

**ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
INDEX**

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ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
EXECUTIVE OVERVIEW
(All dollar amounts in 000's)

EHM is the regulated subsidiary of Enersource that owns, monitors, operates, builds and maintains the electrical distribution system in the City of Mississauga.

A significant strategic initiative of EHM during 2012 will be the development and filing of a two year Cost of Service rate application that aligns the rate year with the fiscal year 2013 as well as provide funding for many of the strategic initiatives that will further position Enersource as a leader in the industry. This application will be filed with the OEB in the second quarter of 2012. EHM's Asset Management Plan will form a significant part of the application.

In 2012, EHM will employ 328 staff, of which 222 are unionized and represented by the IBEW, Local 636.

Organizationally, EHM is structured around seven main functional operations:

- Engineering and Operations ("E&O");
- Customer Care Operations ("CCO");
- Billing, Settlements, Collections and Meter Data ("BSCM");
- Information Systems and Technology Support ("IS&TS")
- Regulatory Affairs ("RA");
- Asset Management and Strategic Projects ("AM&SP");
- Health, Safety and Security ("HS&S").

The E&O Division is responsible for the effective and efficient construction, operation, and maintenance of EHM's distribution system. In early 2011, EHM realigned the E&O Division to provide for a stronger focus on three key areas: Customer Service, People Development and Asset Management. The next step in late 2011 was to realign the Strategic Projects Division to be a greater support to E&O by incorporating the Asset Management portfolio to create the AM&SP and moving the FIT and microFIT coordination activities to E&O. These changes align the two Divisions more closely in several strategic areas.

The AM&SP Division provides synergies by focusing on the government's *Green Energy and Green Economy Act* ("GEGEA"), as well as Smart Metering, Individual Suite Metering, Time of Use ("TOU") Implementation, and CDM programs.

The CCO Department ensures that customer accounts are set up accurately and customer inquiries are addressed appropriately. Prior to 2012, the traditional Customer Services function also included the preparation and delivery of electricity bills. It was decided that the time had come to move the business model away from a traditional utility model to a more progressive business model. Customer Care and Billing Division functions were repositioned with the financial transaction and revenue assurance processes under Finance. The technology based functions under IS&TS and the Privacy Officer responsibilities moved to Corporate Relations.

ENERSOURCE HYDRO MISSISSAUGA

2012 BUDGET

EXECUTIVE OVERVIEW

(All dollar amounts in 000's)

The BSCM Departments that were moved under Finance in 2011 ensure that EHM measures, settles and bills energy purchases efficiently and effectively. The BSCM departments also monitor customer accounts to reduce EHM's non-payment risk. During 2012 and beyond, their main focus will be on enhancing EHM's revenue assurance processes as well as further reducing and mitigating customer non-payment risk.

Enersource's IS&TS Division will focus on enhanced internal client service, higher computerized system performance and business driven strategic capital investments.

The RA Division manages the OEB regulatory process and relationships and enables policy influence.

The HS&S Division continues its emphasis on safety and safety based systems/programs to all Enersource employees.

Additional strategic issues that will be addressed by the regulated company include:

Transitioning from Growth to Maintenance, from Greenfield to Intensification

The City of Mississauga has declining greenfield development and is shifting to redevelopment, infill and intensification. The City has reported that over 94% of its land is now developed. In 2012, expansion and new construction initiatives continue with the completion of the Bus Rapid Transit Systems and Downtown 21 projects including Condominium developments. The distribution system enhancements will follow this shift in emphasis from growth driven to maintenance driven investments and from traditional underground services to deep (duct and manhole) services in the downtown core.

Best-in-Class Performance

As our distribution system ages, proactive refurbishment is essential, to maintain the system's performance standards and customer service objectives.

Many factors, such as weather, customer loading, growth and technology, impact the distribution system and in turn EHM's reliability performance measures (System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI"). The system's performance declined in 2011 as compared to previous years. Enersource's 2011 performance decline was consistent with that of other major LDC's indicating weather was a contributing factor.

Despite the economy showing only slight improvements during 2011, EHM's overall system load increased mainly as a result of the extreme weather experienced during the summer period. Modest organic growth has continued with new Residential, Industrial and Commercial customers, creating pockets within the City where additional or more flexible capacity is

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2012 BUDGET
EXECUTIVE OVERVIEW
(All dollar amounts in 000's)

required. The overall peak demand increased by an average 1.8% per year from 2002 to 2006. In 2011, the hot summer, and demand for air conditioning, resulted in EHM having a system peak of 1,609.3 MW on July 21st almost surpassing the previous system peak of 1,610 MW achieved in the summer of 2006.

The Integrated Operating Model ("IOM") is providing vast amounts of data on outages which is being transformed into valuable information that is enhancing the decision making process within our Asset Management Plan ("AMP") and associated strategies. EHM will make strategic investments including distribution system enhancements and smart grid technologies which provide the highest long-term value to customers and shareholders.

Enersource determined, in 2011, that a condition based assessment of its key distribution assets was required to plan more effectively. Such an undertaking results in a quantifiable evaluation of asset condition, provides a guide to rehabilitation and replacement prioritization and ultimately serves as the foundation for the AMP.

Key distribution assets were categorized into major classes in order to complete the health evaluation known formally as an Asset Condition Assessment ("ACA"). The ACA provides a 20 year time horizon of assets to be replaced from a condition-based viewpoint. Also, the data gathered regarding age and life spans provides an additional 20 year time horizon. This assessment will help Enersource plan more effectively in three separate time frames: short-term 1 to 3 years, medium-term 3 to 20 years and long-term 21 to 40 years.

A formal comprehensive AMP is important for asset-intensive businesses (primarily physical assets with relatively long lives) such as electricity distribution networks. The City of Mississauga entered into an extreme growth period several decades ago and developers installed electricity distribution assets and dedicated them to Enersource as a condition of their Subdivision Agreements with the City. These assets have aged considerably and will need replacing. Even though there are considerable operational and financial constraints, we will strategically deploy our workforce and other resources to ensure that overall system performance is maintained at the highest possible level.

The implementation of the AMP is a key strategic initiative and will be a major element of EHM's two year Cost of Service rate application.

Workforce Sustainment

EHM's apprenticeship program continues to develop excellent resources to fortify our outside trades staff as part of our workforce sustainment strategy. This program helps us ensure that trades staff performance remains a strength that can be effectively utilized to operate, maintain and expand our system. In 2011, EHM continued to emphasize the specialized requirements associated with our underground maintenance operations. In 2012, EHM will transition its plan to include a greater emphasis on local candidates to reduce the risk of flight, after journey person

ENERSOURCE HYDRO MISSISSAUGA
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EXECUTIVE OVERVIEW
(All dollar amounts in 000's)

status is achieved. As well, it will increase its efforts to obtain qualified journeyman level individuals to fill the gap created by future retirements.

Customer Care & Responsiveness

EHM's call centre continues to connect with and respond to customer needs on a daily basis and address other industry stakeholder organizations. EHM will provide service to approximately 196,756 customers in 2012 up from 194,175 customers in 2011.

During 2012, EHM expects to answer over 250,000 customer calls, an increase of approximately 25% to 30% over 2011. The majority of the anticipated increase in customer call activity is due to the introduction of TOU electricity rates in late 2011 and early 2012 on top of the ongoing economic conditions. EHM has implemented several self-service features in its website to address routine questions and reduce the associated calls. In 2012, EHM will enhance its on-line outage communication portal to assist customers with timely information when outages occur.

Implementing Government Directives

Work will continue on implementing the appropriate procedures to comply with regulatory requirements for 2012. These new regulatory initiatives include the government imposed TOU rates and technical integration with the IESO's Meter Data Management and Repository ("MDM/R") system. EHM has committed to transition all of its customers onto TOU rates by May 2012.

As required by regulation, EHM is mandated to interface with the Provincial MDM/R system operated by the IESO. The MDM/R will validate, store and calculate the smart meter data for EHM to produce TOU electricity bills for customers. Currently, the MDM/R is out of compliance with Measurement Canada. EHM has developed an alternative plan which is Measurement Canada compliant, however, does not utilize the provincial MDM/R.

The GEGEA requires that electricity distributors provide priority access to the electricity distribution system for renewable electricity generation facilities, such as the Feed-In Tariff ("FIT") and microFIT projects. The GEGEA also allows the MEI to issue directives to the OEB to assign energy conservation and demand management targets to distributors, which have become a condition of the distributor's license. In 2012, Enersource will continue to work with outsourced delivery partners to achieve its required conservation results.

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2012 BUDGET
EXECUTIVE OVERVIEW
(All dollar amounts in 000's)

Building Construction/Renovation

Enersource has reviewed options to improve the work environment of its administrative Head Office and Operational Centre. The existing facilities no longer meet the full needs of Enersource. In 2012, EHM will move into a new facility as well as begin the plans to improve on its existing facility at 3240 Mavis Rd.

Safety

Safety is a prime concern of every employee at Enersource. HS&S has the primary responsibility for the apprentice training program and is working closely with the E&O team. HS&S and E&O have restructured the monthly outside safety meeting framework and has gained greater consistency and clarity of the safety message. HS&S will be converting its current practices into a more systems based approach during 2012.

Regulatory Compliance and Policy Influence

EHM strategy stresses the need for strong stakeholder relations. Key industry stakeholders include the OEB, the IESO, the OPA, and the MEL. The primary liaison for EHM is its RA Division. This division oversees the company's regulatory strategy, manages EHM's application processes, and advocates EHM's regulatory positions and influences OEB policy.

During the third quarter of 2011, EHM submitted a 3rd GIRM Application for distribution rates effective May 1, 2012 and expects a favourable decision in early 2012. This department will also be responsible to lead and submit EHM's two year Cost of Service application.

Financial Summary

2011 Forecast

Total IFRS shareholders' net income after taxes is forecasted to be \$21,288 in 2011 due to higher distribution revenue, higher margins from conservation and demand management programs combined with larger investment tax credits. These favourable variances were partially offset by an increase in the bad debt expense and a write-off related to EHM's deferral and variance accounts.

The forecasted balance sheet for 2011 has an ending cash balance of \$65,263 and a working capital ratio of 1.7.

During 2011, EHM will experience a positive cash flow of \$35,870.

ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
EXECUTIVE OVERVIEW
(All dollar amounts in 000's)

2012 Budget

Energy revenues for 2012 are budgeted at \$716,680 and net distribution revenues are budgeted to be \$117,953 or \$2,779 lower than the 2011 forecast.

The IFRS shareholders' net income budgeted for 2012 is \$18,304 and is the product of operating income of \$32,380 less net financial expenses of \$16,316 and P.I.s of \$2,240. This shareholders' net income yields a return on projected shareholders' opening equity of 8.17%. The negative regulatory adjustment in 2012 of \$18,257 is due to the refund of power and global adjustment variances. Consolidated IFRS total net income of \$47 is comprised of shareholders' net income of \$18,304 and a negative regulatory adjustment of \$18,257.

The proposed balance sheet for the 2012 budget has an ending cash balance of \$30,438 and a working capital ratio of 1.4.

ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
DISTRIBUTION REVENUE
 (All dollar amounts in 000's)

2012 Distribution Revenue Budget

The 2012 distribution revenue budget is \$117,953 and is comprised of the following:

| | |
|----------------------------------|------------------|
| Base Distribution Revenue | \$112,625 |
| Smart Meter Revenue | <u>5,328</u> |
| 2012 Distribution Revenue Budget | <u>\$117,953</u> |

The 2012 budget of \$117,953 represents a reduction of \$2,779 (2.3%) from the 2011 forecast of \$120,732. The decline in revenue can be attributed to the following:

2012 Distribution Revenue Budget Decrease

| | 2011 | 2012 | |
|----------------------------|------------------|------------------|------------------|
| | Forecast | Budget | Variance |
| Base Revenue | \$114,984 | \$112,055 | (\$2,929) |
| L.RAM | 449 | 570 | \$121 |
| Smart Meter Revenue | <u>5,299</u> | <u>5,328</u> | <u>\$29</u> |
| Total Distribution Revenue | <u>\$120,732</u> | <u>\$117,953</u> | <u>(\$2,779)</u> |

Base revenue – The reduction in base revenue of \$2,929 (2.5%) includes a refund relating to the final disposition of account 1562 Deferred Payments in Lieu of Taxes, a load reduction of 0.5% as a result of normalizing weather in the 2012 Budget and a 0.9% load reduction as a result of an increase in CDM activities. These reductions are partially offset by a 0.7% increase in rates effective May 1, 2012 and customer growth of 1.3%.

Lost Revenue Adjustment Mechanism ("LRAM") – The increase in LRAM of \$121 is due to additional lost revenue from prior year conservation programs that were included in the 2012 LRAM application.

Smart meter revenue – The increase of \$29 in smart meter revenue is due to the recognition of an additional year of investments in smart meters in 2012.

Deferred Distribution Revenue – Included in the 2012 Budget is the deferral of \$7,117 of distribution revenue which relates to the adoption of componentized fixed assets with revised useful lives (\$12,000), net of the impact of expensing overhead burdens that are not directly attributable to capital projects and the derecognition of assets that have reached the end of their useful lives (\$4,883).

ENERSOURCE HYDRO MISSISSAUGA
 2012 BUDGET
 DISTRIBUTION REVENUE BY CUSTOMER CLASS
 (All dollar amounts in \$000's)

| | 2011 Forecast | Projected Variance | 2012 Budget | % Distribution | Variance '11 Bud vs Forst % |
|----------------------------|------------------|-----------------------|----------------|-------------------|--------------------------------|
| RESIDENTIAL | \$ 48,553 | \$ (182) | \$ 48,371 | 41.0% | -0.37% |
| GENERAL SERVICE | \$ 64,040 | \$ (1,941) | \$ 62,099 | 52.6% | -3.03% |
| LARGE USER | \$ 6,283 | \$ (659) | \$ 5,624 | 4.8% | -10.49% |
| STREET LIGHTING | \$ 1,856 | \$ - | \$ 1,856 | 1.6% | 0.16% |
| TOTAL DISTRIBUTION REVENUE | \$ 120,732 | \$ (2,779) | \$ 117,953 | 100.0% | -2.30% |

ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
FORECASTED NUMBER OF CUSTOMERS

| | 2011 Forecast | 2012 Budget | Growth | Increase % |
|-----------------|------------------|----------------|--------|------------|
| RESIDENTIAL | 172,387 | 174,805 | 2,418 | 1.4% |
| GENERAL SERVICE | 21,777 | 21,941 | 164 | 0.8% |
| LARGE USER | 11 | 10 | (1) | -9.1% |
| TOTAL | 194,175 | 196,756 | 2,581 | 1.3% |

ENERSOURCE HYDRO MISSISSAUGA
 2012 BUDGET
 DISTRIBUTION AND ENERGY REVENUE FORECAST
 (All dollar amounts in 000's)

| | 2011 | 2012 | 2013 | 2014 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Forecast | Budget | Forecast | Forecast |
| DISTRIBUTION REVENUE | | | | |
| Distribution Revenue | \$ 115,433 | \$ 112,625 | \$ 127,881 | \$ 135,628 |
| Smart Meter Revenue | 5,299 | 5,328 | - | - |
| TOTAL DISTRIBUTION REVENUE | 120,732 | 117,953 | 127,881 | 135,628 |
| Deferred Distribution Revenue | (7,034) | (7,117) | - | - |
| | 113,698 | 110,836 | 127,881 | 135,628 |
| ENERGY REVENUE | | | | |
| | 689,717 | 716,680 | 745,495 | 778,474 |
| TOTAL DISTRIBUTION AND ENERGY REVENUE | \$ 803,415 | \$ 827,516 | \$ 873,376 | \$ 914,102 |

ENERSOURCE HYDRO MISSISSAUGA
2012 BUDGET
CAPITAL EXPENDITURES
(All dollar amounts in 000's)

| CATEGORY | COGAP | | | IFRS | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2011 | 2011 | 2012 | 2013 | 2014 |
| | Actual | Budget | Forecast | Budget | Budget | Budget |
| System Capacity - Growth Driven Investment | \$ 10,207 | \$ 11,800 | \$ 11,276 | \$ 9,312 | \$ 10,916 | \$ 10,329 |
| System Maintenance - Reliability Driven Investment | \$ 16,310 | \$ 13,200 | \$ 13,517 | \$ 14,423 | \$ 19,708 | \$ 17,513 |
| System Expansion & Upgrades - Customer Driven Investment | \$ 17,651 | \$ 10,801 | \$ 10,846 | \$ 6,224 | \$ 5,343 | \$ 5,749 |
| Non - System Requirements - Regulatory Driven Investment | \$ 8,753 | \$ 3,810 | \$ 3,851 | \$ 4,025 | \$ 554 | \$ 756 |
| Non - System Requirements - Internally Driven Investments | \$ 5,430 | \$ 16,195 | \$ 18,723 | \$ 17,426 | \$ 15,738 | \$ 10,995 |
| Total Approved Gross Capital Expenditures | \$ 58,477 | \$ 56,857 | \$ 58,637 | \$ 51,537 | \$ 47,066 | \$ 45,321 |

Notes: Approved IFRS 2012 - 2014 Capital Expenditures have been reduced by Customer Contributions as well as Indirect Overhead costs that will be classified as O&A

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Approved Capital Expenditures | \$ 58,477 | \$ 56,857 | \$ 58,637 | \$ 57,871 | \$ 53,880 | \$ 51,337 |
| Customer Contributions (Deferred Revenue under IFRS) | \$ (9,484) | \$ (3,200) | \$ (3,900) | \$ (2,907) | \$ (2,933) | \$ (2,960) |
| Adjustment for IFRS (Indirect Overhead costs in O&A) | | | | \$ 13,427 | \$ 13,093 | \$ 13,096 |
| Total Net Capital Expenditures | \$ 49,994 | \$ 55,657 | \$ 54,737 | \$ 51,537 | \$ 47,866 | \$ 45,321 |

ENERSOURCE HYDRO MISSISSAUGA
MANAGEMENT STATEMENT OF COMPREHENSIVE INCOME
2012 BUDGET
\$'000's

| | 2011 CGAAP BUDGET | 2011 IFRS FORECAST | 2012 IFRS BUDGET | 2013 IFRS FORECAST | 2014 IFRS FORECAST |
|--|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|
| INCOME STATEMENT | | | | | |
| Revenues: | | | | | |
| Energy | 679,020 | 689,717 | 716,680 | 745,495 | 778,474 |
| Distribution | 114,210 | 115,432 | 112,625 | 127,881 | 135,628 |
| Deferred Distribution Revenue | (10,724) | (7,094) | (7,177) | - | - |
| Regulatory Recovery/(Refund) | 2,687 | - | - | - | - |
| Smart Meter Revenue | 5,692 | 5,699 | 5,328 | - | - |
| Other Revenue | 7,205 | 4,216 | 4,170 | 4,376 | 4,377 |
| Conservation and Demand Management Revenue | 25,215 | 8,249 | 24,685 | 22,655 | 22,459 |
| Total Revenues | 819,604 | 833,800 | 856,371 | 900,407 | 940,929 |
| Operating Costs: | | | | | |
| Cost of Power | 679,020 | 689,717 | 716,680 | 745,495 | 778,474 |
| Operations, Maintenance and Administration Costs: | | | | | |
| Manpower | 29,110 | 28,456 | 31,389 | 34,891 | 36,527 |
| Departmental Expenses | 11,287 | 11,310 | 12,832 | 13,924 | 15,150 |
| Organizational Expenses | 5,498 | 7,184 | 6,394 | 6,406 | 6,349 |
| Smart Meter Recognition | 1,267 | 790 | 835 | - | - |
| Recoveries | (8,573) | (5,588) | (5,010) | (3,791) | (6,158) |
| Conservation and Demand Management Operating Expenses | 25,215 | 7,631 | 24,685 | 22,655 | 22,459 |
| Management Fees | 9,704 | 9,438 | 9,951 | 10,740 | 10,995 |
| Total Operations, Maintenance and Administration Expenses | 73,824 | 59,221 | 80,870 | 87,833 | 85,513 |
| Amortization | | | | | |
| Amortization of Fixed and Intangible Assets | 26,665 | 26,536 | 26,441 | 28,240 | 29,927 |
| Amortization of Regulatory Accounts | 2,687 | - | - | - | - |
| Total Amortization | 29,352 | 26,536 | 26,441 | 28,240 | 30,027 |
| Total Operating Expenses | 782,196 | 775,374 | 823,991 | 856,560 | 893,813 |
| Operating Income | 37,408 | 40,606 | 32,380 | 43,847 | 47,115 |

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ENERSOURCE HYDRO MISSISSAUGA
MANAGEMENT STATEMENT OF COMPREHENSIVE INCOME
2012 BUDGET
\$000's

| | 2011 | | 2011 | | 2012 | | 2013 | | 2014 | |
|-------------------------------------|----------|----------|--------|----------|--------|----------|----------|----------|----------|------|
| | CGAAP | IFRS | CGAAP | IFRS | BUDGET | IFRS | FORECAST | IFRS | FORECAST | IFRS |
| INCOME STATEMENT (CONTINUED) | | | | | | | | | | |
| Operating Income | 37,408 | | 40,606 | | 32,380 | | 41,847 | | 47,115 | |
| Financial Income | 911 | 1,163 | | 673 | | 408 | | 444 | | |
| Financial Expense | (17,557) | (18,041) | | (16,993) | | (16,209) | | (16,569) | | |
| Net Financial Expense | (16,646) | (16,878) | | (16,320) | | (15,801) | | (16,025) | | |
| Income Before Taxes | 20,762 | 23,730 | | 16,064 | | 28,246 | | 31,090 | | |
| Income Taxes (PILs) | (2,846) | (2,442) | | 2,240 | | (6,615) | | (8,093) | | |
| Shareholders' Net Income | 17,916 | 21,288 | | 18,304 | | 21,631 | | 22,997 | | |
| Regulatory Adjustment | - | 5,266 | | (18,257) | | (5,978) | | (3,873) | | |
| Total IFRS Net Income | 17,916 | 26,554 | | 47 | | 15,653 | | 19,122 | | |

Shareholders' Rate of Return (excluding regulatory adjustments)

| | | | | |
|------|-------|------|------|------|
| 8.5% | 10.0% | 8.2% | 9.1% | 9.6% |
|------|-------|------|------|------|

ENERSOURCE HYDRO MISSISSAUGA
MANAGEMENT STATEMENT OF FINANCIAL POSITION
2012 BUDGET
\$000's

| | 2011 CGAAP BUDGET | 2011 IFRS FORECAST | 2012 IFRS BUDGET | 2013 IFRS FORECAST | 2014 IFRS FORECAST |
|---------------------------------|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|
| BALANCE SHEET | | | | | |
| Cash and Short-Term Investments | 32,968 | 55,263 | 30,438 | 6,035 | 5,245 |
| Accounts Receivable | 58,591 | 54,569 | 56,204 | 57,890 | 59,627 |
| Income Tax Receivable | - | - | 757 | - | - |
| Unbilled Revenue | 53,254 | 67,500 | 69,525 | 71,611 | 71,759 |
| Inventories | 7,000 | 6,900 | 5,800 | 5,900 | 6,000 |
| Prepaid Expenses | 1,137 | 1,259 | 1,397 | 1,336 | 1,376 |
| Consumer Deposits | - | 20,550 | 21,200 | 21,800 | 22,000 |
| Total Current Assets | 152,955 | 216,041 | 185,221 | 164,372 | 165,007 |
| Net Fixed Assets | 470,587 | 472,297 | 499,393 | 520,664 | 539,100 |
| Net Intangible Assets | 20,002 | 18,604 | 20,050 | 21,891 | 22,040 |
| Consumer Deposits | 21,000 | - | - | - | - |
| Regulatory Assets | 13,778 | - | - | - | - |
| Future Income Tax Assets | 29,331 | 12,125 | 13,931 | 11,225 | 8,139 |
| Total Assets | 707,653 | 719,067 | 718,495 | 718,352 | 737,286 |

ENERSOURCE HYDRO MISSISSAUGA
MANAGEMENT STATEMENT OF FINANCIAL POSITION
2012 BUDGET
\$000's

| | 2011 CGAAP BUDGET | 2011 IFRS FORECAST | 2012 IFRS BUDGET | 2013 IFRS FORECAST | 2014 IFRS FORECAST |
|---|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|
| BALANCE SHEET (CONTINUED) | | | | | |
| Accounts Payable and Accrued Liabilities | 92,372 | 92,007 | 96,330 | 100,445 | 105,664 |
| Income Taxes Payable | 3,037 | 3,026 | - | 1,168 | 5,021 |
| Subsidiaries Advances/Deposits | 2,209 | 2,540 | 2,616 | 2,694 | 2,775 |
| Interest Payable on Bonds | 7,698 | 2,778 | 2,778 | 2,778 | 2,778 |
| Regulatory Liabilities | 14,521 | - | - | - | - |
| Deferred Distribution Revenue | 10,734 | 7,034 | 14,151 | - | - |
| Consumer Deposits | - | 20,550 | 21,200 | 21,800 | 22,000 |
| Future Income Tax Liability | 253 | - | - | - | - |
| Total Current Liabilities | 123,734 | 127,935 | 136,875 | 128,885 | 138,538 |
| Long Term Debt | 305,101 | 317,861 | 312,948 | 318,039 | 318,134 |
| Employee Retirement Benefits | 4,602 | 3,998 | 4,357 | 4,700 | 5,117 |
| Deferred Revenue | - | 3,851 | 6,619 | 9,331 | 11,986 |
| Consumer Deposits | 21,000 | - | - | - | - |
| Regulatory Liability for Future Income Tax Assets | 39,231 | - | - | - | - |
| Total Liabilities | 487,828 | 453,645 | 465,799 | 460,953 | 473,773 |
| Equity - Shareholders' | | | | | |
| Equity - Beginning of Year | 211,543 | 212,910 | 225,967 | 229,498 | 240,147 |
| Net Income | 17,916 | 21,288 | 18,304 | 21,631 | 22,997 |
| Declared Dividends | (9,614) | (10,231) | (12,773) | (10,983) | (12,978) |
| Total Shareholders' Equity | 219,825 | 223,967 | 231,498 | 240,147 | 240,147 |
| Equity - Regulatory | | | | | |
| Regulatory Retained Earnings - Beginning of Year | - | 36,186 | 41,455 | 25,198 | 17,220 |
| Regulatory Adjustment | - | 5,266 | (18,257) | (5,978) | (5,872) |
| Total Regulatory Equity | - | 41,445 | 23,198 | 17,220 | 13,345 |
| Total Equity | 219,825 | 265,412 | 254,696 | 257,367 | 263,491 |
| Total Liabilities and Equity | 707,653 | 719,057 | 718,495 | 718,319 | 737,266 |

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ENERSOURCE HYDRO MISSISSAUGA
 MANAGEMENT STATEMENT OF CASH FLOW
 2012 BUDGET
 \$000's

| | 2011 CCAAP BUDGET | 2011 IFRS FORECAST | 2012 IFRS BUDGET | 2012 IFRS FORECAST | 2014 IFRS FORECAST |
|---|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|
| CHANGES IN FINANCIAL POSITION (CASH BASIS) | | | | | |
| Total Net Income | 17,910 | 26,534 | 47 | 15,655 | 19,122 |
| Amortization of Fixed and Intangible Assets | 26,666 | 26,735 | 36,441 | 28,500 | 30,027 |
| Amortization of Regulatory accounts | 2,687 | - | - | - | - |
| Borrowing Costs | - | (428) | (439) | (653) | (330) |
| Capital Expenditures | (15,657) | (15,155) | (54,444) | (56,789) | (48,281) |
| Deferred Contribution Revenue | - | 1,851 | 3,768 | 2,712 | 2,655 |
| Other Working Capital Changes | 772 | 23,438 | (2,099) | 3,018 | 3,411 |
| Accounts Receivable | 32 | (389) | (1,635) | (1,686) | (1,777) |
| Accounts Payable | 174 | (432) | (2,925) | (2,086) | (2,148) |
| Regulatory Assets | (5,600) | 20,013 | - | - | - |
| Accounts Payable & Accrued Liabilities | 9,172 | 7,507 | 4,123 | 4,312 | 5,519 |
| Income Taxes Payable | (192) | (347) | (1,783) | 1,025 | 3,453 |
| Regulatory Liabilities | (7,854) | (39,671) | - | - | - |
| Deferred Distribution Revenue | (6,734) | 3,074 | 5,117 | (14,151) | - |
| Long-Term Debt | 13,290 | 28,010 | 87 | 91 | 95 |
| Dividends Paid | (9,631) | (10,211) | (12,771) | (10,982) | (12,978) |
| INCREASE/DECREASE IN CASH POSITION | 8,045 | 35,870 | (14,825) | (24,403) | (700) |

4.10

Enersource Hydro Mississauga Inc.

EB-2012-0033

Filed: July 23, 2012

Updated: July 27, 2012

Exhibit I

Issue: 1.1

CCC

IR # 2 - Attachment

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