

**NIAGARA-ON-THE-LAKE HYDRO INC.**  
**BALANCE SHEET**  
For the Three Month Ending December 31, 2001  
**UNAUDITED**

ASSETS	December 2001 \$	September 2001 \$
<b>CURRENT ASSETS</b>		
Cash	0	60,662
Accounts Receivable	1,010,811	1,520,420
Due From Affiliates	0	30,547
Unbilled Revenue	772,408	562,517
Payments in lieu of corporate income taxes refundable	22,842	0
Inventory	196,432	273,713
Prepaid Expenses	38,360	26,122
<b>TOTAL CURRENT ASSETS</b>	<b>2,040,853</b>	<b>2,473,981</b>
<b>CAPITAL ASSETS</b>		
Land	55,986	55,986
Buildings	818,675	818,675
Distribution Stations	447,673	447,673
Distribution Lines - Overhead	7,627,751	7,564,734
Distribution Lines - Underground	7,426,266	7,330,777
Distribution Transformers	4,276,002	4,246,442
Distribution Meters	847,844	831,826
Intangible Assets	25,038	25,038
Equipment	1,576,328	1,578,473
Total Property & Equipment	23,101,563	22,899,624
Less Accumulated Depreciation and Amortization	(10,034,659)	(9,796,646)
<b>TOTAL CAPITAL ASSETS</b>	<b>13,066,904</b>	<b>13,102,978</b>
<b>OTHER ASSETS</b>		
Extraordinary Events	91,968	85,751
Long Term Investment	36,000	36,000
Special Deposits	43,313	49,021
Transition Costs	222,844	318,287
<b>TOTAL OTHER ASSETS</b>	<b>394,125</b>	<b>489,059</b>
<b>TOTAL ASSETS</b>	<b>15,501,882</b>	<b>16,066,018</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
<b>Accounts Payable &amp; Accrued Liabilities</b>		
Bank indebtedness	196,716	0
Ontario Power Generation Inc	1,046,525	1,466,984
Accounts Payable - Other	197,834	173,220
Due to ESNI	15,302	48,672
Current Portion/customer deposits	42,000	50,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,498,377</b>	<b>1,738,876</b>
<b>OTHER LIABILITIES</b>		
Accumulated Sick Leave	19,361	19,361
Employee Future Benefits	358,785	354,141
Customer Deposits	43,313	64,045
Other Deposits	92,900	180,982
<b>TOTAL OTHER LIABILITIES</b>	<b>514,359</b>	<b>618,529</b>
<b>LONG-TERM DEBT</b>		
Promissory Note Town-ESNI	70,000	80,000
Promissory Note Town-NOTL	6,901,333	6,901,333
<b>TOTAL LONG-TERM DEBT</b>	<b>6,971,333</b>	<b>6,981,333</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	2,632,308	2,632,308
Paid-up capital	4,269,026	4,269,026
Utility Equity( Deficit) prior year	(174,054)	(206,710)
Net Income(Defit) current period	(209,467)	32,656
<b>TOTAL EQUITY</b>	<b>6,517,813</b>	<b>6,727,280</b>
<b>TOTAL LIABILITY AND SHAREHOLDER'S EQUITY</b>	<b>15,501,882</b>	<b>16,066,018</b>

**NIAGARA-ON-THE-LAKE HYDRO INC.**  
**STATEMENT OF OPERATIONS**  
For the Three Month Ending December 31, 2001  
**UNAUDITED**

	December ACT (MTD)	2001 ACT (YTD)
	\$	\$
<b>Service Revenue</b>		
Residential Energy	429,861	1,327,346
General Energy	627,617	2,066,097
Streetlights Energy	8,936	22,052
Sentinel Lights Energy	1,965	3,887
Unbilled Revenue	209,891	209,891
Prior year Adjustment	0	0
<b>Total Service Revenue</b>	<u>1,278,270</u>	<u>3,629,273</u>
<b>Cost of Power</b>	1,045,817	2,858,624
<b>Cost of Power Variance</b>	<u>(79,440)</u>	<u>110,402</u>
<b>Total Cost of Power</b>	<u>966,377</u>	<u>2,969,026</u>
<b>Gross Margin</b>	<u>311,893</u>	<u>660,247</u>
<b>Other Income</b>		
Admin Expense Recovery	2,167	3,712
Other revenue	<u>(21,483)</u>	<u>(22,332)</u>
<b>Total Other Income</b>	<u>(19,316)</u>	<u>(18,620)</u>
<b>Margin on Total Revenue</b>	<u>292,577</u>	<u>641,627</u>
<b>Controllable Expenses</b>		
<b>Operations &amp; Maintenance</b>		
Supervision & Engineering	(41,447)	16,039
Distribution Station	880	24,129
Overhead Lines	36,870	84,882
Underground Lines	9,929	36,355
Transformers	(5,601)	12,657
Meters	631	20,656
Burden Costs to be distributed	51,759	0
Customer Premises	627	4,449
Community Relations	2,353	2,353
<b>Total Operations &amp; Maintenance</b>	<u>56,001</u>	<u>201,520</u>
<b>Billing and Collecting</b>		
Meter Reading	2,327	9,754
Billing	17,796	56,871
Collecting	2,007	96,423
<b>Total Billing &amp; Collecting</b>	<u>22,130</u>	<u>163,048</u>
<b>Administration</b>		
General Administration	66,121	113,934
Building Maintenance	5,025	13,925
Property Tax	0	8,513
<b>Total Administration</b>	<u>71,146</u>	<u>136,372</u>
<b>Total Controllable Expenses</b>	<u>149,277</u>	<u>500,940</u>
<b>Less Allocated Depreciation</b>	6,194	22,700
<b>Controllable Expenses Net</b>	<u>143,083</u>	<u>478,239</u>
<b>Depreciation</b>	68,181	218,417
<b>Plus Allocated Depreciation</b>	<u>6,194</u>	<u>22,700</u>
	<u>74,375</u>	<u>241,117</u>
<b>Interest Expense</b>	<u>45,965</u>	<u>131,738</u>
<b>Net Income(Loss) for period</b>	<u>29,154</u>	<u>(209,467)</u>