroads and Bridges		
1665	Fuel Holders, Producers and Accessories		
1670	Prime Movers		
1675	Generators		
1680	Accessory Electric Equipment		
1685	Miscellaneous Power Plant Equipment		
C. Transmission Plant			
1705	Land	82,347.02	82,347.02
1706	Land Rights		
1708	Buildings and Fixtures	3,681,880.15	3,681,880.15
1710	Leasehold Improvements		
1715	Station Equipment	2,726,687.83	2,726,687.83
1720	Towers and Fixtures		
1725	Poles and Fixtures		
1730	Overhead Conductors and Devices		
1735	Underground Conduit	1,090.59	1,090.59
1740	Underground Conductors and Devices	138,793.40	138,793.40
1745	Roads and Trails		
D. Distribution Plant			
1805	Land	424,925.77	424,925.77
1806	Land Rights	1,598,170.68	1,598,170.68
1808	Buildings and Fixtures	111,638.13	111,638.13
1810	Leasehold Improvements		
1815	Transformer Station Equipment - Normally Primary	10,061.77	10,061.77
1820	Distribution Station Equipment - Normally Primary	4,230,983.70	4,230,983.70
1825	Storage Battery Equipment		
1830	Poles, Towers and Fixtures	26,682,765.18	26,682,765.18
1835	Overhead Conductors and Devices	29,314,568.32	29,314,568.32
1840	Underground Conduit	9,896,492.74	9,896,492.74
1845	Underground Conductors and Devices	52,196,273.57	52,196,273.57

1850 Line Transformers	30,124,149.65	30,124,149.65	
1855 Services	3,134,975.36	3,134,975.36	
1860 Meters	7,026,048.31	7,026,048.31	
1865 Other Installations on Customer's Premises	439.87	439.87	
1870 Leased Property on Customer Premises			
1875 Street Lighting and Signal Systems	19,644.18	19,644.18	
E. General Plant			
1905 Land	229,464.54	229,464.54	
1906 Land Rights			
1908 Buildings and Fixtures	10,005,478.61	10,005,478.61	
1910 Leasehold Improvements	120,252.32	120,252.32	
1915 Office Furniture and Equipment	945,647.36	945,647.36	
1920 Computer Equipment-Hardware	2,439,570.36	2,439,570.36	
1925 Computer Software	1,550,790.93	1,550,790.93	
1930 Transportation Equipment	4,946,142.22	4,946,142.22	
1935 Stores Equipment	182,171.13	182,171.13	
1940 Tools, Shop and Garage Equipment	1,516,774.54	1,516,774.54	
1945 Measurement and Testing Equipment	170,986.26	170,986.26	
1950 Power Operated Equipment			
1955 Communication Equipment	113,662.25	113,662.25	
1960 Miscellaneous Equipment	62,316.73	62,316.73	
1965 Water Heater Rental Units			
1970 Load Management Controls- Customer Premises			
1975 Load Management Controls - Utility Premises			
1980 System Supervisory Equipment	128,960.64	128,960.64	
1985 Sentinel Lighting Rental Units			
1990 Other Tangible Property			
1995 Contributions and Grants - Credit	(15,122,688.41)	(15,122,688.41)	
Other Capital Assets			
2005 Property Under Capital Leases	143,036.00	143,036.00	
2010 Electric Plant Purchased or Sold			
2020 Experimental Electric Plant Unclassified			
2030 Electric Plant and Equipment Leased to Others			
2040 Electric Plant Held for Future Use			
2050 Completed Construction Not Classified-Electric			
2055 Construction Work in Progress - Electric			
2060 Electric Plant Acquisition Adjustment	142,276.60	142,276.60	
2065 Other Electric Plant Adjustment	0.00	45,735,559.44	45,735,559.44
2070 Other Utility Plant			
2075 Non-Utility Property Owned or Under Capital			
Accumulated Amortization			
2105 Accumulated Amortization of Electric Utility-Plant	(88,760,738.90)	(88,760,738.90)	
2120 Accumulated Amortization of Electric Utility-Plant			
2140 Accumulated Amortization of Electric Plant	(142,276.60)	(142,276.60)	
2160 Accumulated Amortization of Other Utility Plant	0.00	(25,239,221.08)	(25,239,221.08)
2180 Accumulated Amortization of Non-Utility Property			
Current Liabilities			
2205 Accounts Payable	(14,452,801.91)	(14,452,801.91)	
2208 Customer Credit Balances			
2210 Current portion of Customer deposits	(871,902.51)	(871,902.51)	
2215 Dividends declared			
2220 Miscellaneous Current and Accrued Liabilities	(968,023.06)	(968,023.06)	
2225 Notes and Loans Payable			
2240 Accounts Payable to Associated Companies	(6,931,922.56)	(6,931,922.56)	
2242 Notes Payable to Associated Companies			
2250 Debt Retirement Charges DRC payable	(780,490.35)	(780,490.35)	
2252 Transmission Charges Payable			
2254 Electrical Safety Authority Fees Payable			
2256 Independent Market Operator Fees and Penalties			
2260 Current Portion of Long Term Debt	(786,548.13)	(786,548.13)	
2262 Ontario Hydro Debt - Current Portion			
2264 Pensions and Employee Benefits-Current Portion			
2268 Accrued Interest on Long Term Debt			
2270 Matured Long Term Debt			

2272 Matured Interest on Long Term Debt			
2285 Obligations Under Capital Leases-Current	(47,176.91)	(47,176.91)	
2290 Commodity Taxes	356,047.79	356,047.79	
2292 Payroll Deductions/Expenses Payable	(22,074.65)	(22,074.65)	
2294 Accrual for Taxes,"Payments in Lieu"of Taxes	313,711.88	313,711.88	
2296 Future Income Taxes - Current	1,295,826.00	1,295,826.00	
Non-Current Liabilities			
2305 Accumulated Provision for Injuries and Damages			
2306 Employee Future Benefits	(3,571,160.00)	(3,571,160.00)	
2308 Other Pensions-Past Service Liability			
2310 Vested Sick Leave Liability	(185,675.67)	(185,675.67)	
2315 Accumulated Provision for Rate Refunds			
2320 Other Miscellaneous Non-current liabilities	(37,334.17)	(37,334.17)	
2325 Obligations Under Capital Lease - Non current	0.00	0.00	
2330 Development Charge Fund			
2335 Long Term Customer Deposits	(1,047,696.15)	(1,047,696.15)	
2340 Collateral Funds Liability			
2345 Unamortized Premium for Long Term Debt			
2348 OMERS Past service Liability - long term			
2350 Future Income Tax - Non Current			
Other Liabilities and Deferred Credits			
2405 Other Regulatory Liabilities			
2410 Deferred Gains from disposition of Utility Plant			
2415 Unamortized Gain on Reacquired Debt			
2425 Other Deferred Credits	(165,404.99)	(165,404.99)	
2435 Accrued Rate-Payer Benefit			
Long Term Debt			
2505 Debentures Outstanding -Long term portion			
2510 Debenture Advances			
2515 Reacquired Bonds			
2520 Other Long Term debt	(22,000,000.00)	(22,000,000.00)	
2525 Term Bank Loans-long term Portion	(13,737,226.26)	(13,737,226.26)	
2530 Ontario Hydro Debt Outstanding-Long term			
2550 Advances from Associated Companies	(3,605,089.72)	(3,605,089.72)	
Shareholders' Equity			
3005 Common Shares Issued	(31,245,882.02)	(31,245,882.02)	
3008 Preference Shares Issued			
3010 Contributed Surplus	0.00	(18,753,902.09)	(18,753,902.09)
3020 Donations Received			
3022 Development Charges Transferred to Equity			
3026 Capital Stock held in Treasury			
3030 Miscellaneous Paid-in Capital			
3035 Installments received on Capital Stock			
3040 Appropriated Retained Earnings	(13,764,077.08)	(16,667,616.52)	(2,903,539.44)
3045 Unappropriated Retained Earnings	0.00	0.00	
3047 Appropriations of Retained Earnings - current	(6,705,305.00)	(6,705,305.00)	
3048 Dividends payable - Preference Shares			
3049 Dividends payable - Common Shares	500,000.00	500,000.00	
3046 Balance Transferred from Income	(3,754,044.63)	(2,592,941.46)	1,161,103.17
3055 Adjustment to Retained Earnings			
3065 Unappropriated Undistributed Subsidiary Earnings			
	( 0.00 )	( 0.00 )	( 0.00 )

Sales of Electricity			
4006 Residential Energy Sales	(23,162,249.19)	(23,162,249.19)	
4010 Commercial Energy Sales	(7,999,995.28)	(7,999,995.28)	
4015 Industrial Energy Sales			
4020 Energy Sales to Large Users			
4025 Streetlighting energy sales	(489,111.14)	(489,111.14)	
4030 Sentinel Lighting Energy Sales	(16,039.43)	(16,039.43)	
4035 General Energy Sales	(42,893,029.97)	(42,893,029.97)	

4040 Other energy Sales to Public Authorities		
4045 Energy Sales to Railroads and Railways		
4050 Revenue Adjustment	0.00	0.00
4060 Interdepartmental Energy Sales		
4062 Billed WMS	(7,849,623.01)	(7,849,623.01)
4064 Billed One-time		
4066 Billed NW	(6,772,134.62)	(6,772,134.62)
4068 Billed CN	(5,554,604.27)	(5,554,604.27)
4075 Billed - LV	(795,561.11)	(795,561.11)
Revenues From Services - Distribution		
4080 Distribution Services Revenue	(25,645,177.45)	(25,645,177.45)
4082 Retail Services Revenue	(83,875.60)	(83,875.60)
4084 Service Transaction Requests (STR) Revenues	(2,491.65)	(2,491.65)
4090 Electric Services incidental to Energy Sales		
Revenues from Services - Transmission		
4105 Transmission Charges - Revenue		
4110 Transmission Services - Revenue		
Other Operating Revenues		
4205 Interdepartmental Rents		
4215 Other Utility Operating Income	(392,591.35)	(392,591.35)
4225 Late Payment Charges	(350,024.17)	(350,024.17)
4230 Sales of Water and Water Power		
4235 Miscellaneous Service Revenues	(912,221.56)	(912,221.56)
4240 Provision for Rate Refunds		
4245 Government Assistance Directly Credited		
4305 Regulatory Debits		
4310 Regulatory Credits		
4315 Revenues from Electric Plant Leased to Others		
4320 Expenses of Electric Plant Leased to Others		
4325 Revenues from Merchandise, Jobbing	880.80	880.80
4330 Costs and Expenses of Merchandise, Jobbing		
4335 Profits and Losses from Financial Instrument		
4340 Profits and Losses from Financial Instrument Investment		
4345 Gains from Disposition of Future Use Utility Plant		
4350 Losses from Disposition of Future Use Utility Plant		
4355 Gain on Disposition of Utility and Other Property	0.00	0.00
4360 Loss on Disposition of Utility and Other Property		
4365 Gains from disposition of Allowances for Emission		
4370 Losses from disposition of Allowances for Emission		
4375 Revenues from Non-Utility Operations	(50,899.07)	(50,899.07)
4385 Non-Utility Rental Income		
4390 Miscellaneous Non-Operating Income	0.00	0.00
4395 Rate-Payer Benefit Including Interest		
4398 Foreign Exchange Gains and Losses		
Investment Income		
4405 Interest and Dividend Income	(255,168.42)	(255,168.42)
4415 Equity in Earnings of Subsidiary Companies		
Generation Expenses - Operation		
4505 Operation Supervision and Engineering		
4510 Fuel		
4515 Steam Expense		
4520 Steam from other sources		
4525 Steam transferred-credit		
4530 Electric Expense		
4535 Water for Power		
4540 Water Power Taxes		
4545 Hydraulic Expenses		
4550 Generation Expenses		
4555 Miscellaneous Power Generation Expenses		
4560 Rents		
4565 Allowances for Emissions		
Generation Expenses - Maintenance		
4605 Maintenance Supervision and Engineering		
4610 Maintenance of Structures		

4615	Maintenance of Boiler Plant		
4620	Maintenance of Electric Plant		
4625	Maintenance of Reservoirs, Dams		
4630	Maintenance of Water Wheels, Turbines		
4635	Maintenance of Generating and Electric Plant		
4640	Maintenance of Miscellaneous Power Generation		
Other Power Supply Expenses			
4705	Power Purchased	74,560,425.01	74,560,425.01
4708	Charges -WMS	7,849,623.01	7,849,623.01
4710	Cost of Power Adjustments		
4712	Charges One Time		
4714	Charges -NW	6,772,134.62	6,772,134.62
4715	System Control and Load Dispatching		
4716	Charges -CN	5,554,604.27	5,554,604.27
4720	Other Expenses		
4725	Competition Transition Expense		
4730	Rural Rate Assistance Expense		
4750	Charges - LV	795,561.11	795,561.11
Transmission Expenses - Operation			
4805	Operation Supervision and Engineering		
4810	Load Dispatching		
4815	Station Buildings and Fixtures Expenses		
4820	Transformer Station Equipment - Operating Labour		
4825	Transformer Station Equipment - Operating Expenses		
4830	Overhead line expenses		
4835	Underground line expenses		
4840	Transmission of Electricity by Others		
4845	Miscellaneous Transmission Expense		
4850	Rents		
Transmission Expenses - Maintenance			
4905	Maintenance Supervision and Engineering		
4910	Maintenance of Transformer Station Buildings and Fixtures		
4916	Maintenance of Transformer Station Equipment		
4930	Maintenance of Towers, Poles and Fixtures		
4935	Maintenance of Overhead Conductors and Devices		
4940	Maintenance of Overhead Lines - Right of Way		
4945	Maintenance of Overhead Lines - Roads and Trails		
4950	Maintenance of Overhead Lines - Snowremoval		
4960	Maintenance of Underground Lines		
4965	Maintenance of Miscellaneous Transmission Plant		
Distribution Expenses - Operation			
5005	Operation Supervision and Engineering	595,433.13	595,433.13
5010	Load Dispatching	31,450.00	31,450.00
5012	Station Buildings and fixtures expense	91,253.39	91,253.39
5014	Transformer Station Equipment - Operation Labour	1,410.14	1,410.14
5015	Transformer Station Equipment - Operation	69,666.33	69,666.33
5016	Distribution Station Equipment - Operation Labour	0.00	0.00
5020	Overhead Distribution Lines and Feeders -Labour	142,134.68	142,134.68
5025	Overhead Distribution Lines and Feeders - Operation expenses	29,917.71	29,917.71
5035	Overhead Distribution Transformers -Operation	0.00	0.00
5040	Underground Distribution Lines and Feeders Labour	38,985.42	38,985.42
5045	Underground Distribution Lines and Feeders - expenses	247,671.58	247,671.58
5055	Underground Distribution Transformers - Operation	0.00	0.00
5065	Meter Expense	584,964.04	584,964.04
5070	Customer Premises - Operation Labour	121,985.01	121,985.01
5085	Miscellaneous Distribution Expenses	1,244,041.82	1,244,041.82
5090	Underground distribution Lines and Feeders Rental		
5095	Overhead Distribution Lines and Feeders Rental	0.00	0.00
5096	Other Rent		
Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	407,008.14	407,008.14
5110	Maintenance of Buildings and Fixtures		
5112	Maintenance of Transformer Station Equipment		
5114	Maintenance of Distribution Station Equipment	3,969.00	3,969.00

5120 Maintenance of Poles, Towers and Fixtures	130,953.97	130,953.97	
5125 Maintenance of Overhead Conductors and Devices	834,442.00	834,442.00	
5130 Maintenance of Overhead Services	155,633.07	155,633.07	
5135 Overhead Distribution Lines and Feeders - Right of Way	364,037.11	364,037.11	
5145 Maintenance of Underground Conduit	46,303.92	46,303.92	
5150 Maintenance of Underground Conductors & Devices	149,828.55	149,828.55	
5155 Maintenance of Underground Services	80,916.07	80,916.07	
5160 Maintenance of Line Transformers	128,444.62	128,444.62	
5165 Maintenance of Street Lighting and Signal			
5170 Sentinel Lights - Labour			
5172 Sentinel Lights - Materials and Expenses			
5175 Maintenance of Meters	19,431.93	19,431.93	
5178 Customer Installation Expenses-Leased Property			
5185 Water Heater Rentals - Labour			
5186 Water Heater Rentals - Materials and Expenses			
5190 Water Heater Controls - Labour			
5192 Water Heater Controls - Materials and Expenses			
5195 Water Heater Controls - on Customer Premises			
Other Expenses			
5205 Purchase of Transmission and System Services			
5210 Transmission Charges			
5215 Transmission Charges Recovered			
Billing and Collecting			
5305 Supervision	512,242.17	512,242.17	
5310 Meter Reading Expense	397,339.76	397,339.76	
5315 Customer Billing	1,872,229.48	1,872,229.48	
5320 Collecting	462,143.61	462,143.61	
5325 Collecting - Cash Over and Short	494.82	494.82	
5335 Bad Debt Expense	291,483.74	291,483.74	
5340 Miscellaneous Customer Accounts Expense	235,781.38	235,781.38	
Community Relations			
5405 Supervision	22,869.49	22,869.49	
5410 Community Relations - Sundry	14,007.75	14,007.75	
5415 Energy Conservation	0.00	0.00	
5425 Miscellaneous Customer Service and Informational			
Sales Expenses			
5505 Supervision			
5510 Demonstrating and Selling Expense			
5520 Miscellaneous Sales Expense			
Administrative and General Expenses			
5605 Executive Salaries and Expenses	312,532.03	312,532.03	
5610 Management Salaries and Expenses	1,472,940.31	1,472,940.31	
5615 General Administrative Salaries and Expenses	315,333.39	315,333.39	
5620 Office Supplies and Expenses	117,200.19	117,200.19	
5625 Administrative Expense Transferred - Credit			
5630 Outside Services Employed	51,200.00	51,200.00	
5635 Property Insurance	181,841.81	181,841.81	
5640 Injuries and damages	479.52	479.52	
5645 Employee Pensions and Benefits			
5650 Franchise Requirements			
5655 Regulatory Expenses	173,238.22	173,238.22	
5660 General Advertising expense	465.00	465.00	
5665 Miscellaneous General Expense	286,928.99	286,928.99	
5670 Rent	67,102.08	67,102.08	
5675 Maintenance of General Plant	484,878.29	484,878.29	
5680 Electrical Safety Authority Fees	0.00	0.00	
5685 Independent Market Operator Fees and Penalties	0.00	0.00	
Amortization Expense			
5705 Amortization Expense - Property Plant and Equipment	6,571,651.26	6,571,651.26	
5710 Amortization of Limited Term Electric Plant			
5715 Amortization of Intangibles and Other Electric	0.00	1,161,103.17	1,161,103.17
5720 Amortization of Electric Plant Acquisition			
5725 Miscellaneous Amortization			
5730 Amortization of Unrecovered Plant and Regulatory			

5735 Amortization of Deferred Development Costs			
5740 Amortization of Deferred Charges			
Interest Expense			
6005 Interest on Long Term Debt	2,802,473.31	2,802,473.31	
6010 Amortization of Debt Discount and expense			
6015 Amortization of Premium on Debt - credit			
6020 Amortization of Loss on Reacquired Debt			
6025 Amortization of Gain on Reacquired Debt - credit			
6035 Other Interest Expense	66,734.22	66,734.22	
6040 Allowance for Borrowed Funds Used During construction			
6042 Allowance for other funds used during construction			
6045 Interest expense on Capital lease obligations			
Taxes			
6105 Taxes other than Income Taxes	231,270.62	231,270.62	
6110 Income Taxes	2,090,933.00	2,090,933.00	
6115 Provision for Future Income Taxes	(618,152.23)	(618,152.23)	
Other Deductions			
6205 Donations	0.00	0.00	
6210 Life Insurance			
6215 Penalties			
6225 Other Deductions			
Extraordinary Items			
6305 Extraordinary income			
6310 Extraordinary expenses			
6315 Income Taxes, extraordinary items			
Discontinued Operations			
6405 Discontinued Operations - Income/Gains			
6410 Discontinued Operations - Deductions/Losses			
6415 Income Tax - Discontinued operations			
(Profit)/Loss	(3,754,044.63)	(2,592,941.46)	1,161,103.17
Net anticipated debits or credits ( green cells)			
Net anticipated debits ( pink cells)			
Net anticipated credits ( blue cells)			
Trial Balance Summary			
Revenues	(123,223,916.49)	(123,223,916.49)	
Expenses	119,469,871.86	120,630,975.03	
(Profit)/Loss	(3,754,044.63)	(2,592,941.46)	
Net Assets	212,127,778.77	212,127,778.77	
Net Liabilities and Equity	(212,127,778.77)	(212,127,778.77)	
IS (Profit)/Loss	(3,754,044.63)	(2,592,941.46)	
Balance Sheet (profit)/Loss	3,754,044.63	2,592,941.46	
Difference	(0.00)	(0.00)	

Niagara Peninsula Energy Inc.

For the Twelve Months Ending December 31, 2009

	Remove FMV	Original	Change
	Actual	Actual	
	December	December	
	2009	2009	
Current Assets			
1005 Cash	9,759,419.32	9,759,419.32	
1010 Cash Advance and Working Funds	3,370.02	3,370.02	
1020 Interest Special Deposits			
1030 Dividend Special Deposits			
1040 Other Special Deposits			
1060 Term Deposits			
1070 Current Investments			
1100 Custom Accounts Receivable	7,802,902.69	7,802,902.69	
1102 Accounts Receivable - Services			
1104 Accounts Receivable - Recoverable Work	947,963.69	947,963.69	
1105 Accounts Receivable - Merch and Jobbing			
1110 Other Accounts Receivable	333,599.40	333,599.40	
1120 Accrued Utility Revenues	15,417,245.55	15,417,245.55	
1130 Accumulated Provision for Uncollectible Accts	(614,514.50)	(614,514.50)	
1150 Rents Receivable			
1170 Notes Receivable			
1180 Prepayments	532,678.94	532,678.94	
1190 Miscellaneous Current and Accrued Assets			
1200 Accounts Receivable from Associated Companies	30,068.56	30,068.56	
1210 Notes Receivable from Associated Companies			
Inventory			
1305 Fuel Stock			
1330 Plant Materials and Operating Supplies	1,281,538.56	1,281,538.56	
1340 Merchandise			
1350 Other Materials and Supplies			
Non-Current Assets			
1405 Long Term Investments in Non-Associated			
1408 Long Term Receivable-Street Lighting Transfer			
1410 Other Special or Collateral Funds			
1415 Sinking Funds			
1425 Unamortized Debt Expense			
1445 Unamortized Discount on Long-Term Debt			
1455 Unamortized Deferred Foreign Currency			
1460 Other Non-Current Assets			
1465 OMERS Past Service costs			
1470 Past Service Costs - Employee Future Benefits			
1475 Past Service Costs - Other Pension Plans			
1480 Portfolio investments - Associated Companies			
1485 Investment in Associated Companies - Significant			
1490 Investment in Subsidiary Companies			
Other Assets and Deferred Charges			
1505 Unrecovered Plant and Regulatory Study Costs			
1508 Other Regulatory Assets	4,447.71	4,447.71	
1510 Preliminary Survey and Investigation Charges			
1515 Emission Allowance Inventory			
1516 Emission Allowances Withheld			
1518 RCVA - Retail	463,917.09	463,917.09	
1520 Power Purchase Variance Account			

1530	Deferred Losses from Disposition of Utility Plant		
1540	Unamortized Loss on Reaquired Debt		
1545	Development Charge Deposits/Receivables		
1550	Hydro One Low Voltage Variance	(570,984.42)	(570,984.42)
1548	RCVA - STR	343,178.04	343,178.04
1555	Smart Meter Capital and Recovery Variance	929,482.22	929,482.22
1556	Smart Meter OM&A Variance	171,106.29	171,106.29
1560	Deferred Development Costs		
1562	Deferred Payments in Lieu of taxes	(4,747,282.37)	(4,747,282.37)
1563	Deferred PILS contra Account	3,972,809.21	3,972,809.21
1565	Conservation and Demand Management and Recoverie:	(0.00)	(0.00)
1574	Deferred Rate Impact Amounts		
1580	RSVA - WMS	(2,120,570.91)	(2,120,570.91)
1582	RSVA - One Time	7,259.54	7,259.54
1584	RSVA - NW	(1,056,433.49)	(1,056,433.49)
1586	RSVA - CN	(2,392,450.28)	(2,392,450.28)
1588	RSVA - Power	(2,521,047.65)	(2,521,047.65)
1590	Recovery of Regulatory Asset Balances	(112,443.77)	(112,443.77)
Electric Plant in Service - Detailed Accounts			
A. Intangible Plant			
1605	Electric Plant in Service - Control Account		
1606	Organization	1,926.45	1,926.45
1608	Franchises and Consents		
1610	Miscellaneous Intangible Plant		
B. Generation Plants			
1615	Land		
1616	Land Rights		
1620	Buildings and Fixtures		
1630	Leasehold Improvements		
1635	Boiler Plant Equipment		
1640	Engines and Engine-Driven Generators		
1645	Turbogenerator Units		
1650	Reservoirs, Dams and Waterways		
1655	Water Wheels, Turbines, and Generators		
1660	Roads, Railroads and Bridges		
1665	Fuel Holders, Producers and Accessories		
1670	Prime Movers		
1675	Generators		
1680	Accessory Electric Equipment		
1685	Miscellaneous Power Plant Equipment		
C. Transmission Plant			
1705	Land	82,347.02	82,347.02
1706	Land Rights		
1708	Buildings and Fixtures	3,681,880.15	3,681,880.15
1710	Leasehold Improvements		
1715	Station Equipment	2,726,687.83	2,726,687.83
1720	Towers and Fixtures		
1725	Poles and Fixtures		
1730	Overhead Conductors and Devices		
1735	Underground Conduit	1,090.59	1,090.59
1740	Underground Conductors and Devices	138,793.40	138,793.40
1745	Roads and Trails		
D. Distribution Plant			
1805	Land	424,925.77	424,925.77
1806	Land Rights	1,598,170.68	1,598,170.68
1808	Buildings and Fixtures	111,638.13	111,638.13
1810	Leasehold Improvements		
1815	Transformer Station Equipment - Normally Primary	10,061.77	10,061.77
1820	Distribution Station Equipment - Normally Primary	4,507,464.16	4,507,464.16
1825	Storage Battery Equipment		

1830 Poles, Towers and Fixtures	28,665,011.97	28,665,011.97	
1835 Overhead Conductors and Devices	31,374,822.06	31,374,822.06	
1840 Underground Conduit	10,367,640.99	10,367,640.99	
1845 Underground Conductors and Devices	54,396,853.53	54,396,853.53	
1850 Line Transformers	31,103,685.58	31,103,685.58	
1855 Services	3,459,629.68	3,459,629.68	
1860 Meters	6,677,337.82	6,677,337.82	
1865 Other Installations on Customer's Premises	439.87	439.87	
1870 Leased Property on Customer Premises			
1875 Street Lighting and Signal Systems	20,200.21	20,200.21	
E. General Plant			
1905 Land	508,969.83	508,969.83	
1906 Land Rights			
1908 Buildings and Fixtures	12,391,183.86	12,391,183.86	
1910 Leasehold Improvements	120,252.32	120,252.32	
1915 Office Furniture and Equipment	1,107,299.24	1,107,299.24	
1920 Computer Equipment-Hardware	2,624,839.58	2,624,839.58	
1925 Computer Software	1,920,005.87	1,920,005.87	
1930 Transportation Equipment	5,484,897.52	5,484,897.52	
1935 Stores Equipment	200,261.13	200,261.13	
1940 Tools, Shop and Garage Equipment	1,566,109.65	1,566,109.65	
1945 Measurement and Testing Equipment	183,145.99	183,145.99	
1950 Power Operated Equipment			
1955 Communication Equipment	158,934.50	158,934.50	
1960 Miscellaneous Equipment	67,902.49	67,902.49	
1965 Water Heater Rental Units			
1970 Load Management Controls- Customer Premises			
1975 Load Management Controls - Utility Premises			
1980 System Supervisory Equipment	128,960.64	128,960.64	
1985 Sentinel Lighting Rental Units			
1990 Other Tangible Property			
1995 Contributions and Grants - Credit	(16,320,649.20)	(16,320,649.20)	
Other Capital Assets			
2005 Property Under Capital Leases	143,036.00	143,036.00	
2010 Electric Plant Purchased or Sold			
2020 Experimental Electric Plant Unclassified			
2030 Electric Plant and Equipment Leased to Others			
2040 Electric Plant Held for Future Use			
2050 Completed Construction Not Classified-Electric			
2055 Construction Work in Progress - Electric			
2060 Electric Plant Acquisition Adjustment	142,276.60	142,276.60	
2065 Other Electric Plant Adjustment	0.00	45,735,559.44	45,735,559.44
2070 Other Utility Plant			
2075 Non-Utility Property Owned or Under Capital			
Accumulated Amortization			
2105 Accumulated Amortization of Electric Utility-Plant	(94,711,979.80)	(94,711,979.80)	
2120 Accumulated Amortization of Electric Utility-Plant			
2140 Accumulated Amortization of Electric Plant	(142,276.60)	(142,276.60)	
2160 Accumulated Amortization of Other Utility Plant	0.00	(26,348,210.06)	(26,348,210.06)
2180 Accumulated Amortization of Non-Utility Property			
Current Liabilities			
2205 Accounts Payable	(14,021,515.60)	(14,021,515.60)	
2208 Customer Credit Balances			
2210 Current portion of Customer deposits	(920,997.62)	(920,997.62)	
2215 Dividends declared			
2220 Miscellaneous Current and Accrued Liabilities	(374,600.00)	(374,600.00)	
2225 Notes and Loans Payable			
2240 Accounts Payable to Associated Companies	(6,604,303.93)	(6,604,303.93)	
2242 Notes Payable to Associated Companies			
2250 Debt Retirement Charges DRC payable	(842,586.04)	(842,586.04)	

2252	Transmission Charges Payable			
2254	Electrical Safety Authority Fees Payable			
2256	Independent Market Operator Fees and Penalties			
2260	Current Portion of Long Term Debt	(1,576,810.18)	(1,576,810.18)	
2262	Ontario Hydro Debt - Current Portion			
2264	Pensions and Employee Benefits-Current Portion			
2268	Accrued Interest on Long Term Debt			
2270	Matured Long Term Debt			
2272	Matured Interest on Long Term Debt			
2285	Obligations Under Capital Leases-Current	0.00	0.00	
2290	Commodity Taxes	424,536.93	424,536.93	
2292	Payroll Deductions/Expenses Payable	(845.44)	(845.44)	
2294	Accrual for Taxes,"Payments in Lieu"of Taxes	(420,248.12)	(420,248.12)	
2296	Future Income Taxes - Current	2,331,368.59	2,331,368.59	
	Non-Current Liabilities			
2305	Accumulated Provision for Injuries and Damages			
2306	Employee Future Benefits	(3,612,877.04)	(3,612,877.04)	
2308	Other Pensions-Past Service Liability			
2310	Vested Sick Leave Liability	(198,757.30)	(198,757.30)	
2315	Accumulated Provision for Rate Refunds			
2320	Other Miscellaneous Non-current liabilities	(37,334.17)	(37,334.17)	
2330	Development Charge Fund			
2335	Long Term Customer Deposits	(1,097,931.16)	(1,097,931.16)	
2340	Collateral Funds Liability			
2345	Unamortized Premium for Long Term Debt			
2348	OMERS Past service Liability - long term			
2350	Future Income Tax - Non Current			
	Other Liabilities and Deferred Credits			
2405	Other Regulatory Liabilities			
2410	Deferred Gains from disposition of Utility Plant			
2415	Unamortized Gain on Reacquired Debt			
2425	Other Deferred Credits	(116,349.99)	(116,349.99)	
2435	Accrued Rate-Payer Benefit			
	Long Term Debt			
2505	Debentures Outstanding -Long term portion			
2510	Debenture Advances			
2515	Reacquired Bonds			
2520	Other Long Term debt	(22,000,000.00)	(22,000,000.00)	
2525	Term Bank Loans-long term Portion	(11,863,745.48)	(11,863,745.48)	
2530	Ontario Hydro Debt Outstanding-Long term			
2550	Advances from Associated Companies	(3,605,089.72)	(3,605,089.72)	
	Shareholders' Equity			
3005	Common Shares Issued	(31,245,882.02)	(31,245,882.02)	
3008	Preference Shares Issued			
3010	Contributed Surplus	0.00	(18,753,902.09)	(18,753,902.09)
3020	Donations Received			
3022	Development Charges Transferred to Equity			
3026	Capital Stock held in Treasury			
3030	Miscellaneous Paid-in Capital			
3035	Installments received on Capital Stock			
3040	Appropriated Retained Earnings	(16,518,121.75)	(18,260,557.75)	(1,742,436.00)
3047	Appropriations of Retained Earnings - current	(6,705,305.00)	(6,705,305.00)	
3048	Dividends payable - Preference Shares			
3049	Dividends payable - Common Shares	0.00	0.00	
3046	Balance Transferred from Income	(3,781,641.95)	(2,672,652.97)	1,108,988.98
3055	Adjustment to Retained Earnings			
3065	Unappropriated Undistributed Subsidiary Earnings			
		( 0 )	0	0

Sales of Electricity		
4006 Residential Energy Sales	(24,036,832.49)	(24,036,832.49)
4010 Commercial Energy Sales	(8,302,630.47)	(8,302,630.47)
4015 Industrial Energy Sales		
4020 Energy Sales to Large Users		
4025 Streetlighting energy sales	(498,249.55)	(498,249.55)
4030 Sentinel Lighting Energy Sales	(13,448.05)	(13,448.05)
4035 General Energy Sales	(42,482,901.81)	(42,482,901.81)
4040 Other energy Sales to Public Authorities		
4045 Energy Sales to Railroads and Railways		
4060 Interdepartmental Energy Sales		
4062 Billed WMS	(7,938,522.86)	(7,938,522.86)
4064 Billed One-time		
4066 Billed NW	(6,314,613.57)	(6,314,613.57)
4068 Billed CN	(5,350,999.46)	(5,350,999.46)
4075 Billed - LV	(746,214.12)	(746,214.12)
Revenues From Services - Distribution		
4080 Distribution Services Revenue	(25,632,175.05)	(25,632,175.05)
4082 Retail Services Revenue	(80,996.20)	(80,996.20)
4084 Service Transaction Requests (STR) Revenues	(1,124.00)	(1,124.00)
4090 Electric Services incidental to Energy Sales		
Revenues from Services - Transmission		
4105 Transmission Charges - Revenue		
4110 Transmission Services - Revenue		
Other Operating Revenues		
4205 Interdepartmental Rents		
4215 Other Utility Operating Income	(356,071.29)	(356,071.29)
4225 Late Payment Charges	(500,364.34)	(500,364.34)
4230 Sales of Water and Water Power		
4235 Miscellaneous Service Revenues	(951,925.03)	(951,925.03)
4240 Provision for Rate Refunds		
4245 Government Assistance Directly Credited		
4305 Regulatory Debits		
4310 Regulatory Credits		
4315 Revenues from Electric Plant Leased to Others		
4320 Expenses of Electric Plant Leased to Others		
4325 Revenues from Merchandise, Jobbing	0.00	0.00
4330 Costs and Expenses of Merchandise, Jobbing		
4335 Profits and Losses from Financial Instrument		
4340 Profits and Losses from Financial Instrument Investment		
4345 Gains from Disposition of Future Use Utility Plant		
4350 Losses from Disposition of Future Use Utility Plant		
4355 Gain on Disposition of Utility and Other Property	(2,450.00)	(2,450.00)
4360 Loss on Disposition of Utility and Other Property		
4365 Gains from disposition of Allowances for Emission		
4370 Losses from disposition of Allowances for Emission		
4375 Revenues from Non-Utility Operations	(182,223.09)	(182,223.09)
4385 Non-Utility Rental Income		
4390 Miscellaneous Non-Operating Income	(27,284.00)	(27,284.00)
4395 Rate-Payer Benefit Including Interest		
4398 Foreign Exchange Gains and Losses		
Investment Income		
4405 Interest and Dividend Income	(279,756.23)	(279,756.23)
4415 Equity in Earnings of Subsidiary Companies		
Generation Expenses - Operation		
4505 Operation Supervision and Engineering		
4510 Fuel		
4515 Steam Expense		

4520	Steam from other sources		
4525	Steam transferred-credit		
4530	Electric Expense		
4535	Water for Power		
4540	Water Power Taxes		
4545	Hydraulic Expenses		
4550	Generation Expenses		
4555	Miscellaneous Power Generation Expenses		
4560	Rents		
4565	Allowances for Emissions		
Generation Expenses - Maintenance			
4605	Maintenance Supervision and Engineering		
4610	Maintenance of Structures		
4615	Maintenance of Boiler Plant		
4620	Maintenance of Electric Plant		
4625	Maintenance of Reservoirs, Dams		
4630	Maintenance of Water Wheels, Turbines		
4635	Maintenance of Generating and Electric Plant		
4640	Maintenance of Miscellaneous Power Generation		
Other Power Supply Expenses			
4705	Power Purchased	75,334,062.64	75,334,062.64
4708	Charges -WMS	7,938,522.88	7,938,522.88
4710	Cost of Power Adjustments		
4712	Charges One Time		
4714	Charges -NW	6,314,613.57	6,314,613.57
4715	System Control and Load Dispatching		
4716	Charges -CN	5,350,999.40	5,350,999.40
4720	Other Expenses		
4725	Competition Transition Expense		
4730	Rural Rate Assistance Expense		
4750	Charges - LV	746,214.12	746,214.12
Transmission Expenses - Operation			
4805	Operation Supervision and Engineering		
4810	Load Dispatching		
4815	Station Buildings and Fixtures Expenses		
4820	Transformer Station Equipment - Operating Labour		
4825	Transformer Station Equipment - Operating Expenses		
4830	Overhead line expenses		
4835	Underground line expenses		
4840	Transmission of Electricity by Others		
4845	Miscellaneous Transmission Expense		
4850	Rents		
Transmission Expenses - Maintenance			
4905	Maintenance Supervision and Engineering		
4910	Maintenance of Transformer Station Buildings and Fixtures		
4916	Maintenance of Transformer Station Equipment		
4930	Maintenance of Towers, Poles and Fixtures		
4935	Maintenance of Overhead Conductors and Devices		
4940	Maintenance of Overhead Lines - Right of Way		
4945	Maintenance of Overhead Lines - Roads and Trails		
4950	Maintenance of Overhead Lines - Snowremoval		
4960	Maintenance of Underground Lines		
4965	Maintenance of Miscellaneous Transmission Plant		
Distribution Expenses - Operation			
5005	Operation Supervision and Engineering	578,369.99	578,369.99
5010	Load Dispatching	44,477.88	44,477.88
5012	Station Buildings and fixtures expense	125,341.10	125,341.10
5014	Transformer Station Equipment - Operation Labour	6,818.90	6,818.90
5015	Transformer Station Equipment - Operation	65,785.70	65,785.70
5020	Overhead Distribution Lines and Feeders -Labour	154,815.24	154,815.24

5025 Overhead Distribution Lines and Feeders - Operation ex	21,255.53	21,255.53
5040 Underground Distribution Lines and Feeders Labour	58,364.69	58,364.69
5045 Underground Distribution Lines and Feeders - expenses	243,102.75	243,102.75
5065 Meter Expense	403,418.31	403,418.31
5070 Customer Premises - Operation Labour	56,738.11	56,738.11
5085 Miscellaneous Distribution Expenses	1,393,870.91	1,393,870.91
5090 Underground distribution Lines and Feeders Rental		
5096 Other Rent		
Distribution Expenses - Maintenance		
5105 Maintenance Supervision and Engineering	398,758.94	398,758.94
5110 Maintenance of Buildings and Fixtures		
5112 Maintenance of Transformer Station Equipment		
5114 Maintenance of Distribution Station Equipment	2,867.08	2,867.08
5120 Maintenance of Poles, Towers and Fixtures	125,297.91	125,297.91
5125 Maintenance of Overhead Conductors and Devices	896,673.35	896,673.35
5130 Maintenance of Overhead Services	137,621.58	137,621.58
5135 Overhead Distribution Lines and Feeders - Right of Way	296,535.45	296,535.45
5145 Maintenance of Underground Conduit	47,652.03	47,652.03
5150 Maintenance of Underground Conductors & Devices	245,670.75	245,670.75
5155 Maintenance of Underground Services	92,502.27	92,502.27
5160 Maintenance of Line Transformers	133,947.18	133,947.18
5165 Maintenance of Street Lighting and Signal		
5170 Sentinel Lights - Labour		
5172 Sentinel Lights - Materials and Expenses		
5175 Maintenance of Meters	12,600.83	12,600.83
5178 Customer Installation Expenses-Leased Property		
5185 Water Heater Rentals - Labour		
5186 Water Heater Rentals - Materials and Expenses		
5190 Water Heater Controls - Labour		
5192 Water Heater Controls - Materials and Expenses		
5195 Water Heater Controls - on Customer Premises		
Other Expenses		
5205 Purchase of Transmission and System Services		
5210 Transmission Charges		
5215 Transmission Charges Recovered		
Billing and Collecting		
5305 Supervision	366,303.66	366,303.66
5310 Meter Reading Expense	438,378.87	438,378.87
5315 Customer Billing	1,710,531.38	1,710,531.38
5320 Collecting	459,697.71	459,697.71
5325 Collecting - Cash Over and Short	56.19	56.19
5335 Bad Debt Expense	427,315.34	427,315.34
5340 Miscellaneous Customer Accounts Expense	228,097.49	228,097.49
Community Relations		
5405 Supervision	14,746.15	14,746.15
5410 Community Relations - Sundry	49,824.29	49,824.29
5425 Miscellaneous Customer Service and Informational		
Sales Expenses		
5505 Supervision		
5510 Demonstrating and Selling Expense		
5520 Miscellaneous Sales Expense		
Administrative and General Expenses		
5605 Executive Salaries and Expenses	279,922.41	279,922.41
5610 Management Salaries and Expenses	1,602,712.99	1,602,712.99
5615 General Administrative Salaries and Expenses	375,306.91	375,306.91
5620 Office Supplies and Expenses	133,823.22	133,823.22
5625 Administrative Expense Transferred - Credit		
5630 Outside Services Employed	39,600.00	39,600.00
5635 Property Insurance	204,847.88	204,847.88
5640 Injuries and damages	0.00	0.00

5645 Employee Pensions and Benefits			
5650 Franchise Requirements			
5655 Regulatory Expenses	192,186.69	192,186.69	
5660 General Advertising expense	0.00	0.00	
5665 Miscellaneous General Expense	352,022.76	352,022.76	
5670 Rent	56,918.40	56,918.40	
5675 Maintenance of General Plant	595,857.56	595,857.56	
Amortization Expense			
5705 Amortization Expense - Property Plant and Equipment	6,642,438.19	6,642,438.19	
5710 Amortization of Limited Term Electric Plant			
5715 Amortization of Intangibles and Other Electric	2,648.84	1,111,637.82	1,108,988.98
5720 Amortization of Electric Plant Acquisition			
5725 Miscellaneous Amortization			
5730 Amortization of Unrecovered Plant and Regulatory			
5735 Amortization of Deferred Development Costs			
5740 Amortization of Deferred Charges			
Interest Expense			
6005 Interest on Long Term Debt	2,153,606.42	2,153,606.42	
6010 Amortization of Debt Discount and expense			
6015 Amortization of Premium on Debt - credit			
6020 Amortization of Loss on Reacquired Debt			
6025 Amortization of Gain on Reacquired Debt - credit			
6030 Interest on Debt to Associated Companies	261,369.00	261,369.00	
6035 Other Interest Expense	413,201.97	413,201.97	
6040 Allowance for Borrowed Funds Used During construction			
6042 Allowance for other funds used during construction			
6045 Interest expense on Capital lease obligations			
Taxes			
6105 Taxes other than Income Taxes	215,253.07	215,253.07	
6110 Income Taxes	2,509,116.00	2,509,116.00	
6115 Provision for Future Income Taxes	(1,035,542.82)	(1,035,542.82)	
Other Deductions			
6210 Life Insurance			
6215 Penalties			
6225 Other Deductions			
Extraordinary Items			
6305 Extraordinary income			
6310 Extraordinary expenses			
6315 Income Taxes, extraordinary items			
Discontinued Operations			
6405 Discontinued Operations - Income/Gains			
6410 Discontinued Operations - Deductions/Losses			
6415 Income Tax - Discontinued operations			
	(3,781,641.95)	(2,672,652.97)	1,108,988.98
Net anticipated debits or credits ( green cells)			
Net anticipated debits ( pink cells)			
Net anticipated credits ( blue cells)			
Trial Balance Summary			
Revenues	(123,698,781.61)	(123,698,781.61)	
Expenses	119,917,139.66	121,026,128.64	
(Profit)/Loss	(3,781,641.95)	(2,672,652.97)	
Net Assets	219,689,320.36	219,689,320.36	
Net Liabilities and Equity	(219,689,320.36)	(219,689,320.36)	
IS (Profit)/Loss	(3,781,641.95)	(2,672,652.97)	
Balance Sheet (profit)/Loss	(3,781,641.68)	(2,672,652.97)	
Difference	(0.27)	0.00	