June 26, 2012

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: 2013 Cost of Service Rate Application
Request for Deferral
EB-2012-0120

Through this filing, EnWin requests that the Ontario Energy Board ("Board"):

1) Permit EnWin to file its application for 2013 electricity delivery rates according to the Incentive Rate Mechanism (IRM) and

2) Permit EnWin to file its application for 2014 electricity delivery rates according to the Cost of Service methodology (COS).

Rationale for Deferral
EnWin is undergoing some significant changes to its business. These changes are expected to significantly improve productivity and constrain future rate increases. Given these pending changes, it would not be a good use of ratepayer, LDC or Board resources for EnWin to apply for 2013 rates using COS ("2013 COS"). It would be more appropriate for EnWin to file for 2013 rates using IRM ("2013 IRM") and then file a cost of service application in relation to 2014 rates ("2014 COS").

As the Board is aware from EnWin's 2009 COS, EnWin's submissions in various policy proceedings and presumably from media coverage, the Windsor service area was hard-hit by the economic crises that began emerging in 2007 and struck in a pronounced way in 2008 and 2009. The North American based automotive sector, which has a considerable presence in Windsor, was forced to take unprecedented steps to remain in business and those directly and indirectly employed by the sector felt that impact. For a number of years, Windsor's unemployment levels were the highest in Canada and remain among the highest in the country almost 4 years after GM and Chrysler entered bankruptcy protection in the United States.

EnWin has been faced with the challenge of finding ways to continue to support a robust distribution system that is capable of supporting remaining and potential new industrial development while at the same time doing what it can to hold the line on rates in support of the residents, businesses and organizations that are working through this difficult time. Finding that balance is a key responsibility of the LDC; EnWin is sensitive to the fact that it is the role of the Board to ensure that the balance established by the LDC is reasonable.

Ideally, EnWin would now be in a position to present a finalized plan and supporting evidence to the Board in a 2013 COS. That application would form the basis of rates for the next 4 year rate cycle. While the plan is close to finalized, it is not yet finalize and accordingly not yet public. Moreover, the plan will need to become much more granular before it will be ready for the sort of scrutiny that makes a COS a value-added process. Finally, a 2014 COS would provide a much better forum to consider the plan and to consider EnWin's early experience with implementation of the plan, that is, to engage in an evidence-based proceeding before the Board.

Planned Opportunities to Mitigate Distribution Rates

As the Board is aware, EnWin and other LDCs have limited influence over the vast majority of the electricity bill. Cost recovery for LDCs typically accounts for 20-25% of the electricity bill, namely the distribution rates, which are a subset of the Delivery line item. EnWin's charges are in that range. While prudent distribution system investment and management does affect the line losses, which gross-up numerous non-distribution line items, for the most part LDCs like EnWin are powerless to constrain increases to market prices, global adjustment, transmission, provincial agencies, Ontario Hydro debt retirement, provincial taxes, and other components of the electricity bill. EnWin does advocate for provincial restraint for those line items, but EnWin's plan, which drives this application for a deferral is all about controlling what it is within EnWin's power to control, specifically distribution costs.

As a normal part of its business, EnWin has long worked on providing maximum value to ratepayers through a combination of excellent electricity distribution service and the lowest feasible distribution rates. EnWin expects that this is par for the course among most large and mid-size distributors. What EnWin is pursuing at this time, however, are three extraordinary opportunities through which it hopes to be "better than par" in creating better value for its ratepayers.

First, EnWin is refinancing its arms-length long-term debt instrument in August 2012. EnWin's current long-term debt instrument is known as the EDFIN bond. It was obtained in collaboration with a number of other LDCs, all of which are now part of PowerStream. It has a rate of 6.45%. In consultation with its expert advisors from Ernst & Young, EnWin perceives that it will be able to refinance those funds at a significantly lower level. Achieving a lower interest rate will result in lower interest payments, a larger pool of funds to invest in the distribution system, or some combination thereof.

EnWin acknowledges that deferral of its COS will result in any interest savings associated with that refinancing accruing to the company for an additional 12 months. It would be a lower cost, which, if taken on its own, would reduce rates. Of course, the Board has adopted the principled policy that generally no one cost can be considered on its own. While this refinancing may reduce interest expenses (depending on the amount of principal obtained) relative to 2009 COS forecasted interest expenses, there are other 2009 COS forecasted expenses that will have increased since 2009.

EnWin perceives that if the only cost-savings being sought were related to refinancing, there would be insufficient justification for EnWin to seek a deferral. This information is presented within this application for the purpose of providing a complete picture to the Board and as a prelude to the conversation about cost savings that EnWin anticipates will be a good news story coming out of the comprehensive consideration of its cost structure in the 2014 COS.

Second, EnWin is embarking on an initiative designed to significantly streamline its staffing levels and other components of its cost structure. With a considerable amount of its workforce eligible to retire over the next 5 years, EnWin is seizing the opportunity to compassionately downsize through attrition.

It may seem as though EnWin could have been well on its way with streamlining its staffing in time to file a 2013 COS. In fact, it may have been possible to present a plan in relation to staff that is exclusively dedicated to EnWin. However, as the Board is aware from the 2006 EDR and 2009 COS, much of EnWin's staff is shared with the Windsor Utilities Commission ("WUC"), the local water utility. This is addressed in greater detail in the next point.

Third, EnWin is working with the Windsor Utilities Commission to find opportunities to save both electricity and water ratepayers' money on their utility bills while further enhancing the quality of local utility services in the City of Windsor. These discussions are confidential as they affect employees and labour relations. EnWin and WUC are currently working in close collaboration through a Managed Services Agreement ("MSA"), the 2000 and 2007 versions of which were filed with the Board in the 2009 COS. The utilities are exploring how further integrating operations might create something that for governance and operational (though not legal) purposes would be a Single Utility. EnWin perceives that there are opportunities to further create value through further integration while remaining firmly onside with the OEB Act and the Affiliate Relationships Code.

It is this third point that very much drives the request to defer EnWin's next COS to the one that sets 2014 rates. A Single Utility may realistically be expected to involve changes to governance and it will be the reconstituted Single Utility leadership that will likely need to provide authoritative direction on the detailed 5 year plan and cost structure that is now being developed and discussed in principle. It would be premature to put a cost-cutting plan forward until the new governance body has had the opportunity to review, refine and approve it.

Some information on the refinancing is enclosed as Attachment A. That Ernst & Young document also touches on some of the broader considerations being dealt with in relation to the broader cost containing initiative and single utility model.

Performance Metrics
EnWin notes that the Board has established a policy of examining LDC performance as measured by Return on Equity, Service Quality Requirements, and Credit Rating Agency Reports as part of its decision-making process on COS deferral applications. EnWin has enclosed evidence to assist with that examination in Attachments B, C and D.

Timing of Application
On January 26, 2012 the Board issued a letter indicating that EnWin and other distributors seeking a deferral of their scheduled 2013 Cost of Service rate applications ought to file that request with the Board by March 1, 2012. Unfortunately, it was not possible for EnWin to meet that target date. Sufficient progress has now been made in terms of EnWin identifying high-level cost-saving opportunities in its own right and in collaboration with WUC that it is now prudent to bring forward this application.

EnWin notes that last year the Board granted deferrals at least as late as June 17 for numerous distributors, including Enersource Hydro Mississauga, Sault Ste. Marie PUC Distribution and

Branford Power. EnWin appreciates that the Board must plan resources and early notice facilitates that objective. To that end, EnWin's CEO and the undersigned have been in contact with Board Staff since at least February 14, 2012 to provide some advance notice that this application would be forthcoming.

It is EnWin's expectation that the timing of this filing will alleviate rather than increase workload for Board Staff given that the application, if granted, would shift an intensive COS to a future year and replace it in the current year with a less intensive IRM. Accordingly, the Board and Board Staff will presumably benefit rather than be inconvenienced by a deferral.

Contact Information
The undersigned is the contact for this application.

Summary
EnWin submits that there is sufficient rationale for the Board to accept this application. EnWin further submits that the relevant performance metrics demonstrate that EnWin's ratepayers are receiving good service and that neither ratepayers nor EnWin will suffer any harm as a result of this deferral. EnWin is aware that some LDCs have been aggressively attempting to truncate their IRM period, but given the circumstances, EnWin respectfully submits that it is prudent for the Board to permit EnWin to add an additional IRM year to its 2009 COS rate-cycle.

EnWin looks forward to having a meaningful dialogue with the Board and ratepayers in the 2014 COS in respect of its full scope of operations and costs, including its ambitions initiatives set out above.

As part of its ongoing conversation with the Intervenors, EnWin will be providing a copy of this application to the 2009 COS Intervenors at the same time as it files this with the Board.

Yours very truly,

***ENWIN* Utilities Ltd.**

Andrew J Sasso

Per: Andrew J. Sasso
Director, Regulatory Affairs

P.O. Box 1625
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Windsor, ON N9A 5T7

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APPENDIX A

May 2012

EnWin Utilities Ltd and Windsor Utilities Commission financing

1. Background

Corporate structure

In Windsor, Windsor Canada Utilities ("**WCU**") owns and operates the electricity assets and the Windsor Utilities Commission ("**WUC**") owns and operates water assets and a District Energy System ("**DES**"). The City of Windsor ("**City**") is the sole shareholder of WCU. EnWin Utilities Ltd ("**EWU**"), a subsidiary of WCU, was incorporated in 1999 as part of the Province's electricity deregulation initiative under the terms of the *Electricity Act, 1998.* Under the Electricity Act, EnWin and its operations are subject to Ontario Energy Board ("**OEB**") regulatory oversight and rate-regulation. EnWin Energy Ltd. ("**EWE**") is a subsidiary of WCU whose operations include unregulated energy services and streetlight maintenance. WUC is a body corporate and a municipal services board under the *City of Windsor Act, 1936, and the Municipal Act, 2001.*

WCU and WUC are assessing the opportunity to integrate the operations of EWU and WUC in 2012. A Water System Operating ("**WSO**") Agreement will govern the long-term relationship between EWU and WUC on water utility services so that EWU would control and operate the water system, without ownership (in compliance with the OEB Act). See Figure 1. All WUC employees will transfer to EWU. EWU would also manage capital investment. Through the WSO, EWU would be solely responsible for water utility services, except for asset ownership and setting water rates. WUC would continue to own the water assets and set rates billed to water customers by EWU. WUC's rates would include contractual obligations to EWU to recover the costs of water utility services including a capital reserve account to fund future capital investment in water system assets. The rates would reflect the long-term rate setting mechanism contained in the WSO Agreement.

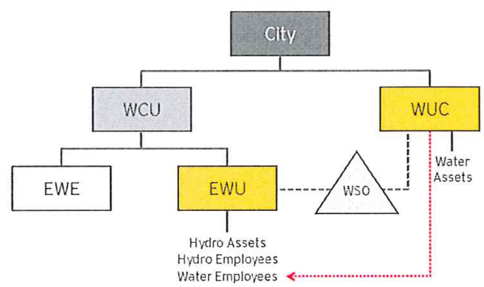

Figure 1. Corporate structure

With respect to governance there would be common control over WCU, EWU, and WUC. The plan includes appointing sufficient directors for WCU, WUC and EWU to ensure common control, plus the necessary "OEB independent" directors for EWU to satisfy Affiliate Relationships Code ("**ARC**") compliance. This structure in effect, would create a common board for the integrated operations.

Financial overview

The following summarizes draft financial information for the year ended 2011.

($ millions)	WCU	EWU	WUC
Total revenue	255.6	255.6	52.1
Distribution revenue	67.5	65.4	43.7
Operating costs	35.3	34.5	28.1
EBITDA	32.2	30.9	17.5
Net income	11.2	9.9	12.5
Total assets	242.7	239.8	201.5
Debt	49.9	49.9	18.9

Financing requirements

EWU and WUC require up to $125 million in financing to satisfy capital needs for 2012 and 2013, comprised of the following:

- EWU - up to $75 million intended to be used to refinance the maturing EDFIN bond, to fund approved capital expenditures in 2012 and 2013, and possibly fund a special dividend to the City; and
- WUC - up to $50 million intended to be used to refinance existing debt maturities, and fund approved capital expenditures in 2012 and 2013 for district energy, a reservoir, and meters.

2. Proposed financing structures

The financing structures being contemplated include: (1) EnWin borrows for itself and, (2) WUC borrows itself, or (3) WCU borrows and lends back-to-back to WUC.

3. Discussion topics

In order to finalize the proposed financing strategy, the City, WCU, EWU, and WUC wish to sound the capital markets for initial feedback on the proposed financing structures with particular focus on the following:

- Governance
- WSO Agreement / Management and operations
- Credit risk
- Credit rating requirements
- Indicative credit ratings
- Indicative credit spreads (10 and 30 year bullet)
- Key covenants
- Pre-conditions

4. Confidentiality

The information contained in this Overview is confidential and for use solely for the discussion of the financing opportunity described herein. By its acceptance hereof, the recipient agrees that neither it nor any of its employees or advisors shall use the information for any purpose other than a preliminary discussion, nor shall it divulge the information or distribute this Overview to any other party, in whole or in part, at any time without the prior written consent of EWU through EY.

5. Contact information

Participants should direct all inquiries to EY, who will arrange all contact for appropriate follow up communications. Participants are not to contact WCU, EWU, WUC or the City other than as arranged by EY.

ERNST & YOUNG ORENDA CORPORATE FINANCE INC.
Ernst & Young Tower | 222 Bay Street, 24th Floor | Toronto, ON | M5K 1J7

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Richard Simm
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Managing Director
richard.simm@ca.ey.com

APPENDIX B.1

Financial Statements of

ENWIN UTILITIES LTD.

Year ended December 31, 2011

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

Telephone (519) 251-3500
Fax (519) 251-3530
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INDEPENDENT AUDITORS' REPORT

To the Shareholder

We have audited the accompanying financial statements of Enwin Utilities Ltd., which comprise the balance sheet as at December 31, 2011, the statements of retained earnings, earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Enwin Utilities Ltd. as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 1, 2012
Windsor, Canada

ENWIN UTILITIES LTD.

Balance Sheet
(In thousands of dollars)

December 31, 2011, with comparative figures for 2010

		2011		2010
Assets				
Current assets:				
Cash	$	3,989	$	-
Accounts receivable		16,650		15,486
Unbilled revenue		16,869		15,608
Payments in lieu of income taxes receivable		1,427		3,155
Due from related parties (note 5)		34		1,470
Inventories		2,617		4,009
Prepaid expenses		849		787
		42,435		40,515
Property, plant and equipment (note 2)		180,901		182,972
Work in progress		267		331
Future payments in lieu of income taxes (note 11)		16,308		18,774
		197,476		202,077
	$	239,912	$	242,592

		2011		2010

Liabilities and Shareholder's Equity

Current liabilities:				
Bank indebtedness (note 4)	$	-	$	8,187
Accounts payable and accrued liabilities		26,839		26,697
Due to related parties (note 5)		21,116		19,534
Current portion of customer deposits		847		1,040
Current portion of long term borrowings		49,888		-
Deferred revenue		888		-
		99,578		55,458
Long-term liabilities:				
Customer deposits		6,667		6,973
Vested sick leave		21		20
Regulatory liabilities (note 3)		7,714		11,771
Long-term borrowings (note 6)		-		49,708
Employee future benefits (note 7)		35,270		33,871
		49,672		102,343
Shareholder's equity:				
Common shares (note 9)		62,008		62,008
Contributed capital		516		516
Retained earnings		28,138		22,267
		90,662		84,791
Contingencies and commitments (notes 12,13 and 14)				
	$	239,912	$	242,592

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

ENWIN UTILITIES LTD.

Statement of Retained Earnings
(In thousands of dollars)

Year ended December 31, 2011, with comparative figures for 2010

		2011		2010
Retained earnings, beginning of year	$	22,267	$	13,235
Net earnings for the year		9,621		11,282
Dividends declared		(3,750)		(2,250)
Retained earnings, end of year	$	28,138	$	22,267

See accompanying notes to financial statements.

ENWIN UTILITIES LTD.

Statement of Earnings
(In thousands of dollars)

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Customer billing for electricity and services charges	$ 255,634	$ 255,212
Cost of electricity purchased	208,212	207,259
	47,422	47,953
Services provided to Windsor Utilities Commission (note 5)	11,209	11,427
Services provided to Enwin Energy Ltd. (note 5)	1,040	1,120
Other income from operations (note 16)	5,726	5,387
	65,397	65,887
Operating expenses	34,878	33,501
Earnings before the undernoted items and taxes	30,519	32,387
Amortization	14,800	13,727
Loss on sale of capital assets	144	274
Settlement of regulatory assets	(47)	958
Interest	4,192	3,958
	19,089	18,917
Earnings before taxes	11,430	13,470
Payments in lieu of taxes (note 11):		
Current	1,809	2,188
Net earnings	$ 9,621	$ 11,282

See accompanying notes to financial statements.

ENWIN UTILITIES LTD.

Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Net earnings for the year	$ 9,621	$ 11,282
Add items not affecting cash:		
Amortization of property, plant and equipment	14,800	13,727
Change in employee future benefits	1,399	683
Loss on sale of property, plant and equipment	144	274
Change in future payments in lieu of income taxes	2,466	439
Change in work in progress	64	48
Change in customer deposits	(499)	(393)
Amortization of deferred debt issuance costs	180	180
Change in non-cash working capital (note 10)	1,663	(8,365)
	29,838	17,874
Financing:		
Increase (decrease) in bank indebtedness	(8,187)	8,187
Decrease in regulatory liabilities	(4,057)	(8,029)
Change in due to/from related parties, net	3,018	(3,644)
Dividends paid	(3,750)	(4,000)
	(12,976)	(7,486)
Investments:		
Acquisition of property, plant and equipment, net	(13,000)	(17,172)
Proceeds on sale of property, plant and equipment	127	59
	(12,873)	(17,113)
Increase (decrease) in cash during the year	3,989	(6,725)
Cash, beginning of year	-	6,725
Cash, end of year	$ 3,989	$ -

See accompanying notes to financial statements.

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

1. Significant accounting policies:

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

a) Rate regulation:

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

Regulatory Accounting:

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

1. Significant accounting policies (continued):

a) Rate regulation (continued):

On July 28, 2009, the OEB issued its Report of the Board – Transition to IFRS, which contains recommendations on how regulatory reporting requirements should change in response to IFRS (note 18). This report of the Board was amended November 8, 2010 by letter of the Board to reflect AcSB approved option to defer the effective date for adoption of IFRS to January 1, 2012. A further addendum was issued on June 12, 2011. The Corporation continues to evaluate the potential impacts of the recommendations contained in the Report of the Board on both the activities of the Corporation and its IFRS transition plan.

Smart Meter Initiative:

The OEB has established dates by which eligible Ontario ratepayers are required to be billed for commodity using Time-of-Use (TOU) pricing. TOU pricing requires Smart Meters. The Corporation has installed over 99% of its Smart Meters by the end of 2011 and plans to install the remaining in 2012.

On September 18, 2008, the Corporation submitted an application to the OEB for the consideration and approval of a Utility-Specific Smart Meter Funding Adder in accordance with the Smart Meter Funding and Cost Recovery Guideline of the OEB. On April 9, 2009, the Application was approved as filed. The Application provided for a new rate adder of $1.00 per metered customer per month, representing an increase of $0.73 per customer per month beginning May 1, 2009. The new rate adder contributes approximately $1,000 annually towards the Corporation’s investment in Smart Meters and operating costs. Total Smart Meters installed at the end of 2011 were 84,347. The net book value of the stranded meters was $1,881 with net scrap recoveries recorded as $1,805.

Green Energy and Green Economy Act:

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

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

1. Significant accounting policies (continued):

a) Rate regulation (continued):

Energy Consumer Protection Act:

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

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

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

New LDC License Requirements - Conservation and Demand Management (CDM) Targets:

On November 12, 2010, the OEB amended LDC licenses to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Corporation’s CDM targets include a demand reduction target of 26.810 MW and a consumption reduction target of 117.890 GWh. LDCs must also comply with a new CDM Code of the OEB, which provides LDC requirements for the development and delivery of CDM Strategy to the OEB for the achievement of LDC-specific CDM targets, annual accounting and reporting to the OEB, and eligibility criteria for performance incentive payments.

(In thousands of dollars)

1. Significant accounting policies (continued):

b) Inventories:

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

c) Property, plant and equipment:

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

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

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

d) Work in progress:

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

1. Significant accounting policies (continued):

e) Customer deposits:

Customer deposits include cash collections from customers, which are applied against any unpaid portion of individual customer accounts. Effective January 1, 2011, the OEB provided Customer Service Amendments (CSA) that provided guidelines that required customer deposits to be applied to a customer's account prior to the severance process commencing. Customer deposits in excess of unpaid account balances are refundable to individual customers upon termination of their service. Customer deposits are also refundable to customers demonstrating an acceptable level of credit risk, as determined by the Corporation. Customer deposits also include refundable maintenance deposits from developers, deposits for recoverable work orders, and prudential deposits from retailers.

f) Employee future benefits:

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

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

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

The excess of net actuarial gains (losses) over 10% of the benefit obligation is amortized on a straight-line basis over the average remaining service period of the employees, which is eleven and one-half years at December 31, 2011. Settlement gains or losses are recognized in the year in which they arise.

g) Pension plan:

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

1. Significant accounting policies (continued):

h) Revenue recognition:

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

i) Vested sick leave:

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

j) Debt issuance costs:

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

k) Related party transactions:

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

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

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

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

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

1. Significant accounting policies (continued):

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

The Corporation provides for amounts in lieu of corporate income taxes using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any future tax asset if it is more likely than not the asset will not be realized.

m) Long-lived assets:

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

n) Use of estimates:

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

1. Significant accounting policies (continued):

o) Financial instruments:

All financial assets are classified as held-for-trading, held-for-maturity, loans and receivables or available-for-sale and all financial liabilities must be classified as held-for-trading or other financial liabilities.

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

The Corporation has classified its financial instruments as follows:

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

p) Deferred revenue:

The LDC participates in a variety of Conservation and Demand Management (CDM) programs as established by the Ontario Power Authority (OPA). Future recoveries are held within the deferred revenue accounts until the recovery is permitted.

(In thousands of dollars)

2. Property, plant and equipment:

						2011
		Cost		Accumulated amortization		Net book value
Land	$	1,417	$	–	$	1,417
Buildings		22,227		5,052		17,175
Transformer station		30,342		7,949		22,393
Substation equipment		2,334		1,279		1,055
Distribution system - overhead		84,826		33,742		51,084
Distribution system - underground		66,910		34,728		32,182
Transformers		53,467		24,230		29,237
Distribution meters		4,538		2,192		2,346
Installed services		4,672		268		4,404
Office equipment		1,510		1,149		361
Rolling stock		3,423		2,184		1,239
Computer hardware and software		23,186		11,375		11,811
Other equipment		3,907		2,357		1,550
Assets under capital lease		4,360		4,360		–
Assets in progress		4,647		–		4,647
	$	311,766	$	130,865	$	180,901

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

						2010
		Cost		Accumulated amortization		Net book value
Land	$	1,423	$	–	$	1,423
Buildings		21,867		4,609		17,258
Transformer station		30,318		7,127		23,191
Substation equipment		2,334		1,200		1,134
Distribution system - overhead		78,844		30,312		48,532
Distribution system - underground		65,628		31,692		33,936
Transformers		51,926		22,113		29,813
Distribution meters		5,900		2,756		3,144
Installed services		3,470		166		3,304
Office equipment		1,471		1,082		389
Rolling stock		3,417		2,090		1,327
Computer hardware and software		22,217		7,866		14,351
Other equipment		3,567		2,073		1,494
Assets under capital lease		4,360		4,360		–
Assets in progress		3,676		–		3,676
	$	300,418	$	117,446	$	182,972

(In thousands of dollars)

3. Regulatory liabilities:

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

	2011	2010
Post-market opening retail settlement variances	$ (1,816)	$ 4,435
Retail cost variances	36	10
Smart meters	8,216	4,883
Renewable connection	8	8
Disposition and recovery of regulatory balances	1,564	(3,213)
Smart grid	154	151
MOE special purpose charge	66	452
Other regulatory assets	272	169
	8,500	6,895
Reserves	94	108
Regulatory asset or liability related to future PILs (note 1(a))	(16,308)	(18,774)
	$ (7,714)	$ (11,771)

4. Bank indebtedness:

The Corporation has a long-term agreement with a Canadian chartered bank for an available line of credit in the amount of $75,000. Interest charged on outstanding borrowings incurred by the Corporation is calculated at the bank's prime rate less 0.25%.

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

5. Related party transactions:

a) Under a Managed Services Agreement effective January 1, 2007, the Corporation provides certain finance, administration, human resource, management and other support services to the Commission. The total amount charged to the Commission for the year ended December 31, 2011 was $11,209 (2010 - $11,427).

b) Under a Management Services Agreement effective January 1, 2000, the Corporation provides certain finance, administration, human resource, management and other support services to Enwin Energy Ltd. The total amount charged to Enwin Energy Ltd. for the year ended December 31, 2011 was $1,040 (2010 - $1,120).

(In thousands of dollars)

5. Related party transactions (continued):

c) The Corporation provides sewer surcharge billing and collecting for the City of Windsor for which it charges a fee. The total amount charged to the City of Windsor for the year ended December 31, 2011 was $2,662 (2010 - $2,302).

d) The Corporation collects and remits the sewer surcharge on behalf of the City of Windsor. The total amount owing to the City of Windsor at year-end relating to sewer surcharge was $4,552 (2010 - $4,312).

e) The amounts due from related parties consist of:

	2011	2010
Due from Windsor Utilities Commission	$ –	$ 1,241
Due from Enwin Energy Ltd.	34	229
	$ 34	$ 1,470

The amounts due to related parties consist of:

	2011	2010
Promissory Note to Enwin Energy Ltd.	$ 15,000	$ 15,000
Due to Windsor Utilities Commission	1,961	–
Due to the City of Windsor (net)	4,155	4,534
	$ 21,116	$ 19,534

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

Dividends declared and paid during the year were $3,750.

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

(In thousands of dollars)

6. Long-term borrowings:

	2011	2010
Debentures payable	$ 50,000	$ 50,000
Less unamortized debt issuance costs	(112)	(292)
	49,888	49,708
Less current portion due	(49,888)	–
Total long-term borrowings	$ –	$ 49,708

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

7. Employee future benefits:

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

The Corporation measures its accrued benefit obligation for accounting purposes as at December 31 each year. A valuation date of December 31, 2011 has been used to calculate the current obligation.

(In thousands of dollars)

7. Employee future benefits (continued):

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

		2011		2010
Change in accrued benefit obligation:				
Accrued benefit obligation, beginning of year	$	33,871	$	33,188
Current service cost		823		609
Interest cost		1,701		1,653
Amortization of actuarial loss (gain)		5		(422)
Benefits paid		(1,130)		(1,157)
Accrued benefit obligation, end of year	$	35,270	$	33,871
Funded status:				
Unfunded benefit obligation	$	(35,116)	$	(31,837)
Unamortized net actuarial gain		(154)		(2,034)
Amount recognized in the balance sheet:				
Accrued benefit liability	$	(35,270)	$	(33,871)

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

	2011	2010
Discount rate	4.6%	5.3%
Rate of compensation increase	3.0%	3.0%
Medical trend rate:		
Initial	7.5%	8.0%
Ultimate	4.5%	5.0%
Year of ultimate level	2027	2017

(In thousands of dollars)

7. Employee future benefits (continued):

		2011		2010
Components of net periodic benefit cost:				
Current service cost	$	823	$	609
Interest cost		1,701		1,653
Amortization of actuarial gain		5		(422)
Net periodic benefit costs	$	2,529	$	1,840

8. Pension plan:

The Corporation participates in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. In 2011, the contribution rates were 7.4% for employee's earnings below the year's maximum pensionable earnings and 10.7% thereafter. During 2011, the Corporation contributed $1,698 (2010 – $1,476) to the fund. The OMERS plan is in a deficit position.

9. Share capital:

		2011		2010
Authorized:				
Unlimited common shares				
Issued:				
22,000 common shares	$	62,008	$	62,008

(In thousands of dollars)

10. Cash flow information:

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

	2011	2010
Decrease (increase) in current assets:		
Accounts receivable	$ (1,164)	$ (697)
Unbilled revenue	(1,261)	(497)
Payments in lieu of income taxes receivable	1,728	(3,155)
Inventories	1,392	(1,765)
Prepaid expenses	(62)	(15)
	633	(6,129)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	142	(1,267)
Payments in lieu of income taxes payable	–	(969)
Deferred revenue	888	–
	1,030	(2,236)
	$ 1,663	$ (8,365)

Payments in lieu of income taxes and interest paid during the year amounted to $3,204 (2010 – $5,493) and $3,384 (2010 – $3,247) respectively. Total payments in lieu of taxes paid, life to date, amounted to $27,173.

(In thousands of dollars)

11. Future payments in lieu of income taxes:

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

	2011	2010
Future tax liabilities:		
Deferred debt issuance costs	$ –	$ 86
Total future tax liabilities	$ –	$ 86
Future tax assets:		
Property, plant and equipment	$ 9,618	$ 12,469
Employee future benefits	4,496	4,032
Intangible assets	1,951	2,118
Other	243	241
Total future tax assets	16,308	18,860
Net future tax assets	$ 16,308	$ 18,774

12. Liability insurance:

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

To December 31, 2011, the Corporation has not been made aware of any additional assessments that have not been accrued.

Participation in MEARIE covers a three-year underwriting period, which expires January 1, 2013. Notice to withdraw from MEARIE must be given six months prior the commencement of the next three-year underwriting term.

(In thousands of dollars)

13. Contingencies:

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

14. Commitments:

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

2012	$	640
2013		545
2014		421
2015		324
2016 and thereafter		453
	$	2,383

15. Fair value of financial instruments:

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

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

The debenture payable has a fair value of $51,772 at December 31, 2011, based on market prices for similar debt.

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

15. Fair value of financial instruments (continued):

Risk Factors

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

i) Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Windsor. No one commercial customer accounts for greater than 4.0% of revenue.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the related impairment loss is recognized in the statement of revenues. Subsequent recoveries of receivables previously provisioned are credited to the income statement. The balance of the allowance for doubtful accounts at December 31, 2011 is $836 (2010 - $764).

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2011, approximately $900 is considered 60 days past due. The Corporation has approximately 85,000 customers, the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2011, the Corporation holds security deposits in the amount of $7,514 (2010 - $8,013).

(In thousands of dollars)

15. Fair value of financial instruments (continued):

ii) Market risk

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

iii) Liquidity risk

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

16. Other income from operations:

		2011		2010
Change in occupancy	$	360	$	367
Late payment and collection charges		1,008		1,197
Other operating revenues		928		407
Pole rental		483		464
Sale of scrap		285		455
Sewer surcharge billing and collecting (note 5)		2,662		2,302
Scientific research and experimental development recovery		–		195
	$	5,726	$	5,387

17. Capital management:

In managing capital, the Corporation focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the monitoring of cash flows and actual operating results. As at December 31, 2011, the Corporation has met its objective of having sufficient liquid resources to meet its current obligations.

18. Emerging accounting changes:

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has adopted a strategic plan that will have Canadian GAAP converge with IFRS, effective January 1, 2011 which will require entities to restate, for comparative purposes, their interim and annual financial statements and their opening financial position.

In October 2010, the AcSB approved the incorporation of IFRS 1 into Part 1 of the Canadian Institute of Chartered Accountants ("CICA") Handbook for qualifying entities with activities subject to rate regulation. Part 1 of the CICA Handbook specifies that first-time adoption is mandatory for interim and annual financial statements relating to annual periods beginning on or after January 1, 2012.

The amendment also requires entities that do not prepare its interim and annual financial statements in accordance with Part 1 of the Handbook during the annual period beginning on or after January 1, 2011 to disclose that fact.

In March 2012, the AcSB extended the deferral of adoption of Part 1 of the CICA Handbook for qualifying entities with activities subject to rate regulation for an additional year to January 1, 2013.

The Corporation has decided to implement IFRS commencing on January 1, 2012.

APPENDIX B.2

ENWIN - Calculation of ROE on a Deemed Basis

Regulated net income, as per OEB Trial Balance		$ 9,908,767	A
Adjustment to interest expense - for deemed debt		(2,783,213)	B
Adjusted regulated net income		$ 7,125,554	C
Rate Base:			
Cost of Power		$ 191,152,342	
Operating Expenses		$ 22,776,049	
Total		$ 213,928,391	
Working Capital Allowance %		15%	
Total Working Capital Allowance		$ 32,089,259	
Fixed Assets			
Opening Balance	$ 179,295,701		
Closing Balance	$ 176,254,688		
Average	$ 177,775,195	$ 177,775,195	
Total Rate Base - 2011		$ 209,864,453	D
Regulated Deemed Equity (40%)		$ 83,945,781	E
Regulated Deemed Debt (60%)		$ 125,918,672	F
Regulated Rate of Return on Deemed Equity		**8.5%**	G = C/E
ROE% from most recent Cost of Service application	**2009 EDR**	**8.01%**	
Difference - maximum deadband 3%		**0.48%**	

Interest adjustment on deemed debt:

Regulated Deemed Debt - as above	$ 125,918,672	
Weighted Average Interest Rate	6.40%	
	$ 8,058,795	
Interest expense as per the OEB trial balance	4,179,753	
	$ 3,879,042	
Utility Tax rate	28.25%	
Tax effect on interest expense	(1,095,829)	
	$ 2,783,213	B

Please input based on your utility in the grey cells.

APPENDIX C

2011 SERVICE QUALITY INDICATORS ENWIN UTILITIES LTD.

OEB Required SQIs	Current OEB Standards		2011
Telephone Accessibility	Calls answered	Total offered	139,229
	within 30 seconds,	Total w/in Goal	106,197
	65% or More	**% w/in Goal**	76.3%
Telephone Call Abandon Rate	Calls abandoned after	Total	139,229
	30 seconds,	Total w/in Goal	4,245
	Less than 10%	**% w/in Goal**	3.0%
Written Response to Inquiries	Within 10 business days,	Total	1
	80% or More	Total w/in Goal	1
		% w/in Goal	100.0%
New Connections - Low Voltage	Within 5 Working Days,	Total	305
	90% or more	Total w/in Goal	305
		% w/in Goal	100.0%
New Connections - High Voltage	Within 10 Working Days,	Total	0
	90% or more	Total w/in Goal	0
		% w/in Goal	100.0%
Credit Reconnection Standards	Reconnect within 2 busine	Total	375
	85% or More	Total w/in Goal	358
		% w/in Goal	95.5%
Appointment Scheduling	Within 5 Business Days,	Total	49,233
	90% or more	Total w/in Goal	49,231
		% w/in Goal	100.0%
Appointments Met	Arrive within 4 HR	Total	7256
	timeframe scheduled,	Total w/in Goal	7229
	90% or More	**% w/in Goal**	99.6%
Rescheduling a Missed Appointment	Attempt to Notify and	Total	27
	within 1 business day	Total w/in Goal	25
	attempt to Reschedule,	Total w/in Goal	25
	100% of the time	**% w/in Goal**	92.6%
Emergency Responses - Urban	Onsite within 60 minutes,	Total	352
	80% or More	Total w/in Goal	301
		% w/in Goal	85.5%

OEB System Reliability Indicators

Reliability Category	Explanation	2011
SAIDI	Avg total customer outage time	2.48
SAIDI (Code 2 Outages)	SAIDI excluding loss of supply from Hydro One	2.45
SAIFI	Avg number of customer outages	2.72
SAIFI (Code 2 Outages)	SAIFI excluding loss of supply from Hydro One	2.69
CAIDI	Avg customer outage time per outage	0.91
CAIDI (Code 2 Outages)	CAIDI excluding loss of supply from Hydro One	0.91
MAIFI	Avg number of momentary customer outages	6.80

APPENDIX D.1

Rating Report

Report Date:
January 31, 2012

Previous Report:
March 18, 2011

DBRS

Insight beyond the rating.

Electricity Distributors Finance Corporation

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The Company

Electricity Distributors Finance Corporation (EDFIN) was incorporated for the purpose of providing Ontario electric distributors with efficient access to the debt capital markets. EDFIN purchases debentures and other evidences of indebtedness issued by local distribution companies and sells to investors, by way of private placement, certificates evidencing undivided co-ownership interests in such debentures or evidences of indebtedness. EDFIN has no assets or liabilities. EDFIN is administered by the MEARIE Group, a Canadian insurance supplier dedicated to the electricity sector.

The two participating LDCs in EDFIN are PowerStream Inc. and Enwin Utilities Ltd.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Series 2002-1 Certificates	Electricity Distributors Finance Corporation	A (low)	Confirmed	Stable

Rating Rationale

DBRS has confirmed the rating on the Series 2002-1 Certificates (the Certificates) issued by Electricity Distributors Finance Corporation (EDFIN) at A (low) with a Stable trend. The rating is based on the lower rating of two participants, Enwin Utilities Ltd. (Enwin), rated A (low), and PowerStream Inc. (PowerStream), rated "A" (refer to attached credit reports on Enwin and PowerStream).

The Certificates represent undivided co-ownership interests in unsecured debentures issued by two participating local distribution companies (LDC Participants), namely PowerStream and Enwin, to EDFIN. The obligations of the individual LDC Participants are several and not joint, and each LDC Participant is liable only for its obligations and not for the obligations of any others. Default of the obligations to EDFIN of one LDC Participant will result in a proportionate default of the unsecured debentures issued by EDFIN. Therefore, the rating of the Certificates is based on the rating of the lowest-rated LDC Participant, Enwin.

The debt issued through the Certificates was loaned to the LDC Participants through debentures ("Debentures"; with the same maturity date as the Certificates) issued to EDFIN by the LDC Participants. EDFIN then used the cash receipts to pay the interest on the Certificates. The stability of cash flows at the LDC Participants, combined with adequate liquidity, has continued to allow the LDC Participants to make timely and sufficient payments to EDFIN.

EDFIN's rating is expected to be discontinued when the Certificates mature on August 15, 2012, as the LDC Participants are expected to retire their Debentures issued to EDFIN with their own debt issuances. The refinancing risk (paying back the loans to EDFIN) of Enwin and PowerStream is expected to be modest, given the good liquidity and financial strength of these utilities.

Rating Considerations

Strengths
(1) Low business risk, stable regulatory framework
(2) Solid balance sheets and strong credit metrics
(3) LDC Participants' obligations

Challenges
(1) Refinancing risk
(2) Relatively low regulatory returns
(3) Earnings are exposed to the volume risk

Financial Information

For 12 months ended Sept. 30, 2010 (Unaudited)	Underlying Utility Debentures ($ millions)	Rate Base ($ millions)	Total Debt-to-Capital	EBIT Interest Coverage (times)	Cash Flow-to-Debt	DBRS Issuer Rating
PowerStream Inc.	125	677	58.1%	2.28	20.6%	A
Enwin Utilities Ltd.	50	205	47.7%	3.90	34.1%	A (low)

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

Structure

Issuer:	Electricity Distributors Finance Corporation
Amount:	$175.0 million
Term:	10 years through August 15, 2012
Interest Rate:	6.45%; payable semi-annually
Amortization:	Bullet maturity
Security:	None
Deposited Securities:	Each debenture is a direct obligation of the LDC Participant that issued the debenture. The LDC Participants' obligations are several and not joint, and each LDC is liable only for its obligations and not for the obligations of any other LDC Participants.
Ranking:	All ownership interests rank equally with respect to their rights pursuant to each underlying debenture. Each underlying debenture is a direct, unsecured obligation of the LDC that issued it, ranking pari passu with all other debentures and prescribed debt instruments of such LDC. However, the unsecured debentures rank senior to all debt in the form of promissory notes held by the municipal shareholders of each LDC Participant.
Redemption:	Each participating LDC has the right to redeem, in part or in whole, the debenture issued by it, at any time prior to the maturity date, at a price equal to the greater of: (1) par, and (2) the Canada Yield Price plus accrued and unpaid interest.
Key Covenants:	Each LDC will: (1) ensure that its funded obligations do not exceed 75% of its consolidated net worth; (2) not pledge its primary assets; (3) not enter into any sale and leaseback transaction exceeding 10% of its consolidated net worth; (4) not invest in energy retailing beyond 20% of its consolidated net worth.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Series 2002-1 Certificates	Electricity Distributors Finance Corporation	A (low)	Confirmed	Stable

Rating History

	Current	2011	2010	2009	2008	2007
Series 2002-1 Certificates	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

The Company
Enwin Utilities Ltd. is an LDC that serves over 85,400 customers in the Windsor service area. Enwin Utilities Ltd. is wholly owned by Windsor Canada Utilities Ltd., which in turn is wholly owned by the City of Windsor.

Enwin Utilities Ltd.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Issuer Rating	Enwin Utilities Ltd.	A (low)	Confirmed	Stable

Rating Rationale

DBRS has confirmed the Issuer Rating of Enwin Utilities Ltd. (Enwin, formerly Enwin Powerlines Ltd., or the Company) at A (low) with a Stable trend. The confirmation reflects Enwin's strong financial profile and stable and low business risk profile, stemming from its stable regulated electricity distribution operations and a good record of operational efficiency.

Enwin's rating has been supported by its strong financial profile, reflecting a low-leverage balance sheet and very strong interest coverage and cash flow ratios for the current rating category. All credit metrics have been relatively stable over the past few years. DBRS notes that the Company's capex for 2011 was lower than its peak levels in 2009 and 2010, which were largely driven by higher spending to improve reliability and fund the installation of smart meters. As a result, the Company generated a cash flow surplus (after working capital), which was used to modestly reduce debt in 2011. The Company has continued to maintain its leverage ratio in the mid-40% range, which is relatively low compared with other utilities. This low leverage provides significant financial flexibility.

Enwin's low business risk profile is underpinned by a stable regulatory framework. The Company currently operates under the Incentive Regulation Mechanism (IRM) and is expected to have its rebasing year in the 2013-2014 year. DBRS views IRM as reasonable, as it allows utilities to pass on purchased power costs and recover prudent capex incurred during the IRM period in the rebasing year. With a recent change in the Ontario Energy Board's (OEB) return-on-equity (ROE) calculation, a higher ROE in the mid-9.00% range is expected for Enwin in the next rebasing year.

Despite these strengths, Enwin has significant exposure to large industrial customers, particularly in the auto sector. In addition, Enwin operates in a relatively weak franchise area with minimal load growth. DBRS notes that the impact of the 2008 economic downturn and the restructuring of the auto sector was manageable. Enwin has experienced minimal payment defaults over the past several years, while its distribution rates have continued to increase moderately.

DBRS expects that Enwin will continue to maintain its conservative leverage strategy to support its current rating. DBRS notes that Enwin has $50 million in debt (approximately two-thirds of its total debt) owed to EDFIN, maturing in August 2012, which they are currently in the process of refinancing. DBRS does not expect any major refinancing issues for Enwin, given its stable regulated business profile and strong financial profile.

Rating Considerations

Strengths
(1) Strong financial profile
(2) Stable regulatory system
(3) Cost containment

Challenges
(1) Average franchise area with low growth
(2) Large exposure to industrial customers
(3) Relatively small size

Financial Information

ENWIN Utilities Ltd.	12 months ended	For the year ended December 31			
	Sep. 30, 2011	2010	2009	2008	2007
EBIT interest coverage (times)	3.90	4.71	4.75	3.53	3.09
Total debt-to-capital	45.7%	47.7%	46.2%	43.0%	47.5%
Cash flow-to-total debt	34.1%	35.4%	25.9%	30.5%	26.9%
Debt/EBITDA	2.39	2.39	2.16	2.52	2.87
Total debt ($ millions)	75.23	77.43	65.11	67.74	77.24
Cash flow from operations ($ millions)	25.67	27.38	16.89	19.69	19.96
Net income before extras. ($ millions)	10.98	12.51	8.75	7.39	15.44
Return on average equity	12.8%	15.6%	10.9%	8.8%	18.6%

Rating Considerations Details

Strengths
(1) Enwin's financial profile has been very strong for the current rating, with below-average debt leverage and superior interest coverage and cash flow ratios when compared to its utility peers. Strong credit ratios are key for Enwin to maintain its A (low) rating, given its relatively small size.

(2) Enwin's business risk profile is supported by a stable and reasonable regulatory system under IRM, which allows the Company to fully recover its purchased power costs in a timely fashion. IRM also allows the Company to recover its capex incurred during the IRM period in the rebasing year, which is expected to be the 2013-2014 year.

(3) Enwin's cost containment has been impressive despite its relatively small-size operations. Operational efficiency is key to achieving higher earnings under IRM.

Challenges
(1) Enwin's franchise area has experienced almost no customer growth over the past few years. A low-growth rate franchise will likely limit earnings growth going forward.

(2) Enwin is exposed to economically sensitive industrial customers. Despite the auto sector recovering from a restructuring period in 2008 and 2009, the industry is still exposed to economic conditions which can have a large impact on electricity throughput volumes and, therefore, earnings and cash flow to Enwin.

(3) The Company has approximately 85,425 customers, which is relatively small compared to other electricity distributors covered by DBRS (e.g., Toronto Hydro Corporation, Hydro Ottawa Holdings Inc. and PowerStream). Small size limits the Company's ability to raise funds to finance its major capex, if required.

Regulation

- Enwin is regulated by the OEB under the Ontario Electricity Act, 1998. The Company's regulatory rate year runs from May 1 to April 30.
- Enwin operates under IRM, under which the Company is subject to a formula price cap that allows for an annual increase in distribution rates based on inflation, less a productivity factor, which can be reset annually.
- Under IRM, if Enwin's actual rate of ROE is 300 basis points (bps) above or below the allowed ROE, the OEB will undertake a review. If earnings are more than 300 bps over ROE, they may be re-distributed to customers.
- In addition to IRM, the Company is allowed to file a cost-of-service (COS) application, which is expected every four to five years.
- In the rebasing year the Company could be allowed, subject to the OEB's approval, to add prudently incurred capital expenditures spent during the IRM period to its rate base.
- In 2012, ROE is expected to be in line with 2011, which was reasonable at 9.96%.
- Enwin is allowed to fully recover its purchased power costs (except doubtful accounts on power cost, which are manageable) in a timely fashion, eliminating its exposure to power price risk. DBRS views this as a positive factor in the current regulatory system in Ontario (regardless of whether the Company operates under IRM or COS).
- The Company delayed a COS application and will file an IRM application for 2013.

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

Earnings and Outlook

Enwin - Earnings Highlights	12 months ended	For the year ended December 31			
($ millions)	Sep. 30, 2011	2010	2009	2008	2007
EBITDA	31.5	32.4	30.1	26.9	26.9
EBIT	16.7	18.7	18.7	15.7	16.0
Interest expense	4.3	4.0	3.9	4.5	5.2
Income taxes or in lieu of taxes	1.5	2.2	6.0	3.9	(4.7)
Net income bef. Extra. Items	11.0	12.5	8.8	7.4	15.4
Net income	10.6	11.3	10.2	7.6	15.7
EBIT margins	25.5%	28.3%	30.6%	26.5%	27.8%

Summary

- Overall, Enwin's earnings have been relatively stable in 2011, reflecting its regulated distribution business, which accounts for most of its earnings.
- The Company is exposed to the decline of its large users (in the auto sector) in the Windsor area, which was impacted by the weakening of the auto sector in 2008 but has stabilized since 2009.
- Earnings stability has been mainly supported by stable residential (25% of total throughput) and General Services (45%).
- 2011 earnings also benefited from an ROE of 9.96%, which was higher than previous years.
- Customer growth in Enwin's service area has been flat over the past five years.

Outlook

- The Company's 2012 earnings are expected to remain stable with a very modest increase expected in the second half when the new rates for the next regulatory period become effective.
- The expected increase will be dependent on the outcome of the Company's May 2012 to April 2013 rate application (under IRM), which requests a rate increase associated with the impact of loss revenues due to various conservation initiatives and for the disposition of a deferred account.
- ROE in 2012 is expected to be in line with 2011; the rate base ($206.1 million) is expected to remain largely unchanged until the next rebasing year.

Electricity Distributors Finance Corporation

Report Date:
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Financial Profile and Outlook

Enwin - Cash Flow Highlights	12 months ended	For the year ended December 31			
($ millions)	Sep. 30, 2011	2010	2009	2008	2007
Cash flow form operations	25.7	27.4	16.9	19.7	20.0
Dividends	(3.0)	(4.0)	(3.3)	(5.0)	(3.0)
Capex	(8.4)	(17.2)	(17.3)	(10.0)	(10.3)
Free cash flow before working capital	14.2	6.2	(3.6)	4.7	6.7
Changes in working capital	9.1	(8.4)	9.3	0.2	3.0
Net free cash flow	23.4	(2.2)	5.7	4.9	9.7
Net investment activities	0.2	0.1	0.2	0.2	1.4
All other non-cash/adjustments	(14.8)	(9.2)	11.5	4.7	4.5
Changes in debt	(5.1)	8.2	(11.8)	(9.0)	(18.6)
Due to (from) related parties	(3.6)	(3.6)	17.1	(0.7)	3.0
Net change in cash	(0.0)	(6.7)	22.7	0.0	0.0
Key Credit Ratios					
Debt/capital	45.7%	47.7%	46.2%	43.0%	47.5%
Debt/capital (external debt only)	37.9%	40.6%	39.8%	40.6%	44.9%
EBITDA interest coverage	7.34	8.18	7.65	6.03	5.21
EBIT interest coverage	3.90	4.71	4.75	3.53	3.09
Cash flow-to-debt	34.1%	35.4%	25.9%	30.5%	26.9%
Debt/EBITDA	2.39	2.39	2.16	2.52	2.87
Return on Equity	12.8%	15.6%	10.9%	8.8%	18.6%
Dividend payout	27.3%	32.0%	37.1%	67.7%	19.4%

Summary

- Enwin's financial profile remained strong for the current rating, with modestly low debt levels (all of its long-term debt is from Debentures issued to EDFIN) and very strong interest coverage and cash flow ratios.
- Positive free cash flow (before changes in working capital) was generated in 2010 and 2011 despite historical high capex in 2010 to improve system reliability and install smart meters.
- Dividend payouts (average at 39% over the past four years) have been among the lowest compared to other utilities.
- Large swings in working capital over the past three years were mainly due to timing differences in the Company's cost-deferred accounts.
- Enwin maintains one of the lowest balance sheet leverages among its peers. This is necessary to support the current rating, given its small size and average franchise area.

Outlook

- Capex is expected to remain modest, following peak capex levels in 2009 and 2010, and as a result, DBRS expects the Company to continue to generate positive free cash flows in 2012.
- DBRS expects Enwin to continue to maintain its balance sheet leverage in line with historical levels.

Long-Term Debt and Bank Lines

Liquidity

- Enwin's liquidity remains sufficient to finance its ongoing working capital needs. The Company has an unsecured committed $75 million revolving term facility which will mature in February 2012.
- As of September 30, 2011, the amount available was $70 million.
- Enwin has a letter of credit with the Independent Electricity System Operator (IESO), and as of September 30, 2010, no amount was outstanding.

Long-Term Debt Maturity

- Enwin has $50 million in debentures issued to EDFIN, maturing on August 15, 2012.
- DBRS believes that refinancing the EDFIN debt is within the Company's capacity.

Electricity Distributors Finance Corporation

Report Date:
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ENWIN Utilities Ltd.

Balance Sheet ($ millions)	Sept 30,	As at December 30		**Liabilities & Equity**	Sept 30,	As at December 31	
Assets	2011	2010	2009		2011	2010	2009
Cash & short-term investments	-	-	6.7	Short-term debt	25.4	27.7	15.1
A/R + unbilled revenue	38.2	31.1	29.9	A/P + accruals	22.8	26.7	28.9
Inventories	3.0	4.0	2.2	Other Current Liab.	2	1	9
Regulatory assets	-	-	-	**Current Liabilities**	50.1	55.5	53.4
Other	3.3	5.4	0.8	Customer deposits	5.8	7.0	7.4
Current Assets	44.5	40.5	39.6	Long-term debt	49.8	49.7	50.0
Net fixed assets	180.3	183.0	179.9	Other liabilities	49.0	45.7	53.0
Net investment in lease	0.0	-	0.0	Shareholders' equity	89.5	84.8	75.8
Other assets	19.5	19.1	20.1				
Total	244.3	242.6	239.6	**Total**	244.3	242.6	239.6

ENWIN Utilities Ltd.	12 months ended	For the year ended December 30							
Ratios/Operating Stats	Sept 30, 2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating margin	25.5%	28.3%	30.6%	26.5%	27.8%	20.3%	21.2%	18.0%	23.0%
Pre-tax margin (bef. extras.)	19.0%	22.3%	24.1%	19.0%	18.8%	10.4%	7.2%	3.9%	7.8%
Return on avg. common equity	12.8%	15.6%	10.9%	8.8%	18.6%	14.3%	4.2%	2.1%	4.4%
Rate base ($ millions)	206.1	205.0	205.0	186.5	186.5	186.5	165.4	161.3	161.3
Peak system demand (MW)		518	495	532	669	669	669	602	609
Electricity Throughputs									
Residential		647.5	608.1	637.1	665.0	655.1	708.5	646.6	684.0
General service		1,168.0	1,187.7	1,295.0	1,352.1	1,285.7	1,353.2	245.8	1,471.0
Large users		446.3	650.3	781.4	945.1	1,006.7	1,059.0	1,076.4	1,057.0
Street lighting/Other		70.7	16.9	17.0	16.9	16.9	16.7	16.5	23.0
Total – (GWh)		2,332.5	2,463.0	2,730.5	2,979.1	2,964.4	3,137.4	1,985.3	3,235.0
Growth in electricity throughputs									
Number of Customers									
Residential		76,720	76,528	76,400	76,496	76,407	75,921	75,107	73,512
General service		8,133	8,159	8,234	8,251	8,283	8,324	8,699	8,638
Large users		10	10	10	10	11	9	9	10
Street lighting/Other		165	2	2	2	2	2	1	1
Total		85,028	84,699	84,646	84,759	84,703	84,256	83,816	82,161
Unit Revenues & Costs (cents per kWh throughputs)									
Average gross revenues		11.71	9.67	8.76	8.12	8.13	8.17	11.17	6.92
Power costs		8.89	7.19	6.58	6.19	6.20	6.91	9.19	5.68
Average net revenues		2.82	2.48	2.18	1.93	1.93	1.26	1.98	1.25
Variable costs (OM&A + PILS)		1.53	1.50	1.33	0.87	0.98	0.71	1.19	0.71
Fixed costs (deprec., int., gov't levies)		0.76	0.62	0.57	0.54	0.61	0.47	0.73	0.45
Total costs (excl. power costs)		2.29	2.13	1.90	1.41	1.59	1.18	1.92	1.16
Net margin		0.54	0.36	0.27	0.52	0.34	0.08	0.06	0.08

(1) Excludes municipal and property taxes.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Issuer Rating	Enwin Utilities Ltd.	A (low)	Confirmed	Stable

Rating History

	Current	2011	2010	2009	2008	2007
Issuer Rating	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

The Company
PowerStream Inc. was created in 2004 through the merger of three local distribution companies – Hydro Vaughan Distribution Inc., Markham Hydro Distribution Inc. and Richmond Hill Hydro Inc. PowerStream acquired Aurora Hydro Connections Ltd. on November 1, 2005. Following the January 1, 2009, merger with Barrie Hydro Distribution Inc., PowerStream is currently 45% owned by the City of Vaughan, 34% by the Town of Markham and 21% by the City of Barrie. It is the second largest municipally owned electricity distribution company in Ontario, providing service to residential and business customers in the municipalities of Aurora, Markham, Richmond Hill, Barrie, Vaughan and 11 Simcoe counties. The Company serves approximately 336,000 customers in a service area of 806 square kilometres.

PowerStream Inc.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Issuer Rating	PowerStream Inc.	A	Confirmed	Stable

Rating Rationale

DBRS has confirmed the Issuer Rating of PowerStream Inc. (PowerStream or the Company) at "A" with a Stable trend. The rating reflects the Company's low-risk, regulated electricity distribution operations, its solid financial profile and a strong franchise area with a favourable customer mix.

The business risk profile has improved following the merger with Barrie Hydro Distribution Inc. (Barrie Hydro) in 2009, providing a much larger customer base, greater diversification and strong population growth in the Barrie area. The Company currently operates under the IRM, which is viewed by DBRS as reasonable and stable, allowing PowerStream to recover purchased power costs on a timely basis. A cost-of-service application is expected to be filed in the rebasing year, generally every four or five years (the next rebasing year is expected to be 2013). Returns on equity investment and the size of the rate base are expected to increase in the rebasing year. DBRS views the new rate rider, effective January 2011, allowing for the recovering of costs associated with smart meters in 2008 and 2009, as a positive factor to the Company's cash flow.

The Company's financial profile has remained stable, underpinned by improved earnings and cash flow, as a result of customer growth and operational efficiency achieved under IRM. However, debt levels were higher in 2010 and 2011 than in previous years, as new debt was issued to finance free cash flow deficits resulting from higher capital spending (capex) to maintain system capacity and reliability. Despite higher debt levels, the Company's credit metrics have remained well within the current "A" rating category.

DBRS notes that the Company is committed to maintaining its debt-to-capital ratio in line with the regulatory 60% debt to 40% equity structure. This level is reasonable for the current rating. However, the debt leverage ratio is viewed as strong when debt owed to the parents (interest could be deferred) was excluded, providing significant flexibility for the Company going forward, especially when the Debentures owed to EDFIN mature in August 2012.

Rating Considerations

Strengths
(1) Strong franchise area with good growth
(2) Second largest LDC in Ontario
(3) Solid financial metrics

Challenges
(1) Managing capital expenditures
(2) Low regulated returns
(3) Performance pressure under IRM

Financial Information

PowerStream Inc.	12 months ended	As at December 31			
	Sept 30, 2011	2010	2009 (2)	2008	2007
EBIT interest coverage (times)	2.28	2.60	2.28	2.58	3.48
Total debt-to-capital (1)	58.1%	59.1%	59.6%	58.7%	54.8%
Cash flow-to-total debt (1)	20.6%	21.1%	18.7%	18.7%	22.6%
Debt to EBITDA	3.92	3.89	4.23	4.27	3.20
Operating cash flow ($ millions)	85.4	87.1	73.9	57.8	57.2
Net income ($ millions)	24.4	27.0	20.8	17.8	21.1
Cash flow-to-capex	1.77	1.24	1.00	1.23	0.94
Return on average equity	8.3%	8.3%	8.6%	8.3%	20.2%

(1) Includes subordinate debt (promissory notes to shareholders).
(2) 2009 financials include the combined results of Barrie Hydro Holdings Inc. and Powerstream

Electricity Distributors Finance Corporation

Report Date:
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Rating Considerations Details

Strengths
(1) PowerStream's franchise area is one of the strongest in Ontario, with relatively strong customer growth, averaging 2% over the past few years. The customer mix is also favourable, with residential customers accounting for nearly 90% of total customers in 2010. This reduces the Company's exposure to economic conditions as residential demand is very consistent.

(2) With approximately 336,000 customers, the Company is the second largest electricity utility in Ontario (behind Toronto Hydro Corporation). The size of the customer base allows the company to operate more efficiently as they can take advantage of economies of scale, especially under IRM.

(3) PowerStream has continued to maintain a solid balance sheet and strong credit metrics for its current rating category, with a debt-to-capital ratio of 58%, EBIT-interest coverage of 2.28 times and a cash flow-to-debt ratio of 20.6% (for the 12 months ended September 30, 2011).

Challenges
(1) The Company has a large capex program to maintain its reliability system and expand its distribution networks. Large capex could result in negative free cash flow, which would require external financing. In addition, extra capex beyond the amount approved by the OEB may not be added to the rate base until the rebasing year.

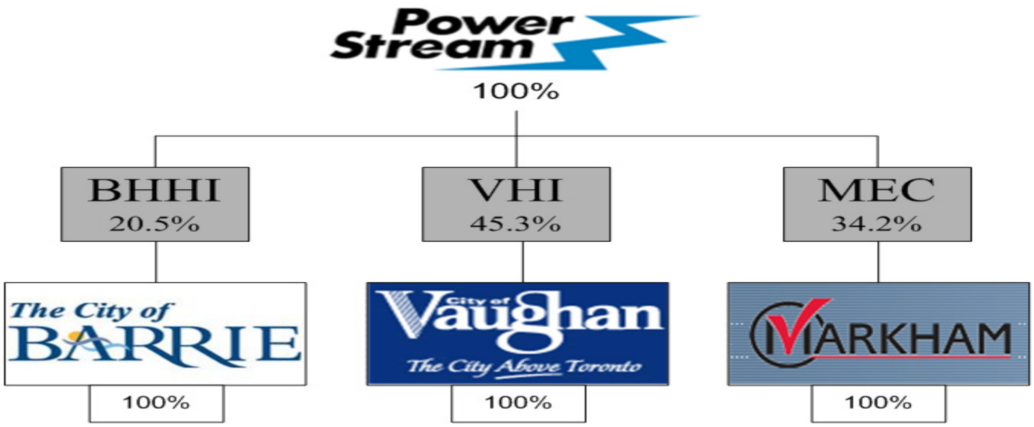
(2) The approved ROE of 8.01% in 2011 was established by the OEB in 2008 for 2009 rate filers. This level was low and was primarily due to the low interest rate environment. While the OEB has changed its methodology for calculating ROE, and updates this parameter annually, the resulting increase in the ROE can only be realized by the company after they rebase.

(3) Under IRM, PowerStream's annual rate increases are limited by a regulatory formula that includes inflation and the Company's productivity factor. The Company must achieve productivity at least equal to the regulatory productivity factor in order to achieve the allowed ROE.

Regulation

- PowerStream is regulated by the OEB under the Ontario Electricity Act, 1998. The Company's regulatory rate year runs from May 1 to April 30.
- PowerStream operates under IRM, under which the Company is subject to a formula price cap that allows for an annual increase in distribution rates based on inflation less a productivity factor, which can be reset annually.
- Under IRM, if the Company's actual ROE is 300 basis points (bps) above or below the allowed ROE, the OEB will undertake a review, and earnings over 300 bps may be shared with customers.
- In addition to IRM, the Company is allowed to file a cost-of-service (COS) application, which is expected every four to five years. The next rebasing year is 2013 for PowerStream.
- The Company is expected to file a COS application in 2012 for new rates effective January 2013.
- In the rebasing year, the Company could be allowed, subject to the OEB's approval, to add prudently incurred capital expenditure already spent during the IRM period to its rate base.
- In 2012, allowed ROE remains at 8.01% and deemed equity is 40%, both of which are reasonable levels. The Company's ROE is expected to increase to the mid-9.00% range in accordance with the OEB's 2009 report.
- PowerStream is allowed to fully recover its purchased power costs (except doubtful accounts on power cost, which are manageable) in a timely fashion, eliminating its exposure to power price risk. DBRS views this as a positive factor in the current regulatory system in Ontario (regardless of whether the Company operates under IRM or COS).

Ownership Structure



Earnings and Outlook

PowerStream - Earnings Highlights	12 months ended	As at December 31			
($ millions)	Sept 30, 2011	2010	2009 (1)	2008	2007
EBITDA	105.8	106.3	93.4	72.6	79.1
EBIT	59.2	60.0	51.3	41.2	49.4
Gross interest expense	25.9	23.1	22.5	16.0	14.2
Net income bef. extraordinary items	24.4	27.0	20.8	17.8	21.1
Net income	24.1	26.5	21.1	17.8	21.1

(1) 2009 results include the results of Barrie Hydro Holdings Inc.

Summary

- Overall, PowerStream's earnings have increased since the amalgamation with Barrie Hydro in 2009. Most of PowerStream's earnings are generated from electricity distribution operations.
- The increase in 2010 compared to 2009 was largely due to cost containment under IRM. The amalgamation allowed PowerStream to achieve some synergies.
- Earnings stability is supported by a sizable customer base, with approximately 336,000 customers. Approximately 90% of the customers are residential, mitigating PowerStream's exposure to economic conditions.
- Earnings in 2011 continued to remain stable. A slight decrease to net earnings in the last 12 months (LTM) 2011 (compared to 2010) was due to higher depreciation, which did not affect cash flow.

Outlook

- Barring an extreme change in weather pattern, outlook for 2012 earnings is expected to remain comparable to 2011, until 2013 (the rebasing year) when PowerStream's rate base and ROE are expected to increase.

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

Financial Profile and Outlook

PowerStream - Cash Flow Highlights	12 months ended	As at December 31			
($ millions)	Sept 30, 2011	2010	2009(*)	2008	2007
Net income (before extras)	24.4	27.0	20.8	17.8	21.1
Depreciation	49.9	49.8	45.4	32.9	31.5
Other non-cash items	11.1	10.4	7.7	7.1	4.6
Cash Flow From Operations	85.4	87.1	73.9	57.8	57.2
Common dividends	(13.9)	(10.5)	(31.1)	(8.5)	(4.7)
Capital expenditures	(48.4)	(70.0)	(73.7)	(47.0)	(60.8)
Cash Flow Before Working Capital	23.2	6.6	(30.9)	2.4	(8.3)
Changes in working capital	(6.3)	(2.7)	(23.3)	(14.9)	11.8
Free Cash Flow	16.9	3.9	(54.2)	(12.5)	3.5
Merger/Acquisition/Other investment	(0.3)	0.1	0.2	0.1	9.9
Change in regulatory assets	(9.2)	(28.4)	(23.3)	1.7	(3.5)
Net change in equity	4.3	2.4	-	-	-
Net change in debt	(0.5)	(0.3)	15.0	50.0	-
Other financing	(25.6)	(11.8)	21.2	(6.1)	10.3
Net Change in Cash	(14.4)	(34.0)	(41.1)	33.1	20.2
Key Financial Ratios					
Total debt-to-capital (1)	58.1%	59.1%	59.6%	58.7%	54.8%
Total debt-to-capital (2)	47.6%	50.3%	50.4%	49.3%	42.8%
EBITDA interest coverage	4.08	4.60	4.15	4.55	5.57
EBIT interest coverage	2.28	2.60	2.28	2.58	3.48
Cash flow-to-total debt	20.6%	21.1%	18.7%	18.7%	22.6%
Return on Equity	8.3%	8.3%	8.6%	8.3%	20.2%
Dividend payout	56.8%	39.0%	149.1%	47.8%	22.2%

(1) Include subordinate debt owed to shareholders; (2) Exclude subordinate debt owed to shareholders

(*) 2009 results include the results of Barrie Hydro Holdings Inc.

Summary

- PowerStream generated positive free cash flow in 2010 and 2011, reflecting stronger cash flows, lower dividends and a modest decline in capex.
- Despite a decline, capex remained large in 2010 and 2011, mainly due to higher capital spending on transformer stations, transformers and smart meters.
- The Company maintained a minimum dividend payout ratio of 50% of net income. Payout depends on the Company's cash position, working capital requirements and net capital expenditures.
- Following a significant increase in 2009 (due to the acquisition of Barrie Hydro), debt levels remained relatively stable in 2010 and 2011.
- The Company's debt leverage (including debt owed to its parents) remained reasonable at or below the 60% regulatory debt ratio (in line with the regulatory capital structure). Excluding debt owed to its parents, the debt leverage was low in the 48% to 50% range.
- Cash flow-to-debt and interest coverage ratios have trended lower in recent years as a result of increased debt levels; however, these metrics continue to remain solid and are in line with the "A" rating range.

Outlook

- Cash flow in 2012 is expected to remain stable as the Company continues to operate under IRM with almost no changes in its 2011 ROE and the rate base.
- The Company's rate base is expected to increase in the rebasing year (2013); this should improve cash flow over the next IRM period.
- DBRS expects the Company to continue to maintain its balance sheet leverage at 60%, in line with the OEB-approved deemed capital structure. Interest coverage and cash flow metrics are expected to remain relatively stable, similar to the 2011 level, and continue to be supportive of the "A" rating.

Long-Term Debt and Bank Lines

Summary

Liquidity

- PowerStream's liquidity remained sufficient to finance its ongoing working capital and capex requirements.
- At the end of 2011, the Company had a $75 million committed revolving facility. The available amount was $60 million.
- The Company is currently in the process of finalizing a $125 million committed backstop facility with a commercial bank. This facility is expected to be used if PowerStream is unable to refinance the EDFIN Certificates at maturity.

Long-Term Debt

PowerStream's long-term debt currently consists of the following:

- Senior unsecured debentures totalling $125 million issued to EDFIN, maturing on August 15, 2012.
- Subordinate debt to shareholders (promissory notes) totalling $166.1 million.
  - $78.2 million, 5.58%, due 2024, held by the City of Vaughan.
  - $67.9 million, 5.58%, due 2024, held by the Town of Markham.
  - $20.0 million, 5.58%, due 2024, held by the City of Barrie.
- The three promissory notes are repayable 90 days following demand from its owners. These notes have been classified as long term by PowerStream as it is not the intent of any of its owners to demand repayment within the next year.
  - The interest on the City of Vaughan and Town of Markham's promissory notes was deferred for eight quarters commencing October 1, 2006, and for a five-year period from October 2008 and will be repayable in full on October 31, 2013. This amounts to approximately $16.3 million in deferred interest expense.

Electricity Distributors Finance Corporation

Report Date:
January 31, 2012

PowerStream Inc.

Balance Sheet

($ millions)	Sept 30	As at December 31			Sept 30	As at December 31	
Assets	2011	2010	2009	**Liabilities & Equity**	2011	2010	2009
Cash & short-term investments	(11.9)	8.6	42.6	Short-term debt	40.0	40.0	40.0
A/R & unbilled revenue	184.4	161.6	161.8	A/P & accruals	103.9	117.8	123.5
Inventories	2.7	3.1	3.9	Other	14.3	13.1	8.4
Other	1.7	2.7	4.1	**Current Liabilities**	158.1	170.9	171.9
Current Assets	176.8	175.9	212.4	Customer deposits	12.3	12.1	16.7
Net fixed assets	649.8	642.1	601.8	Long-term debt	374.4	373.9	355.5
Regulatory assets	31.8	32.0	26.4	Regulatory liabilities	65.7	68.3	91.1
Other assets	58.2	58.1	65.9	Other liabilities	49.2	38.8	45.5
Goodwill & other assets	42.5	42.5	42.5	Shareholders' equity	299.4	286.6	268.2
Total	959.1	950.6	949.0	**Total**	959.1	950.6	949.0

	12 months Sept 30	As at December 30				
Ratios/Operating Stats	2011	2010	2009 (1)	2008 (2)	2008	2007
Operating margin	35.0%	35.8%	32.9%	34.1%	34.0%	39.5%
Pre-tax margin	20.9%	22.8%	18.9%	21.7%	20.8%	28.2%
Return on avg. common equity	8.3%	9.7%	8.6%	10.3%	8.3%	20.2%
Rate base ($ millions)(*)	711	677	626	649	499	463
Peak system demand (MW)(*)	1,961	1,896	1,756	1,756	1,444	1,519
Total throughput (GWh)(*)	8,658	8,611	8,026	8,438	6,829	6,873
Number of Customers						
Residential (*)	297,962	290,951	283,665	277,836	215,323	207,783
General service (*)	37,809	37,456	37,031	36,364	29,249	28,434
Large users (*)	1	1	1	1	1	3
Street lighting (*)	163	178	172	22	15	48
Total	335,935	328,586	320,869	314,223	244,588	236,268
Unit Revenues & Costs						
Average gross revenues	10.50	9.95	9.69	8.92	8.88	8.95
Power costs	8.53	8.03	7.75	7.08	7.10	7.13
Average net revenues	1.97	1.92	1.94	1.84	1.77	1.82
Variable costs	0.87	0.82	0.89	0.86	0.82	0.87
Fixed costs (deprec., int., gov't levies)	0.81	0.80	0.80	0.71	0.69	0.64
Total costs (excl. power costs)	1.68	1.61	1.68	1.57	1.51	1.51
Net margin	0.29	0.30	0.26	0.27	0.26	0.31

(1) 2009 results include the results of Barrie Hydro Holdings Inc.

(2) 2008 results are the DBRS estimate of the combined full year results of both Barrie Hydro and PowerStream

(*) 2011 was based on December 31.

Rating

Debt	Issuing Entity	Rating	Rating Action	Trend
Issuer Rating	PowerStream Inc.	A	Confirmed	Stable

Rating History

	Current	2011	2010	2009	2008	2007
Issuer Rating	A	A	A	A	A	A

APPENDIX D.2

STANDARD & POOR'S

Global Credit Portal®
RatingsDirect®

March 1, 2012

Electricity Distributors Finance Corp.

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Electricity Distributors Finance Corp.

Major Rating Factors

None

Strengths:

- Stable, regulated cash flows
- Limited exposure to commodity price and volume risk
- Low-risk monopoly

Weaknesses:

- Significant financial risk profiles of entities supporting the debentures

Rationale

The 'A' issue-level rating on Ontario-based Electricity Distributors Finance Corp. (EDFIN) reflects Standard & Poor's Ratings Services' assessment of the risk profile of its least creditworthy participant. EDFIN is a special-purpose entity that acts as a financial conduit for participating local distribution companies (LDCs) in the Province of Ontario (AA-/Stable/A-1+). It has no assets or other liabilities itself. The rating on the company's C$175 million, 6.45% unsecured debentures series 2002-1 outstanding reflects our view of the least creditworthy participant supporting the debentures, because the EDFIN structure does not provide for pooled credit support. Each LDC is liable only for its obligations within the structure and has no liability for the obligations of the other. PowerStream Inc. (C$125 million) and EnWin Utilities Ltd. (C$50 million) support the C$175 million EDFIN debt obligation, which matures Aug. 15, 2012.

The 'A' rating reflects our view of both participants' excellent business risk profiles as regulated electricity distribution companies and our expectation that they will maintain their significant financial risk profiles.

Although both EDFIN participants are wholly owned municipal entities (EnWin by the City of Windsor [AA/Stable/--]); and PowerStream by the City of Vaughan [not rated], the Town of Markham (not rated), and the City of Barrie [AA/Stable/--]), the rating on the EDFIN debt reflects our view on both participants' stand-alone creditworthiness. In accordance with our criteria, we believe there is a "low" likelihood that the shareholders would provide timely and sufficient extraordinary support in a financial crisis.

Cash flow to service the EDFIN debt comes almost entirely from stable and predictable regulated electricity distribution activities. The Ontario Energy Board's (OEB) regulatory framework supports both LDCs' cash flow stability, allowing for the recovery of prudent costs and the opportunity to earn a modest return. We believe regulatory cost recovery is generally predictable. The current environment limits the LDCs' exposure to commodity risk. Although the companies must bill electricity customers for the commodity delivered, the cost is a flow-through. The LDCs have no obligation to ensure an adequate supply of electricity and are not burdened with the procurement process or power purchase agreements. Net distribution revenues are subject to modest volumetric risk, largely due to weather. The OEB continues its consultations for a renewed regulatory framework for LDCs in Ontario. It's too early to tell how this initiative will affect the ratings on LDCs in Ontario. We are also unaware of any fixed time frame for implementation. Nevertheless, we believe the overarching principle of maintaining a balance between LDCs and ratepayer interests remains strong. Each company's monopoly position in its service franchise and electricity distribution's asset-intensive and essential nature limit competitive risk, in our view. The electricity distribution business also carries relatively low operating risk.

We expect the EDFIN participants' significant financial risk profiles to stay relatively stable and financial key coverage ratios to be comparable to those of 'A' rated Ontario LDC peers. As of Sept. 30, 2011, EnWin's rolling 12-month adjusted fund from operations (AFFO) debt coverage ratio was 25%. PowerStream's AFFO debt coverage ratio was 19%, in line with our expectations. We expect both participants' cash flows to be steady and predictable at similar levels. We expect both participants will maintain their balance sheets in line with the regulatory-deemed capital structure for the foreseeable future.

In our view, repayment risk is limited; both participants are taking steps in securing sources to pay their respective portion of the EDFIN debt and have made meaningful progress to date, consistent with our expectations. We expect the regulated LDCs to continue to enjoy strong access to capital markets.

Liquidity

As a special-purpose entity, EDFIN relies on both participants' timely repayments to service and repay the C$175 million EDFIN obligations on Aug. 15, 2012. We view the EDFIN participants' liquidity adequate to cover needs (including the EDFIN debt repayments) in the near future. In our assessment, we incorporate the following factors:

- EnWin has a fully available C$75 million committed credit facility with Royal Bank of Canada (that extends to Aug. 31, 2014), which is sufficient to cover its C$50 million EDFIN debt repayment. Our estimated annual FFO of C$20 million is sufficient to cover its on-going annual maintenance capital expenditure in the next 12 months.
- PowerStream's 364-day committed revolver credit facility of C$75 million and our estimated annual FFO of C$60 million are not sufficient to cover the company's committed annual capital expenditure and C$125 million EDFIN debt repayment. However, we believe that it has a credible financing plan to address this issue within the next three months.

Accounting

The EDFIN participants prepare audited consolidated financial statements (fiscal year ended Dec. 31) and unaudited quarterly statements in accordance with Canadian generally accepted accounting principles. Both participants plan to adopt International Financial Reporting Standards effective Jan 1, 2012. We do not expect the change to affect our rating. No participant has power purchase agreement commitments or material operating leases. A third party provides pensions, and costs are expensed and recovered through rates. Standard & Poor's has materially adjusted EnWin's reported debt (including C$15 million of the intercompany debt), reflecting about C$22 million in postretirement benefit obligations. We expect the company will recover the cost of these obligations through regulated rates.

Table 1

EnWin Utilities Ltd. And PowerStream Inc.--Peer Comparison

Industry Sector: Electric Utility

	--Fiscal year ended Dec. 31, 2010--			
(Mil. C$)	**Enwin Utilities Ltd.***	**Powerstream Inc.***	**ENTEGRUS Inc.**	**London Hydro Inc.**
Rating as of March 1, 2012	NR	NR	A/Negative/--	A/Stable/--
Revenues	273.1	856.4	102.1	337.4
EBITDA	33.9	107.1	11.5	33.6
Net income from continuing operations	12.2	26.5	3.5	9.0

Table 1

EnWin Utilities Ltd. And PowerStream Inc.--Peer Comparison (cont.)				
Funds from operations (FFO)	29.4	85.2	7.8	25.9
Capital expenditures	17.2	79.2	9.7	23.8
Free operating cash flow	3.8	3.2	0.6	2.0
Dividends paid	4.0	10.5	1.9	12.5
Discretionary cash flow	(0.2)	(7.3)	(1.3)	(10.5)
Cash and short-term investments	0.0	8.6	7.2	7.7
Debt	98.0	442.6	26.4	101.2
Equity	84.8	282.3	43.3	117.2
Debt and equity	182.8	724.9	69.6	218.4
Adjusted ratios				
EBITDA interest coverage (x)	5.8	4.2	6.6	6.1
FFO interest coverage (x)	5.1	4.3	5.5	5.5
FFO/debt (%)	30.0	19.2	29.7	25.6
Free operating cash flow/debt (%)	3.8	0.7	2.2	2.0
Discretionary cash flow/debt (%)	(0.2)	(1.7)	(5.1)	(10.4)
Net cash flow / capex (%)	147.1	94.2	61.0	56.3
Debt/EBITDA (x)	2.9	4.1	2.3	3.0
Total debt/debt plus equity (%)	53.6	61.1	37.8	46.3
Return on common equity (%)	15.2	9.0	8.2	7.8
Common dividend payout ratio (unadjusted; %)	18.4	39.8	54.9	27.6

*'A' debt rating on the senior unsecured debt of Electricity Distributors Finance Corp. NR--Not rated.

Table 2

EnWin Utilities Ltd.--Financial Summary					
Industry Sector: Electric Utility					
	--Fiscal year ended Dec. 31--				
(Mil. C$)	**2010**	**2009**	**2008**	**2007**	**2006**
Rating history	NR	NR	NR	NR	NR
Revenues	273.1	238.2	239.1	241.8	227.2
EBITDA	33.9	31.2	28.9	28.9	22.1
Net income from continuing operations	12.2	8.9	7.6	15.7	10.8
Funds from operations (FFO)	29.4	18.7	19.3	19.5	13.5
Capital expenditures	17.2	22.6	10.2	12.4	7.8
Dividends paid	4.0	3.3	5.0	3.0	2.0
Debt	98.0	92.0	85.5	93.7	99.5
Equity	84.8	75.8	85.5	82.0	70.0
Debt and equity	182.8	167.8	171.0	175.7	169.5
Adjusted ratios					
EBITDA interest coverage (x)	5.8	5.4	4.4	4.1	3.3
FFO interest coverage (x)	5.1	3.5	3.5	3.4	2.9
FFO/debt (%)	30.0	20.3	22.5	20.8	13.5
Discretionary cash flow/debt (%)	(0.2)	2.3	5.0	7.6	(2.4)

Table 2

EnWin Utilities Ltd.--Financial Summary (cont.)					
Net cash flow/capex (%)	147.1	68.1	139.8	133.1	147.5
Debt/debt and equity (%)	53.6	54.8	50.0	53.4	58.7
Return on common equity (%)	15.2	11.0	9.0	20.7	16.7
Common dividend payout ratio (unadjusted; %)	18.4	45.2	66.2	19.1	18.6

NR--Not rated.

Table 3

Reconciliation Of EnWin Utilities Ltd. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$)										
	--Fiscal year ended Dec. 31, 2010--									
Enwin Utilities Ltd. reported amounts	**Debt**	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	72.9	84.8	273.1	32.4	18.7	4.0	18.8	18.8	4.0	17.2
Standard & Poor's adjustments										
Operating leases	3.1	N/A	N/A	0.3	0.3	0.3	2.9	2.9	N/A	0.1
Postretirement benefit obligations	22.0	N/A	N/A	1.2	1.2	1.7	(0.7)	(0.7)	N/A	N/A
Reclassification of working-capital cash flow changes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.4	N/A	N/A
Total adjustments	25.1	0.0	0.0	1.5	1.5	1.9	2.2	10.5	0.0	0.1
Standard & Poor's adjusted amounts	**Debt**	**Equity**	**Revenues**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Dividends paid**	**Capital expenditures**
Adjusted	98.0	84.8	273.1	33.9	20.2	5.9	21.0	29.4	4.0	17.2

N/A--Not applicable.

Table 4

PowerStream Inc.--Financial Summary					
Industry Sector: Electric Utility					
	--Fiscal year ended Dec. 31--				
(Mil. C$)	**2010**	**2009**	**2008**	**2007**	**2006**
Rating history	NR	NR	NR	NR	NR
Revenues	856.4	777.7	606.2	614.8	591.9
EBITDA	107.1	94.5	73.8	80.1	76.7
Net income from continuing operations	26.5	21.1	17.8	21.1	19.5
Funds from operations (FFO)	85.2	72.5	51.4	48.4	49.7
Capital expenditures	79.2	66.0	46.2	61.7	58.3
Dividends paid	10.5	31.1	8.5	4.7	6.6
Debt	442.6	406.7	319.2	261.8	255.1
Equity	282.3	265.3	215.6	207.5	190.3

Table 4

PowerStream Inc.--Financial Summary (cont.)					
Debt and equity	724.9	672.0	534.8	469.3	445.4
Adjusted ratios					
EBITDA interest coverage (x)	4.2	3.9	3.5	4.0	4.4
FFO interest coverage (x)	4.3	3.9	2.7	2.7	3.6
FFO/debt (%)	19.2	17.8	16.1	18.5	19.5
Discretionary cash flow/debt (%)	(1.7)	(12.3)	(5.7)	(2.4)	(13.9)
Net Cash Flow / Capex (%)	94.2	62.7	92.9	70.7	73.9
Debt/debt and equity (%)	61.1	60.5	59.7	55.8	57.3
Return on common equity (%)	9.0	8.1	8.0	9.8	10.2
Common dividend payout ratio (unadjusted; %)	39.8	147.6	47.8	22.4	33.6

NR--Not rated.

Table 5

Reconciliation Of PowerStream Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$)

	--Fiscal year ended Dec. 31, 2010--									
PowerStream Inc. reported amounts	**Debt**	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	415.0	286.6	856.4	105.3	59.1	22.4	84.4	84.4	10.5	67.1
Standard & Poor's adjustments										
Operating leases	13.6	N/A	N/A	0.5	0.5	0.5	0.2	0.2	N/A	13.7
Postretirement benefit obligations	14.0	(4.3)	N/A	1.4	1.4	1.0	(0.6)	(0.6)	N/A	N/A
Capitalized interest	N/A	N/A	N/A	N/A	N/A	1.5	(1.5)	(1.5)	N/A	(1.5)
Reclassification of nonoperating income (expenses)	N/A	N/A	N/A	N/A	0.4	N/A	N/A	N/A	N/A	N/A
Reclassification of working-capital cash flow changes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.7	N/A	N/A
Total adjustments	27.6	(4.3)	0.0	1.8	2.2	2.9	(2.0)	0.7	0.0	12.2
Standard & Poor's adjusted amounts	**Debt**	**Equity**	**Revenues**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Dividends paid**	**Capital expenditures**
Adjusted	442.6	282.3	856.4	107.1	61.3	25.3	82.4	85.2	10.5	79.2

N/A--Not applicable.

Related Criteria And Research

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Key Credit Factors: Business And Financial Risks In The Investor-Owned Utilities Industry, Nov. 26, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

Ratings Detail (As Of March 1, 2012)	
Electricity Distributors Finance Corp.	
Senior Unsecured (1 Issue)	A
Business Risk Profile	Excellent
Financial Risk Profile	Significant

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.